Cameo Communications Inc.
Regulations Governing the Acquisition and
Disposal of Assets

Article 1 Basis

These Regulations are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act") and Regulations Governing the Acquisition and Disposal of Assets by Public Companies ("the Regulations").

Article 2 Purpose

Cameo Communications Inc. shall handle the acquisition or disposal of assets in compliance with these Regulations; provided, where financial laws or regulations provide otherwise, such provisions shall govern.

Article 3 Scope of Assets

A. Stocks, bonds, corporate bonds, financial bonds, beneficiary certificates, depository receipt, call/put warrant, beneficial securities, asset-backed securitization, etc.
B. Real estate (including land, buildings, investment property) and equipment
C. Membership card
D. Patent, copyright, trademark right, franchise and other intangible assets.
E. Right-of-use assets
F. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
G. Derivatives
H. Assets acquired or disposed of through merger, division, acquisitions or share transfer in accordance with the law
I. Other important assets

Article 4 Definition of Price and reference

4.1 securities

The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

4.2 Real estate (including land, buildings, investment property, right-of-use assets) and equipment.

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

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

4.2.2. Where the transaction amount is NT$1 billion or more, appraisals from two or more professional appraisers shall be obtained.

4.2.3. The items to be recorded in the valuation report are as follows:

4.2.3.1 Technical rules for real estate valuation stipulate the matters to be recorded.

4.2.3.2 Matters related to professional appraisers and appraisers

4.2.3.2.1 Name, capital, organizational structure and personnel compositionof the professional appraiser

4.2.3.2.2 The appraiser's name, age, educational experience (with certificate), the years and period of appraisal work, and the number of appraisal cases undertaken

4.2.3.2.3 Relationship between professional appraisers, appraisers and client

4.2.3.2.4 Issue a statement that "the matters stated in the valuation report are not false or concealed"

4.2.3.2.5 Date on valuation report was issued

4.2.3.3 The basic information of the subject should include the name, nature, location, area

4.2.3.4 Comparative examples of real estate transactions

4.2.3.5 The type of valuation is limited price, specific price or special price whether the conditions are currently met, the reason and rationality of the difference, Whether it is sufficient as a reference for the price.

4.2.3.6 In case of a joint construction contract, the reasonable distribution between the two parties shall be specified.

4.2.3.7 Estimation of land value increment tax

4.2.3.8 Whether the difference between the estimated prices of professional appraisers on the same date by more than 20% has been processed in accordance with Article 41 of the Act on Real Estate Appraisers.

4.2.3.9 The annexes include the details of the subject's valuation, property registration, and transcript of the cadastral map, sketch of the city, the map of the subject, land Use Zoning Certificate, and photo of the current location.

4.2.4 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

4.2.4.1 The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.

4.2.4.2 The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

4.2.5 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, 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.

Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.

4.3 intangible assets or right-of-use assets

Where the company acquires or disposes of intangible assets or right-of-use assets or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.

The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 7, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

4.4 Derivatives
Derivatives is in accordance with paragraph 4 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies issued by the Financial Supervisory Commission and paragraph 3 of the procedure.
4.5 Assets acquired or disposed of through merger, division, acquisitions or share transfer in accordance with the law.
It is in accordance with paragraph 5 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies issued by the Financial Supervisory Commission and paragraph 4 of the procedure.
Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:
4.5.1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
4.5.2. May not be a related party or de facto related party of any party to the transaction.
4.5.3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.
When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-discipline regulations of the trade associations and the following:
4.5.4. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
4.5.5. When execute a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
4.5.6. 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.
4.5.7. 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 reasonable and adequate, and that they have complied with applicable laws and regulations.

Article 5 The limit
5.1 The Company shall not be limited in the amount of assets acquired or disposed of if the assets are for business purposes, such as property, equipment or assets with rights of use.
5.2. The Company may individually purchase real estate that are not for business use and the amount is limited to 20% of the paid-in capital.
5.3. Short- and long-term investment limits are managed according to the company’s Investment Management Policy.
5.4. Derivatives trading limits follow the procedures outlined in Section 3, Article 17, Paragraph 4 of the Regulations.

Article 6 Procedure for Determining Hierarchy, Executing Units, and Transaction Terms Procedure of the acquisition and disposal of assets:

6.1 Procedure for the acquisition of assets:

The acquisition of the Company's real estate (including land, buildings, investment properties, right-of-use assets, and construction inventory) and equipment must undergo quotation, price comparison, and negotiation. Amounts under NT$10 million require approval from General Manager; amounts NT$10 million or above require approval from Chairman; amounts exceeding NT$100 million must be submitted to the Board of Directors for approval.

