

Darfon Electronics Corp.

Handling Procedures for Acquisition or Disposal of Assets

Article 1: Purpose:

In order to provide specific operating rules in respect of acquisition or disposal of assets by the Company, the Handling Procedures are enacted in accordance with the “Guidelines for Handling Acquisition or Disposal of Assets by Public Company” issued by the Financial Supervisory Commission (“FSC”).

Article 2: Scope of Application

- (1) Long-term and short-term investments such as stock, government bonds, corporate bonds, financial debentures, securities representing interest in a fund, depositary receipts, call-put warrants, beneficial certificates, and asset-backed securities;
- (2) Real property (including land, houses and buildings, investment property, and inventories of constructions) and equipment;
- (3) Certificates of membership;
- (4) Intangible assets such as patents, copyright, trademarks and franchises;
- (5) Right-of-use assets;
- (6) Debts of financial institutions (including receivables, foreign exchange purchases and discounts, loans, and collections);
- (7) Derivative products;
- (8) Assets acquired or disposed of in merger, spin-off, acquisition or share transfer in accordance with the relevant laws and regulations; and
- (9) Other important assets.

Article 3: Evaluating and Operating Procedures

To conduct any acquisition or disposal of assets, the in-charge division submit to the authority division the reason for the proposed acquisition or disposal, the object, the transaction counterparty, the transfer price, the payment terms, and the price reference for their approval in accordance with Article 16 of the Handling Procedures, and then the acquisition or disposal of assets shall be implemented by relevant division.

Article 4: Information Disclosure

- (1) If the Company or the Company’s subsidiary acquires or disposes of the following assets, the Company shall make a public announcement and file the necessary report(s) in the format prescribed by the FSV within two days from occurrence of the relevant event:
 - i. Acquisition or disposal of real property or right-of-use assets thereof from any related party or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of the Company’s paid-in capital, 10% or more of the Company’s total assets, or NT\$300 million or more, except for trading in domestic government bonds, bond trading with repurchase and/or reverse purchase arrangement, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises;
 - ii. Conducting merger, spin-off, acquisition of share transfer;
 - iii. Losses from derivatives transactions that reach the upper limit of total or individual contract losses stipulated in the Handling Procedures;

- iv. The acquired and/or disposed assets are equipment or right-of-use assets thereof which are for business use and the transaction counterparties are not related parties, and the transaction amounts reach any of the following,
 - (a) NT\$500 million or more if the Company's paid-in capital does not reach NT\$10 billion.
 - (b) NT\$1 billion or more if the Company's paid-in capital reaches NT\$10 billion or more.
 - v. The real property was acquired by ways of mandating others to build on the Company's own land, or mandating others to build on the rented land, joint construction with others to share the building, joint construction with others to acquire certain proportion of ownership of the buildings, or joint construction with others to separately sell the buildings, and the transaction counterparty is not a related party, and the proposed investment amount to be contributed by the Company reaches NT\$500 million or more.
 - vi. Except for any of those referred to in the preceding five subparagraphs or investing in Mainland China, the transaction amount reaches 20% or more of the Company's paid-in capital or NT\$300 million or more; provided, this shall not apply to the following circumstances:
 - (a) Bond trading with repurchase and/or reverse purchase arrangement, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises;
 - (b) Trading in domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.
- (2) The transaction amounts in the preceding paragraph shall be calculated as follows:
- i. The amount of any individual transaction
 - ii. The cumulative transaction amount of acquisitions or disposals, of the same type of underlying asset with the same trading counterparty within one year
 - iii. The cumulative transaction amount of real property or right-of-use assets thereof acquisitions or disposals (acquisitions and disposals are accumulated separately) within the same development plan within one year
 - iv. The cumulative transaction amount of acquisitions or disposals (acquisitions and disposals are accumulated separately) of the same securities within one year.
- (3) After the transaction has reached the transaction standards stipulated in the Article for information disclosure and has already publicly announced, the relevant contract signed for the original transaction is changed, terminated or cancelled; or if the merger, demerger, acquisition or transfer of shares is not completed by scheduled date set forth in the contract; or change of the originally publicly announced and reported information, a public report of relevant information shall be made within two days from the day of occurrence of the fact.
- (4) The term "the date of occurrence of the relevant event" as used in the Handling Procedures shall mean the earliest of contract execution date, the payment date, the consignment date, the counterparty and the transaction amount, provided that if the relevant investment is subject to the competent authority's approval, it shall mean the earlier of the respective above-mentioned date or the date of receiving the approval letter from the competent authority.
- (5) If there is any mistake or omission in the required announced items and the correction is required, the Company shall make public announcement of all required items again within two days commencing from the day when the Company knows such mistake or omission.

