

Forcelead Technology Corp.

Procedures for Acquisition and Disposal of Assets

Chapter 1 General Provisions

Article 1 Purpose and Legal Basis

These Procedures are established to safeguard the assets of the Company, implement information disclosure, and strengthen the management of the Company's acquisition or disposal of assets. These Procedures are formulated in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by the securities competent authority pursuant to Article 36-1 of the Securities and Exchange Act (hereinafter referred to as "the Act").

Article 2 Scope of Assets

- I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing fund interests, depositary receipts, call (put) warrants, beneficiary securities, and asset-backed securities.
- II. Real property (including land, buildings and structures, and investment property) and equipment.
- III. Memberships.
- IV. Intangible assets such as patent rights, copyrights, trademark rights, and franchise rights.
- V. Right-of-use assets.
- VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VII. Derivative instruments.
- VIII. Assets acquired or disposed of through mergers, splits, acquisitions, or share transfers conducted pursuant to law.
- IX. Other significant assets.

Article 3 The terms used in these Procedures are defined as follows:

- I. Derivative instruments: Refers to contracts 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. These include forward contracts, options contracts, futures contracts, leveraged margin contracts, swap contracts, combinations of the foregoing contracts, or compound contracts or structured products with embedded derivatives. The term "forward contracts" as used herein excludes insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term purchase

(sales) contracts.

- II. Assets acquired or disposed of through mergers, splits, acquisitions, or share transfers conducted pursuant to law: Refers to assets acquired or disposed of through mergers, splits, or acquisitions conducted under the Business Mergers and Acquisitions Act, the Financial Holding Company Act, the Financial Institutions Merger Act, or other laws, or the issuance of new shares to acquire the shares of another company pursuant to Article 156-3 of the Company Act (hereinafter referred to as "share transfers").
- III. Related parties and subsidiaries: Shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- IV. Professional appraiser: Refers to a real estate appraiser or other person who is legally authorized to engage in the appraisal of real property or equipment.
- V. Date of occurrence: Refers to the earlier of the date of the transaction contract, the date of payment, the date of the consigned trade, the date of title transfer, the date of the Board of Directors resolution, or any other date on which the counterparty and the transaction amount are determined. For investments that require approval from the competent authority, the date of occurrence is the earlier of the foregoing dates or the date of receipt of such approval.
- VI. Investment in mainland China: Refers to investments in mainland China made in accordance with the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area, as promulgated by the Investment Commission of the Ministry of Economic Affairs.
- VII. 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 competent authority of the relevant country.
- VIII. Over-the-counter venue of a securities firm: A domestic over-the-counter venue refers to the dedicated counter of a securities firm established for trading in accordance with the Regulations Governing Over-the-Counter Trading of Securities; a foreign over-the-counter venue refers to the business premises of a financial institution regulated by a foreign securities competent authority and permitted to operate securities business.

Article 4 Exclusion of Related Parties

Where the Company obtains appraisal reports or opinions from CPAs, attorneys, or securities underwriters, the professional appraiser and its appraisal personnel, CPAs, attorneys, or securities underwriters shall comply with the following requirements:

- I. They shall not have been sentenced to imprisonment for one year or more for violations of the Act, the Company Act, the Banking Act of the Republic of China, the Insurance Act, the Financial Holding Company Act,

the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or crimes committed in the course of business. This restriction does not apply if three years have elapsed since the completion of the sentence, the expiration of the probation period, or the pardon.

- II. They shall not be a related party of the transaction counterparty or have a de facto related-party relationship.
- III. Where the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or their appraisal personnel shall not be related parties of each other or have a de facto related-party relationship.

When the aforementioned persons issue appraisal reports or opinions, they shall comply with the self-regulatory rules of their respective professional associations and the following requirements:

- I. Prior to accepting an engagement, they shall carefully assess their own professional competence, practical experience, and independence.
- II. When conducting the engagement, they shall properly plan and execute appropriate procedures to form conclusions and issue reports or opinions. They shall document the procedures performed, data collected, and conclusions in detailed working papers.
- III. They shall evaluate item by item the appropriateness and reasonableness of the data sources, parameters, and information used, as the basis for issuing the appraisal report or opinion.
- IV. The statement of declaration 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 applicable laws and regulations.