Article 5: Acquisition or Disposal of Real Estate or Equipment or its Right-of-Use Assets Should Obtain an Evaluation Report

- (1) Except for the assets which are dealing with a domestic government authority or by ways of mandating others to build on the Company's own land or on the land rented by the Company or equipment or right-of-use assets thereof which are to be acquired for business use, any acquisition or disposal of real property, equipment or right-of-use assets thereof the transaction amount of which reaches 20% of the Company's paid-in capital or NT\$300,000,000 or more, shall be subject to obtaining the evaluation report issued by the professional appraisers prior to occurrence of the event and compliance with the following provisions:
 - i. If a limited price, a specified price or a special is used as a reference for determination of the transactional price due to special reason, such transaction shall be submitted to the Board of Directors for prior approval. The same procedure shall also be followed whenever there is any subsequent change to the transaction terms.
 - ii. If the transaction amount is more than NT\$1,000,000,000, the Company shall retain two or more professional appraisers to conduct an appraisal.
 - iii. If the appraisal made by professional appraiser indicates any of the following, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be retained to handle such situation and render the specific opinion on (i) the reason for difference between the actual transaction amount and the appraisal result and (ii) the appropriateness of the transaction price:
 - (a) The difference between the appraisal result and actual transaction amount is 20% or more of the actual transaction amount; or
 - (b) The difference between the respective appraisal results of two or more appraisers is more than 10% of the actual transaction amount.
- (2) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, however, that where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
- (3) The term "professional appraiser" as used herein shall mean the real property appraiser or other person who are legally permitted to conduct the appraisal of real property and equipment.

Article 6: Acquisition or Disposal of Securities, Membership Cards and Intangible Assets or Right-of Use Assets Should Obtain the Opinions of Accountants

- (1) The latest financial statements of the target company audited or reviewed by the certified public accountants shall be obtained prior to occurrence of the event for use as a reference to determine the transaction price of any acquisition or disposal of the securities. A certified public accountant shall be retained to issue a fairness opinion on the transaction price prior to occurrence of such event, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300,000,000, or more. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by the FSC.
- (2) If the transaction amount of any acquisition or disposal of intangible asset or right-of-use assets thereof or certificate of membership reaches 20% of the Company's paid-in capital or NT\$300,000,000 or more, except for the assets which are dealing with a domestic government authority, a certificated public accountant shall be retained to issue a fairness opinion on the transaction price prior or occurrence of the event.
- (3) The calculation of the transaction amounts referred to in the Article 5 and this Article shall be made in accordance with Article 4, paragraph (1), vi. Herein, and "within one year" as used herein refers to the year preceding the date of occurrence of the current transaction.

Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 7: Exclusion of Related Party

The professional appraisers (and its personnel), the certified public accountants, the attorneys or the securities underwriters who issue evaluation report or opinions with respect to any transaction shall meet the following requirements:

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

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:

- (1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- (2) When conducting a case, they shall appropriately plan and execute adequate operation procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related operation procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
- (3) They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
- (4) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.

Article 8: The certificate issued by the court may be substituted for the appraisal report or the fairness opinion issued by the certified public accountant, if the assets are acquired or disposed of through an auction procedure by the court.

Article 9: Related Party Transactions

- (1) When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised as provided in Article 5 to Article 8, if 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's opinion in accordance with Article 5 to Article 8. The calculation of the transaction amount shall be made in accordance with Article 6 herein.
- (2) When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except for trading in domestic

government bonds, bond trading with repurchase and/or reverse purchase arrangement, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract and make a payment until the following matters have been approved by the audit committee and the board of directors. If independent directors have been appointed, the opinions of independent directors shall be fully considered when submitting the proposal to the board of directors for discussion. If independent directors have objections or reservations, they shall be stated in the minutes of the board meeting. If an audit committee has been established, it shall first obtain the consent of more than half of all members of the audit committee, and submit a resolution to the board of directors in accordance with Article 15:

- i. The purpose and necessity of such acquisition or disposal of assets and the estimated effect thereon;
- ii. The reason to choose such related party as the transaction counterparty;
- iii. With respect to the acquisition of real property or right-of-use assets thereof from a related party, the relevant information required for evaluation of the reasonableness of the proposed transaction terms in accordance with Paragraph (3) to (6) of this Article;
- iv. The date, price and transaction counterparty of the acquisition by the related party of such real property, and the relationship between the related party and such counterparty and the relationship between the Company and such counterparty;
- v. The forecast of cash flow for each month of the coming year from the month during which the acquisition contract is to be executed and the evaluation of the transaction necessity, and the evaluation of reasonableness of the use of proceeds; and
- vi. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding item;
- vii. The restrictive terms and conditions and other material terms of such subject transaction.