Article 5 Investment Scope and Limits

The limits on the Company's acquisition of non-business-use real property and its right-of-use assets or securities are as follows:

- I. The total amount of non-business-use real property and its right-of-use assets shall not exceed 50% of the owner's equity stated in the Company's most recent financial statements audited or reviewed by a CPA.
- II. The total amount of securities investments shall not exceed the owner's equity stated in the Company's most recent financial statements audited or reviewed by a CPA.
- III. The limit for investment in any individual security shall not exceed 40% of the owner's equity stated in the Company's most recent financial statements audited or reviewed by a CPA.

Chapter 2 Procedures for Acquisition and Disposal of Assets

Article 6 Executing Units, Authorization Limits, and Levels

- I. For the acquisition or disposal of securities, excluding money market funds, where the transaction amount per transaction is NT\$80 million or below, the finance and accounting unit shall submit the matter for approval by the Chairman; where the transaction amount exceeds NT\$80 million but is within 5% (inclusive) of the Company's net worth as stated in the most recent annual financial statements audited and certified by a CPA, the transaction shall require approval by the Chairman and shall be subsequently reported to the next Board of Directors meeting; where the transaction amount exceeds 5% of the Company's net worth as stated in the most recent annual financial statements audited and certified by a CPA, the transaction shall require approval by the Board of Directors.
- II. For the acquisition or disposal of real property and its right-of-use assets, the administrative unit shall submit relevant information. Where the transaction amount equals or exceeds 20% of the paid-in capital as of the end of the preceding year, the transaction shall require approval by the Board of Directors.
- III. For the acquisition or disposal of other assets of the Company (including fixed assets, memberships, intangible assets, or their right-of-use assets), such transactions shall be handled in accordance with the relevant provisions of the Company's internal control system and the regulations governing procurement and payment authorization.
- IV. The acquisition or disposal of derivative instruments shall be handled in accordance with the relevant provisions of the Company's "Procedures for Derivatives Trading."
- V. The acquisition or disposal of assets through mergers, splits, acquisitions, or share transfers conducted pursuant to law shall be handled in accordance with the relevant provisions of Chapter 5 of these Procedures.

Where the Company's acquisition or disposal of assets requires approval by the Board of Directors under these Procedures or other laws, and any Director expresses dissent with a record or written statement, such dissenting materials shall be submitted to the Audit Committee.

When matters regarding the acquisition or disposal of assets are submitted to the Board of Directors for discussion pursuant to the preceding paragraph, the opinions of each Independent Director shall be given full consideration. If an Independent Director objects or expresses reservations, such shall be recorded in the minutes of the Board of Directors meeting.

Major acquisitions or disposals of assets or derivative instrument transactions shall require the consent of more than one-half of all members of the audit committee, and shall be submitted to the Board of Directors for resolution, with the provisions of Article 30, Paragraphs 4 and 5, applying accordingly.

Article 7 Evaluation Procedures and Pricing Methods

I. Securities Investments

When acquiring or disposing of securities, the Company shall, prior to the date of occurrence, obtain the most recent financial statements of the target company audited or reviewed by a CPA as a reference for evaluating the transaction price. Where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall, prior to the date of occurrence, engage a CPA to render an opinion on the reasonableness of the transaction price. However, this requirement does not apply where the securities have an active market quotation or where the securities competent authority has otherwise provided.

II. Real Property, Equipment, or Their Right-of-Use Assets

When acquiring or disposing of real property or its right-of-use assets, the transaction price shall be determined with reference to the government-announced current value of the land, the assessed value, the actual transaction prices of neighboring real property, and similar factors. When acquiring or disposing of equipment or its right-of-use assets, the Company shall collect relevant price information in advance and determine the price after obtaining quotations, comparing prices, and negotiating.