Between the Company and its subsidiaries or its subsidiaries which directly or indirectly hold 100% of the issued shares or total capital, if the acquisition or disposal of equipment for business use or its right-of-use assets and real estate right-of-use assets for business use is less than NT\$300 million, the chairman of the Board of Directors shall make a decision first, and then report to the latest Audit Committee and the Board of Directors for ratification.

If the Company or subsidiaries thereof that is not a domestic public company will have a transaction set out in this paragraph and the transaction amount will reach 10 percent or more of the Company's total assets, the Company shall submit the materials in the paragraph to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and subsidiaries or between subsidiaries.

The calculation of the transaction amount shall be made in accordance with this paragraph herein and "within one year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the audit committee and the Board of Directors need not be counted toward the transaction amount.

- (3) Acquisition of real property or right-of-use assets thereof from related party shall be subject to the evaluation of reasonableness of the transaction costs in accordance with the following methods (if the Company is to acquire or to rent both land and building, the transaction costs for such land and building may be evaluated, respectively, in accordance with any of the following methods):
 - i. The reasonableness of the transaction costs may be evaluated based on (i) the transaction price of the subject real property acquired by the related party plus interest required for funding and (ii) the costs to be borne by the buyer in accordance with the

- applicable law (the “interest required for funding” shall be calculated based on the weighted average interest rate of the funds borrowed by the Company in the year during which the subject assets are acquired by the Company, provided that such interest rate shall not exceed the interest rate ceiling for non-financial institutions published by the Ministry of Finance); or
- ii. If the subject assets have been mortgaged to the relevant financial institution as collateral for borrowing, the total value for such assets evaluated by such financial institution for the purpose of extending a loan (“evaluated value for loan purpose”) may be used as a reference to evaluate the reasonableness of the transaction costs, provided that the actual aggregate amount of the loans extended by such financial institution with respect to the subject assets must reach 70% or more of the evaluated value for loan purpose and the loan period must be more than one year. The above provision shall not apply, if the financial institution is the related party of either party of the subject transaction.
- (4) Acquisition of real property or right-of-use assets thereof from related party shall be subject to the evaluation of cost of real property and right-of-use assets and shall retain a certified public accountant to issue the specific opinion.
 - (5) Under any of the following circumstances, acquisition of real property or right-of-use assets thereof from related party shall be conducted in accordance with Paragraph (2) of this Article, and Paragraph (3) and (4) of the Article shall not apply:
 - i. The subject real property or right-of-use assets thereof was acquired by related party by way of inheritance or gift;
 - ii. The execution date of the relevant contract for the related party to acquire the subject real property or right-of-use assets thereof is more than five years prior to the contract execution date of the subject transaction; or
 - iii. The real property is acquired by entering into a joint construction contract with the related party, or through engaging the related party to build real property, either on the Company’s land or on rented land;
 - iv. The real property right-of-use assets for business use are acquired by the Company with subsidiaries, or by subsidiaries in which it directly or indirectly holds 100% of the issued shared or authorized capital.
 - (6) If the transaction cost evaluated under all the methods provided for in Paragraph (3) of this Article is less than the transaction price, acquisition of real property from related parties shall be handled in accordance with Paragraph (7) of this Article; provided, that, if in any of the following circumstances, objective evidence is provided and the Company obtains reasonable opinion on the transaction price from a related party will not be subject to Paragraph (7) of this Article:
 - i. If the related party purchased or rented a piece of undeveloped land for construction and the related party provides evidence to prove any of the following conditions:
 - (a) The aggregate value of the undeveloped land evaluated in accordance with the methods provided for in this Article and of the building calculated based on the related party’s construction cost plus reasonable construction profit is more than the actual transaction price (the terms “reasonable construction profit” shall mean the lower of the average operating gross margin percentage of the related party’s construction department for the most recent 3 years or the most recent gross margin percentage for the construction industry published by the Ministry of Finance);
 - (b) If, for a purchase transaction, based on an evaluation of the price difference done in accordance with general real estate purchase/sale/leasing business practice, the terms of the target floor or area are similar to the terms of a similar transaction by an unrelated party transaction within the previous one year for

similar size property in the same building or the neighborhood area where the target property is located;

- ii. If the public offering company provides evidence to prove that the terms of the target real property or obtaining real property right-of-use assets through leasing are similar to the terms of a similar transaction by an unrelated party transaction within the previous one year for similar size property in the neighborhood where the target property is located.

The term “similar transaction for the property in the neighborhood” used in the above Paragraph means in principle the property which is the subject matter of such transactions (“reference Property”) and the subject real property are on the same street or a nearby block within a distance of less than 500 meters; or the Government Announced Current Value of the subject property is similar to the Government Announced Current Value of the Reference Property. The term “similar size” means in principle that size of the target property for such transaction by non-related party transaction is not less than 50% of the size of the subject real property. The term “within the previous one year” means within the one-year period prior to the date on which acquisition of the subject real property or right-of-use assets thereof occurs.

- (7) If the transaction cost evaluated under all the methods provided for in this Article is less than the transaction price, the Company shall conduct the following for acquisition of real property or right-of-use assets thereof from the related party:
 - i. Allocate the difference between the transaction price of the subject real property or right-of-use assets thereof and the evaluated transaction costs as special reserve in accordance with Paragraph 1, Article 41 of the Securities and Exchange Law which special reserves are not permitted to be distributed as dividend or recapitalized; in addition, if any shareholder’s investment in the Company shall be evaluated by equity method and such shareholder is a public company, such shareholder shall set aside a corresponding amount in proportion to its holding in the Company as special reserves in accordance with Paragraph 1, Article 41 of the Securities and Exchange Law;
 - ii. Audit Committee shall handle the subject matter pursuant to Article 218 of the Company Law;
 - iii. The Company shall report how it handle the Items i. and ii. to the shareholders’ meeting and disclose the details of the subject transaction in the annual report and prospectus.
 - iv. If a special reserve is required to be set aside under this Article, such special reserve may not be utilized until the Company has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has grant its consent. When the Company acquires real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs, if there is other evidence indicating that the acquisition was not an arm’s length transaction.

Article 10: Conducting the Derivative Transactions

The Company shall conduct derivative transactions in accordance with the Handling Procedures for Conducting Derivative Transactions.

Article 11: Merger, Spin-off, Acquisition, and Share Transfer

- (1) The Company shall retain a certified public accountant, lawyer or underwriter to issue the fairness opinion on share swap ratio, acquisition price or the amount of cash or other property distributed to shareholders prior to convening the relevant Board of Directors meeting to discuss the subject merger, spin-off, acquisition, or share transfer. Such fairness

opinion should be submitted to the Board of Directors for discussion and approval. It is not required to obtain the fairness opinion issued by the above-mentioned experts for mergers between the Company and its subsidiaries which are directly or indirectly 100% owned by the Company, or the mergers between the Company's subsidiaries which are directly or indirectly 100% owned by the Company.

- (2) Unless otherwise provided by laws that the resolution adopted by the shareholders' meeting is not required for a merger, spin-off, or acquisition, the material terms of or the matters relating to a merger, spin-off, or acquisition shall be included in a public document together with the above-mentioned fairness opinion and the meeting notice delivered to shareholders to decide vote for or against such merge, spin-off or acquisition.

If the Company fails to convene the required shareholders' meeting or adopt the resolution at such meeting to approve the merger, spin-off, or acquisition due to the insufficient quorum or other legal restrictions, the Company shall immediately make a public announcement of the reasons for such occurrence, the follow-up measures to be taken, and the date scheduled for convening the shareholders meeting.

- (3) Unless otherwise provided by laws or under special circumstances where the prior approval has been obtained from FSC, the Company and other companies participating the subject merger, spin-off or acquisition shall convene the Board of Directors meetings and the shareholders' meeting on the same date to discuss and approve such merger spin-off or acquisition.

Unless otherwise provided by laws or under special circumstances where the prior approval has been obtained from the FSC, the companies participating the share transfer shall convene the Board of Directors meetings on the same date.