When the Company acquires or disposes of real property, equipment, or their right-of-use assets, and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, excluding transactions with domestic government agencies, self-build on owned land, build-on-leased-land arrangements, or acquisitions and disposals of equipment or its right-of-use assets for business use, an appraisal report issued by a professional appraiser shall be obtained prior to the date of occurrence. The following requirements shall also be met:

- (I) Where a limited price, specific price, or special price is used as a reference for the transaction price due to special circumstances, the transaction shall first be approved by a resolution of the Board of Directors. The same applies to any subsequent change in transaction terms.
- (II) Where the transaction amount reaches NT\$1 billion or more, appraisals shall be obtained from two or more professional appraisers.
- (III) Where any of the following circumstances applies to the appraisal results of the professional appraiser(s), except where all appraisal results for an asset acquisition are higher than the transaction amount, or all appraisal results for an asset disposal are lower than the transaction amount, a CPA shall be engaged to provide a specific opinion on the reasons for the discrepancy and the appropriateness of the transaction price:
 1. The appraisal result differs from the transaction amount by 20% or

more;

2. The appraisal results of two or more professional appraisers differ by 10% or more of the transaction amount.

(IV) The date of the professional appraiser's report shall not be more than three months prior to the date of contract execution. However, where the same period's announced current value applies and the period has not exceeded six months, the original professional appraiser may issue a supplementary opinion.

III. Intangible Assets, Their Right-of-Use Assets, or Memberships

When acquiring or disposing of memberships, the Company shall collect relevant price information in advance, consider the benefits to be derived, and negotiate with reference to the most recent transaction prices. When acquiring or disposing of intangible assets or their right-of-use assets, the Company shall refer to international or market practices, the useful life, and the impact on the Company's technology and business, and shall carefully evaluate the relevant laws, regulations, and contractual terms to determine the transaction price.

Where the transaction amount for the Company's acquisition or disposal of intangible assets, their right-of-use assets, or memberships reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall, prior to the date of occurrence, engage a CPA to render an opinion on the reasonableness of the transaction price, except for transactions with domestic government agencies.

IV. The acquisition or disposal of derivative instruments shall be conducted with reference to futures market conditions, exchange rate and interest rate trends, and in accordance with the relevant provisions of the Company's "Procedures for Derivatives Trading."

V. For assets acquired or disposed of through mergers, splits, acquisitions, or share transfers pursuant to the law, the nature of the business, net value per share, asset value, technical and profit-generating capacity, production capacity, and future growth potential shall be considered, and such transactions shall be handled in accordance with the relevant provisions of Chapter 5 of these Procedures.

VI. Other Significant Assets

For the acquisition or disposal of claims of financial institutions, derivative instruments, assets acquired or disposed of through mergers, splits, acquisitions, or share transfers pursuant to law, and other significant assets, the Company shall collect relevant price information in advance based on the nature of the asset, and shall carefully evaluate the relevant laws, regulations, and contractual terms to determine the transaction price.

VII. Where the Company acquires or disposes of assets through court auction procedures, the court-issued certification documents may be used in lieu of an appraisal report or CPA opinion.

Article 7-1 The calculation of the transaction amounts referred to in Items 1 through 3 of the preceding Article shall be handled in accordance with the provisions of Article 9, Paragraph 2. The term "within one year" shall be calculated by tracing back one year from the date of occurrence of the current transaction. Amounts for which an appraisal report or CPA opinion has already been obtained in accordance with these Procedures shall be excluded from the calculation.

Article 8 Retention of Records

When acquiring or disposing of assets, the Company shall maintain relevant contracts, minutes, memorandum books, appraisal reports, and opinions issued by CPAs, attorneys, or securities underwriters at the Company's premises. Unless otherwise provided by law, such records shall be retained for a minimum of five years.

Article 9 Public Announcement and Filing Procedures

Where the Company's acquisition or disposal of assets falls under any of the following circumstances, the Company shall, within two days from the date of occurrence, publicly announce and file the relevant information on the website designated by the securities competent authority, in the prescribed format and according to the nature of the transaction:

- I. Acquisition from or disposal to a related party of real property or its right-of-use assets, or acquisition from or disposal to a related party of assets other than real property or its right-of-use assets where the transaction amount reaches 20% of the Company's paid-in capital, 10% of total assets, or NT\$300 million or more. However, this does not apply to the trading of domestic government bonds, bonds with repurchase or resale conditions, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- II. Conducting a merger, split, acquisition, or share transfer.
- III. Losses from derivative instrument transactions reaching the ceiling on losses for all or individual contracts as prescribed in the applicable procedures.
- IV. The type of assets acquired or disposed of is equipment or its right-of-use assets for business use, the counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.
- V. Real property is acquired through self-build on owned land, build-on-leased-land, joint construction with unit division, joint construction with profit sharing, or joint construction with separate sales, the counterparty is not a related party, and the Company's expected investment amount reaches NT\$500 million or more.
- VI. For asset transactions other than those listed in the preceding five subparagraphs, or for investments in mainland China, where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more. However, the following are excluded:

- (I) Trading of domestic government bonds or foreign government bonds with a credit rating not lower than Taiwan's sovereign rating;
- (II) Trading of bonds with repurchase or resale conditions, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The transaction amount under the preceding paragraph shall be calculated as follows:

- I. The amount for each transaction.
- II. The cumulative amount of transactions of the same type with the same counterparty within one year.
- III. The cumulative amount of acquisitions or disposals (accumulated separately for acquisitions and disposals) of real property or its right-of-use assets in the same development project within one year.
- IV. The cumulative amount of acquisitions or disposals (accumulated separately for acquisitions and disposals) of the same security within one year.

The term "within one year" in the preceding paragraph shall be calculated by tracing back one year from the date of occurrence of the current transaction. Amounts that have already been publicly announced and filed in accordance with these Procedures shall be excluded from the calculation.

The Company shall, on a monthly basis, report the status of derivative instrument transactions conducted by the Company and its subsidiaries that are not domestic public companies, up to the end of the preceding month, by entering the information on the website designated by the securities competent authority in the prescribed format, no later than the 10th day of each month.

Article 10 Corrections and Amendments to Public Announcements and Filings

Where items required to be publicly announced under Article 9 contain errors or omissions that require correction at the time of announcement, the Company shall re-announce and re-file all items within two days from the date it becomes aware of the error or omission.

Where a transaction that has been publicly announced and filed under the preceding article is subsequently subject to any of the following circumstances, the Company shall publicly announce and file the relevant information on the website designated by the securities competent authority within two days from the date of occurrence:

- I. The contracts related to the original transaction are amended, terminated, or rescinded.
- II. A merger, split, acquisition, or share transfer fails to be completed according to the schedule set forth in the contract.
- III. The content of the original public announcement and filing has been changed.

Article 11 Control Procedures for Subsidiaries' Acquisition and Disposal of Assets

- I. The Company's subsidiaries shall also formulate their own "Procedures for Acquisition and Disposal of Assets" in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."
- II. The Company's subsidiaries shall handle their acquisitions or disposals of assets in accordance with their own "Procedures for Acquisition and Disposal of Assets."
- III. Where a subsidiary of the Company that is not a domestic public company acquires or disposes of assets and the transaction reaches the thresholds for public announcement and filing under Article 9, the subsidiary shall notify the Company on the date of occurrence, and the Company shall publicly announce and file the relevant information on the designated website in accordance with the regulations.
- IV. The thresholds for public announcement and filing under Article 9 that apply to the subsidiaries referred to in the preceding paragraph shall be based on the Company's paid-in capital or total assets, as applicable.

Article 12 Investment Scope and Limits for Subsidiaries

The limits on the acquisition of non-business-use real property and its right-of-use assets or securities by each subsidiary of the Company are as follows:

- I. The total amount of non-business-use real property and its right-of-use assets shall not exceed the owner's equity stated in the subsidiary's most recent financial statements audited or reviewed by a CPA.
- II. The total amount of securities investments shall not exceed the owner's equity stated in the subsidiary's most recent financial statements audited or reviewed by a CPA.
- III. The limit for investment in any individual security shall not exceed the owner's equity stated in the subsidiary's most recent financial statements audited or reviewed by a CPA.