- (4) All persons participating in or knowing the proposed merger, spin-off, acquisition, or share transfer shall sign the undertaking(s) to covenant not to disclose the proposed merger, spin-off, acquisition or share transfer prior to the relevant information becomes public information nor purchase/sell, by such person or its nominee, shares or other equity securities of any company which is involving in the proposed merger, spin-off, acquisition or share transfer.
- (5) Except in any of the following circumstances, the share swap ratio or acquisition price cannot be changed and the permitted situations for changing such share swap ratio or acquisition price must be included in the contract for merger, spin-off, acquisition or share transfer:
- i. Issuance of new shares for cash, issuance of convertible corporate bonds, free distribution of stock dividends and issuance of corporate bonds with warrants, preferred shares with warrants, subscription warrants, and other equity securities;
 - ii. Conducting any act which will have material effect on the Company's financial conditions or business, such as disposal of material assets;
 - iii. Occurrence of the event which will affect the Company's shareholders' equity or the securities price, such as the material disasters or significant change on technology;
 - iv. Any adjustment of the treasury stock purchased by any company participating in the merger, spin-off, acquisition, or share transfer;
 - v. Any change on the parties to or the number of companies participating in the merger, spin-off, acquisition or share transfer; or
 - vi. Other circumstances which have been stipulated in the contract for amendment to certain terms and have been disclosed to the public.
- (6) The contract for conducting merger, spin-off, acquisition, or share transfer shall specify the rights and obligations of the companies participating in such merger, spin-off, acquisition, or share transfer and shall also specify the following:
- i. Handling of the breach of contract;

- ii. Principles for handling of equity securities issued by, or treasury stock purchased by, the extinguished company in a merger or the spun-off company;
 - iii. The quantity of treasury stock that a company participating in a merger, spin-off, acquisition, or share transfer may legally be permitted to purchase after the record date for calculation of the share swap ratio and relevant handling principles;
 - iv. Principles for handling of change on parties to or number of companies participating in the merger, spin-off, acquisition, or share transfer;
 - v. The estimated timetable for implementation of the proposed transaction and the estimated completion date; and
 - vi. If the implementation is not completed within the scheduled timetable, the date scheduled to convene the shareholders' meeting in accordance with the applicable laws and regulations and other handling procedures.
- (7) After the proposed merger, spin-off, acquisition, or share transfer becomes public information, if any party participating in such merger, spin-off, acquisition, or share transfer intends to conduct a further merger, spin-off, acquisition, or share transfer with another company, any procedures or legal actions already carried out by the companies participating in the initial merger, spin-off, acquisition, or share transfer, except that if the number of participating companies decreases and the Board of Directors has been authorized by the shareholders' meetings to amend terms of the subject merger, spin-off, acquisition or share transfer, the participating companies are not required to convene the shareholders meeting(s) to approve such amendment.
- (8) When participating in a merger, spin-off or acquisition, companies that are listed or stocks traded at the business premises of securities shall prepare a full written record of the following information and retain such record for five years for examination and check.
- i. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, spin-off or acquisition prior to public disclosure of the information.
 - ii. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the firing of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
 - iii. Important documents and minutes: Including merger, spin-off or acquisition plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.
- (9) When acquisition or transfer of another company's shares, companies that are listed or stocks traded at the business premises of securities shall, within two days commencing from the relevant resolutions were adopted by the Board of Directors, shall report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs i. and ii. Of the preceding paragraph to the FSC for recordation.
- (10) Where any of the companies participating in a merger, spin-off, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company that is listed or stocks traded at the business premises of securities shall sign an agreement with such non-listed company whereby the latter is required to abide by the provisions of paragraph (8) and (9).
- (11) If any participating company is non-public company, the public offering company must enter into an agreement with such non-public company to ensure such non-public company's compliance with this Article.

Article 12: Penalty

If any manager or person of the Company who violate regulations intentionally or through gross negligence shall be dealt with in accordance with the Company's rules and regulations related to personnel administration.

Article 13: The Procedures for Supervising Acquisition or Disposal of Assets by Subsidiaries

- (1) Acquisition or disposal of assets by the Company's subsidiary shall be made in accordance with such subsidiary's own handling procedures for acquisition or disposal of assets which shall be adopted in accordance with the "Regulation Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by the FSC and after consulting with the Company's opinions. Subsidiary's Handling Procedures shall be approved by the Board of Directors of the subsidiary companies, and be submitted to the shareholders' meeting of the Company. The same shall apply to amendments to such Handling Procedures.
- (2) If the above mentioned subsidiary is not a domestic public company and the subject acquisition or disposal of assets by such subsidiary is required to subject to the information disclosure and provided in Article 4 hereof, the Company shall make a public announcement and file the necessary report(s), for and on behalf of such subsidiary, of acquisition or disposal of the subject assets by such subsidiary.
- (3) The Company shall supervise its subsidiaries to check whether the subsidiary's own handling procedures for acquisition or disposal of assets "are in compliance with the relevant law and regulations or not and whether the subsidiary acquires and disposes the assets in accordance with such subsidiary's own handling procedures for acquisition and disposal of assets.