Article 13 Penalties

Where relevant personnel of the Company violate these Procedures and the relevant laws and regulations, the Company may, depending on the severity of the violation, impose a warning, demerit, demotion, suspension, salary reduction, or other disciplinary action, and shall treat such matters as items for internal review.

Chapter 3 Related Party Transactions

Article 14 Scope of Application

When the Company acquires or disposes of assets with a related party, in addition to complying with the provisions of the preceding Chapter and this Chapter regarding decision-making procedures and the evaluation of the reasonableness of transaction terms, where the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional

appraiser or a CPA opinion in accordance with the regulations.

The calculation of the transaction amount referred to in the preceding paragraph shall be handled in accordance with Article 7-1.

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

Article 15 Decision-Making Procedures

When the Company acquires or disposes of real property or its right-of-use assets from or to a related party, or acquires or disposes of assets other than real property or its right-of-use assets from or to a related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of total assets, or NT\$300 million or more, excluding the trading of domestic government bonds, bonds with repurchase or resale conditions, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the following information shall be submitted to the audit committee for approval and then to the Board of Directors for resolution before any transaction contract may be executed or payment made:

- I. The purpose, necessity, and expected benefits of the acquisition or disposal of the assets.
- II. The reason for selecting the related party as the transaction counterparty.
- III. Where real property or its right-of-use assets are acquired from a related party, the relevant information for evaluating the reasonableness of the proposed transaction terms in accordance with Articles 16 and 17.
- IV. The date on which the related party originally acquired the asset and its price, the transaction counterparty, and the relationship between the counterparty and the Company and the related party.
- V. Monthly cash flow projections for the year commencing from the month in which the contract is expected to be executed, and an evaluation of the necessity of the transaction and the reasonableness of fund utilization.
- VI. The appraisal report issued by a professional appraiser or a CPA opinion obtained under the preceding article.
- VII. Restrictive conditions and other material terms of the current transaction.

For the following transactions between the Company and its parent company, subsidiaries, or subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or total capital, the Board of Directors may authorize the Chairman to act first within NT\$100 million (inclusive), subject to subsequent ratification by the next Board of Directors meeting:

- I. Acquisition or disposal of equipment or its right-of-use assets for business use.
- II. Acquisition or disposal of right-of-use assets of real property for business use.

When matters are submitted to the Board of Directors for discussion pursuant to Paragraph 1, the opinions of Independent Directors shall be given full consideration. If an Independent Director objects or expresses reservations, such shall be recorded in the minutes of the Board of Directors meeting.

Pursuant to Paragraph 1, matters shall first obtain the consent of more than one-half of all members of the audit committee and then be submitted to the Board of Directors for resolution, with the provisions of Article 30, Paragraphs 4 and 5, applying accordingly.

Where the Company or a subsidiary of the Company that is not a domestic public company engages in a transaction described in Paragraph 1 and the transaction amount reaches 10% or more of the Company's total assets, the Company shall submit the information listed in each subparagraph of Paragraph 1 to the shareholders' meeting for approval before any transaction contract may be executed or payment made. However, this does not apply to transactions between the Company and its parent company, subsidiaries, or between the Company's subsidiaries.

The calculation of the transaction amounts under Paragraph 1 and the preceding paragraph shall be handled in accordance with Article 9, Paragraph 2. The term "within one year" shall be calculated by tracing back one year from the date of occurrence of the current transaction. Amounts that have already been submitted to the shareholders' meeting, submitted to the audit committee for approval, and passed by the Board of Directors in accordance with these Procedures shall be excluded from the calculation.

Article 16 Evaluation Procedures

When the Company acquires real property or its right-of-use assets from a related party, the reasonableness of the transaction cost shall be evaluated by the following methods:

- I. The related party's transaction price plus the necessary interest cost on the funds and the costs that the buyer is legally required to bear. The "necessary interest cost on the funds" shall be calculated based on the weighted average interest rate on the Company's borrowings during the year in which the asset is purchased, provided that such rate shall not exceed the maximum non-financial industry borrowing rate published by the Ministry of Finance.
- II. Where the related party has previously used the subject property as collateral for a mortgage loan with a financial institution, the total appraised loan value of the property as assessed by the financial institution, provided that the actual cumulative amount of the financial institution's lending on the property has reached at least 70% of the total appraised loan value and the lending period has exceeded one year. However, this shall not apply where the financial institution

is a related party to either party to the transaction.

Where land and buildings under the same subject property are acquired or leased together, the transaction cost of the land and the buildings may be evaluated separately using any of the methods listed in the preceding paragraph.

When the Company acquires real property or its right-of-use assets from a related party, and the cost of the real property or its right-of-use assets is evaluated in accordance with the preceding two paragraphs, the Company shall engage a CPA to review and express a specific opinion.

Where the Company acquires real property or its right-of-use assets from a related party under any of the following circumstances, the transaction shall be handled in accordance with the preceding article, and the preceding three paragraphs shall not apply:

- I. The related party acquired the real property or its right-of-use assets through inheritance or gift.
- II. More than five years have elapsed between the date on which the related party entered into the contract to acquire the real property or its right-of-use assets and the date of the current transaction contract.
- III. The real property is acquired through a joint construction contract or by commissioning the related party to construct the real property on the Company's own land or leased land.
- IV. The Company acquires right-of-use assets of real property for business use from its parent company, subsidiaries, or subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or total capital.

Article 17 Where the evaluation results under Article 16, Paragraphs 1 and 2, are both lower than the transaction price, the Company shall handle the matter in accordance with Article 18. However, this restriction does not apply if the Company can provide objective evidence and obtain specific and reasonable opinions from a professional real property appraiser and a CPA under any of the following circumstances:

- I. Where the related party acquired undeveloped land or leased land and subsequently constructed buildings thereon, the Company may demonstrate that any of the following conditions is met:
 - (I) The land is evaluated using the methods specified in the preceding article, and the building is evaluated based on the related party's construction costs plus a reasonable construction profit, and the sum exceeds the actual transaction price. The "reasonable construction profit" shall be 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 construction industry gross profit margin published by the Ministry of Finance.
 - (II) A non-related-party transaction for another floor of the same building and

land or in a neighboring area within one year, involving a comparable area, and where the transaction terms are comparable after adjustment for reasonable floor or area price differentials in accordance with customary real property trading or leasing practices.

- II. The Company can demonstrate that the terms of the transaction for the real property acquired from or leased from the related party are comparable to those of non-related-party transactions in neighboring areas within one year, involving comparable areas.

The term "neighboring area transaction" in the preceding paragraph refers in principle to a transaction within the same or an adjacent block and within a radius of 500 meters from the subject property, or one with a comparable announced current value. The term "comparable area" means in principle that the area of the non-related-party transaction is not less than 50% of the area of the subject property. The term "within one year" shall be calculated by tracing back one year from the date of occurrence of the current acquisition of the real property or its right-of-use assets.

Article 18 Where the Company acquires real property or its right-of-use assets from a related party, and the evaluation results under the preceding two articles are both lower than the transaction price, the Company shall handle the following matters:

- I. The difference between the transaction price for the real property or its right-of-use assets and the evaluated cost shall be set aside as a special reserve from earnings in accordance with Article 41, Paragraph 1 of the Act, and shall not be distributed or used for capitalization and stock dividends. Where the Company accounts for its investment in another company using the equity method, and such other company meets the transaction conditions described in this subparagraph, the Company shall also set aside a special reserve from earnings in proportion to its shareholding in accordance with Article 41, Paragraph 1 of the Act.
- II. Independent Directors shall act in accordance with Article 218 of the Company Act.
- III. The handling results of the preceding two subparagraphs shall be reported to the shareholders' meeting, and the detailed content of the transaction shall be disclosed in the annual report and the prospectus.

Where the Company has set aside a special reserve from earnings in accordance with the preceding paragraph, the Company shall not utilize such special reserve until the assets purchased or leased at a premium have been recognized as impairment losses, or disposed of, or the lease has been terminated, or adequate compensation has been made, or the original condition has been restored, or there is other evidence confirming that there is no unreasonableness, and approval has been obtained from the securities competent authority.