Article 14: Others

- (1) The term "share transfer" as used in the Handling Procedures means issuance of new shares as the consideration for acquiring other company's shares in accordance with the Company Law.
- (2) The term "related party" and "subsidiary" as used in the Handling Procedures shall have the same meaning as defined in the Regulations Governing the Preparing of Financial Reports by Securities Issuers.
- (3) Subsidiaries shall be subject to the paid-in capital or total assets of the Company's paid-in capital or total assets in accordance with Article 4.
- (4) For the calculation of 10% of total assets as used in the Handling Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparing of Financial Reports by Securities Issuers shall be used.
- (5) The term "investment in Mainland China" as used in the Handling Procedures shall have the same meaning as defined in the "Regulation Governing the Approval for Investment and Technical Cooperation in Mainland China" promulgated by the Investment Commission, Ministry of Economic Affairs.
- (6) The term "make a public announcement" and file the necessary report(s)" as used in the Handling Procedures, shall mean information disclosure posted in the website designated by the FSC.
- (7) Matters not provided for in this Handling Procedures shall be governed by the applicable laws, regulations, and the Company's internal regulations.

Article 15:

The procedures for the Acquisition and Disposal of Assets shall be approved by at least one-half or more of all members of the Audit Committee and to be approved by the Board of

Directors, and then shall be submitted to a shareholders' meeting; for approval; the same applies upon revision.

When a matter is submitted for discussion by the Board of Directors according to preceding paragraph, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

If approval of one-half or more of all Audit Committee members as required in the Paragraph 1 herein is not obtained, the Procedures may be implemented or approved by two-thirds or more of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

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

Article 16:

The procedures for the Acquisition and Disposal of Assets shall be subject to the consent of more than half of all members of the Audit Committee and to be approved by the Board of Directors in accordance with the established processing procedures or other legal regulations.

When a transaction is submitted for discussion by the Board of Directors according to preceding paragraph, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

Major assets transactions shall be approved by more than half of all member of the Audit Committee and submitted to the Board of Directors meeting for resolution in accordance with Article 15, paragraph (3) and (4).

The Board of Directors is authorized to set the aggregate limit on securities investment, the individual limit on the securities investment and the aggregate limit on real property or right-of-use assets thereof investment for the purpose rather than business use. Such limits should be appended to the Handling Procedures as shown below, namely, "Authorization Schedule for Acquisition or Disposal of Assets and the Limits on Securities Investment".

Asset Item	Approver	Authority	Aggregate Investment Limit	Individual Investment Limit
Real property or right-of-use assets thereof not for business use	Board of Director	>NT\$ 100,000,000	30% of the equity	15% of the equity
	Chairman of the Board Report to Board of Directors	<=NT\$ 100,000,000		
Investment in equities	Board of Director Chairman	>NT\$ 100,000,000 <=NT\$ 100,000,000	100% of the equity	50% of the equity
Long-term investment in unsecured bonds	Chairman President	>NT\$ 100,000,000 <=NT\$ 100,000,000	30% of the equity	15% of the equity
Short-term investment in bonds and monetary market funds	President Finance Division Head of Finance	>NT\$ 100,000,000 <=NT\$ 100,000,000	30% of the equity	15% of the equity
Other securities	Chairman President	>NT\$ 50,000,000 <=NT\$ 50,000,000	10% of the equity	5% of the equity

※ Investment and establishment of the shares of subsidiaries directly or indirectly held 100% by the Company are not subject to restrictions on the total amount of equity investment that can be invested.

※ Short-term investment in bonds should not expand the effect on profit by leverage through hypothecation, guarantee or any means.

※ The “equity” means the equity attributable to stockholders of the Company on the balance sheet.

Article 17:

The Handling Procedure for Acquisition or Disposal of Assets were enacted on January 26, 1997.

The first amendment was made on March 29, 2000.

The second amendment was made on May 8, 2003.

The third amendment was made on May 15, 2007.

The fourth amendment was made on June 10, 2009.

The fifth amendment was made on June 21, 2012.

The sixth amendment was made on June 19, 2014.

The seventh amendment was made on June 16, 2017.

The eighth amendment was made on June 13, 2019.

The ninth amendment was made on June 16, 2022.