Where the Company acquires real property or its right-of-use assets from a related

party, and there is other evidence indicating that the transaction is not conducted at arm's length, the Company shall also handle the matter in accordance with the preceding two paragraphs.

Chapter 4 Engaging in Derivative Instrument Transactions

Article 19 When the Company engages in derivative instrument transactions, such transactions shall be handled by the authorized personnel in accordance with the Company's "Procedures for Derivatives Trading." The transactions shall subsequently be reported to the next Board of Directors meeting. Due attention shall be given to risk management and auditing matters to ensure the effective implementation of the internal control system.

Chapter 5 Procedures for Mergers, Splits, Acquisitions, and Share Transfers

Article 20 When the Company conducts a merger, split, acquisition, or share transfer, prior to the Board of Directors resolution, the Company shall engage a CPA, attorney, or securities underwriter to render an opinion on the reasonableness of the share exchange ratio, the acquisition price, or the cash or other assets to be distributed to shareholders, and such opinion shall be submitted to the Board of Directors for discussion and approval. However, where the Company merges a subsidiary in which it directly or indirectly holds 100% of the issued shares or total capital, or where such subsidiaries merge with each other, the reasonableness opinion from the aforementioned experts need not be obtained.

Article 21 When the Company participates in a merger, split, or acquisition, it shall prepare a public document to shareholders containing the key terms and related matters of the merger, split, or acquisition prior to the shareholders' meeting, and shall deliver such document together with the expert opinion obtained under the preceding article and the notice of the shareholders' meeting to shareholders for their reference in deciding whether to approve the merger, split, or acquisition. However, this does not apply where the merger, split, or acquisition may be resolved without convening a shareholders' meeting as permitted by other laws.

Where the shareholders' meeting of any party to the merger, split, or acquisition cannot be convened or cannot reach a resolution due to insufficient attendance, insufficient voting rights, or other legal restrictions, or where the proposal is rejected by the shareholders' meeting, the companies participating in the merger, split, or acquisition shall immediately publicly explain the causes, the subsequent course of action, and the anticipated date for convening the shareholders' meeting.

Article 22 Unless otherwise provided by other laws or unless the securities competent authority grants prior approval due to special circumstances, the Company and the other companies participating in the merger, split, or acquisition shall convene

their respective Board of Directors meetings and shareholders' meetings on the same date to resolve matters related to the merger, split, or acquisition.

Unless otherwise provided by other laws or unless the securities competent authority grants prior approval due to special circumstances, the Company and the other companies participating in a share transfer shall convene their respective Board of Directors meetings on the same date.

After the Company's shares are listed on a stock exchange or traded at the over-the-counter venue of a securities firm, when the Company participates in a merger, split, acquisition, or share transfer, the following information shall be recorded in complete written form and retained for five years for inspection:

- I. Basic personnel information: including the job titles, names, and national identification numbers (or passport numbers for foreign nationals) of all persons who participated in or executed the merger, split, acquisition, or share transfer plan prior to the public disclosure of the information.
- II. Key dates: Including dates of signing letters of intent or memoranda, engagement of financial or legal advisors, contract execution, and Board of Directors meetings.
- III. Key documents and minutes: Including the merger, split, acquisition, or share transfer plan, letters of intent or memoranda, key contracts, and minutes of Board of Directors meetings.

After the Company's shares are listed or traded at the over-the-counter venue of a securities firm, when the Company participates in a merger, split, acquisition, or share transfer, it shall, within two days from the date of the Board of Directors resolution, file the information described in Subparagraphs 1 and 2 of the preceding paragraph with the securities competent authority via the internet information system in the prescribed format.

After the Company's shares are listed or traded at the over-the-counter venue of a securities firm, where the counterparty to the merger, split, acquisition, or share transfer is a company whose shares are not listed or traded at the over-the-counter venue of a securities firm, the Company shall enter into an agreement with such counterparty and handle the matter in accordance with the preceding two paragraphs.

Article 23 All persons who participate in or are aware of the Company's plan for a merger, split, acquisition, or share transfer shall issue a written confidentiality undertaking. Prior to the public disclosure of the information, they shall not disclose the content of the plan to any outside party, nor shall they, in their own name or in the name of others, trade the stocks or other equity-type securities of any company involved in the merger, split, acquisition, or share transfer.

Article 24 When the Company participates in a merger, split, acquisition, or share transfer, the

share exchange ratio or acquisition price shall not be changed arbitrarily except under the following circumstances. The circumstances permitting such changes shall be stipulated in the merger, split, acquisition, or share transfer contract:

- I. Capital increases for cash, issuance of convertible corporate bonds, issuance of stock dividends without consideration, issuance of corporate bonds with warrants, warrant-attached preferred shares, warrants, and other securities with equity characteristics.
- II. Actions that affect the Company's financial or business operations, such as the disposal of major assets.
- III. Occurrences of significant disasters, material technological changes, or other events that affect shareholder equity or the price of securities.
- IV. Adjustments resulting from the buyback of treasury shares by any party to the merger, split, acquisition, or share transfer in accordance with law.
- V. Changes in the number of entities participating in the merger, split, acquisition, or share transfer.
- VI. Other conditions for permissible changes that have been stipulated in the contract and publicly disclosed.

Article 25 When the Company participates in a merger, split, acquisition, or share transfer, the contract shall specify the rights and obligations of the participating companies and shall include the following:

- I. Treatment in the event of breach.
- II. Principles for handling equity-type securities previously issued or treasury shares already repurchased by the company that is to be dissolved or split as a result of the merger or split.
- III. The quantity of treasury shares that the participating companies may repurchase in accordance with law after the record date for calculating the share exchange ratio, and the principles for handling such shares.
- IV. The method of handling any changes in the number of participating entities.
- V. The anticipated progress schedule for the plan and the anticipated completion date.
- VI. If the plan is not completed by the anticipated date, the procedures for handling the matter, including the anticipated date for convening a shareholders' meeting as required by law.

Article 26 Where any party to the Company's merger, split, acquisition, or share transfer intends, after the information has been publicly disclosed, to further merge, split, acquire, or transfer shares with another company, all previously completed procedures or legal acts in the original merger, split, acquisition, or share transfer shall be performed anew by all participating companies. However, where the number

of participating entities decreases and the shareholders' meeting has resolved and authorized the Board of Directors to make changes, the participating companies need not reconvene a shareholders' meeting to re-resolve the matter.

Article 27 Where any company participating in a merger, split, acquisition, or share transfer is not a public company, the Company shall enter into an agreement with such company and handle the matter in accordance with the relevant provisions.

Chapter 6 Supplementary Provisions

Article 28 Matters not addressed in these Procedures shall be handled in accordance with the relevant laws and regulations and the Company's relevant rules and regulations.

Article 29 The provision regarding 10% of total assets in these Procedures shall be calculated based on the total assets stated in the most recent individual or separate financial reports prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 30 These Procedures shall be approved by the Audit Committee, passed by the Board of Directors, and submitted to the shareholders' meeting for approval before implementation. The same shall apply to any amendments thereto. If any Director expresses dissent with a record or written statement, such dissenting materials shall be submitted to the Audit Committee.

When matters are submitted to the Board of Directors for discussion pursuant to the preceding paragraph, the opinions of each Independent Director shall be given full consideration. If an Independent Director objects or expresses reservations, such shall be recorded in the minutes of the Board of Directors meeting.

The formulation or amendment of these Procedures shall require the consent of more than one-half of all members of the Audit Committee and shall be submitted to the Board of Directors for resolution.

If the consent of more than one-half of all members of the Audit Committee is not obtained as required in the preceding paragraph, the formulation or amendment may be approved by two-thirds or more of all Directors, and the Audit Committee's resolution shall be recorded in the minutes of the Board of Directors meeting.

The term "all members of the Audit Committee" in Paragraph 3 and the term "all Directors" in the preceding paragraph shall be calculated based on the actual number of persons currently in office.