6.2 Procedure for the disposal of assets:

The disposal of the Company's real estate (including land, buildings, investment properties, right-of-use assets, and construction inventory) and equipment must be stated with reasons by the original user unit. After price inquiry, comparison, and negotiation by the asset management, if the book or appraised value is under NT$10 million, shall be approved in accordance with General Manager's authority; if over NT$10 million, chairman approval is required; if exceeding NT$100 million must be submitted to the Board of Directors for approval.

6.3 Procedure of the acquisition and disposal of long-term equity investments:

The acquisition and disposal of the Company's long-term equity investments:

If the amounts below NT$10 million shall be approved according to the General Manager's delegated approval authority; amounts exceeding NT$10 million shall be approved by the Chairman and reported to the Board afterwards; amounts of NT$50 million or more shall be submitted to the Board for approval.

6.4 Procedure of the acquisition and disposal of short-term equity investments:

The acquisition and disposal of the Company's short-term equity investments, if the amount is under NT$10 million, shall be approved in accordance with General Manager's authority; if over NT$10 million, chairman approval is required; if exceeding NT$200 million must be submitted to the Board of Directors for approval.

6.5 Procedure of the acquisition and disposal of intangible assets or memberships:

The company shall obtain pricing information in advance when acquiring or disposing of membership certificates and intangible assets, conduct either price comparison or negotiation, and carefully evaluate relevant laws and contract terms to determine the transaction price. If the amount is under NT$10 million, shall be approved in accordance with General Manager's authority; if over NT$10 million, chairman approval is required; if exceeding NT$100 million must be submitted to the Board of Directors for approval which were evaluated and executed by the finance department.

6.6 The acquisition and disposal of derivatives:

The acquisition and disposal of derivatives should be evaluated and executed by the finance department in accordance with the Company's "Procedures for Engaging in Derivatives Trading".

6.7 Assets acquisition or disposed of through mergers and consolidations, splits, acquisitions, and assignment of shares: shall be approved by the board of directors.

The acquisition or disposal of assets by the Company shall be approved by the audit committee in accordance with these regulations or other laws and shall be approved by the resolution of the board of directors.If the action of the aforementioned has not received approval from more than one-half of all members of the audit committee, it may be carried out with approval of two-thirds of all directors. When submitting a transaction involving the

acquisition or disposal of assets with the preceding paragraph, the opinions of each independent director should be fully considered. If any independent director has objections or reservations shall be recorded in the minutes of the Board of Directors' meeting.

Article 7 Procedure of the public disclosure of information

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

7.1 Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

7.2 Merger, demerger, acquisition, or transfer of shares.

7.3 Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.

7.4 Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:

A. For a public company whose paid-in capital is less than NT$10 billion, the transaction amount reaches NT$500 million or more.

B. For a public company whose paid-in capital is NT$10 billion or more but less than NT$50 billion, the transaction amount reaches NT$1 billion or more.

C. For a public company whose paid-in capital is NT$50 billion or more, the transaction amount reaches over 5% of the company's paid-in capital..

7.5 Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million; among such cases, if the public company has paid-in capital of NT$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT$1 billion or more.

7.6 Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT$500 million.

7.7 For publicly listed companies with paid-in capital of NT$50 billion or more, transactions of government bonds, regular corporate bonds, and general financial bonds without equity involvement (excluding subordinated bonds) on the stock exchange or securities firms, which do not fall under exceptions in Clause 8 and are conducted with non-related parties, must reach 5% or more of the company's paid-in capital.

7.8 Except for asset transactions described in Articles 7 and below, asset transactions, disposition of claims by financial institutions, or investments in Mainland China with transaction amounts reaching 20% of the company’s paid-in capital or exceeding NT$300 million are subject to these regulations. However, the following are exempt:

7.8.1 Trading of domestic government bonds.

7.8.2 Securities trading by professional investors at stock exchanges or brokerage offices, subscription of ordinary corporate bonds and general financial bonds (excluding subordinated bonds) in the primary market, purchase or redemption of securities investment trusts or futures investment trusts, or securities underwritten or subscribed for by brokerages for underwriting or OTC market promotion as regulated by the Taipei Exchange.

7.8.3 Trading of repurchase agreements, sell-back conditions of bonds, or subscription/redemption of money market funds issued by domestic securities investment trust enterprises.

Transaction amounts are calculated by:

7.8.1 Each individual transaction amount.

7.8.2 Accumulated amount within one year of transactions involving the same counterparty and same nature of assets.

7.8.3 Accumulated acquisition or disposal (separately for acquisition and disposal) within one year of same development project real estate or usage rights.

7.8.4 The cumulative amount of acquisition or disposal (calculated separately) of the same securities within one year. The term within one year refers to the one-year period counted backward from the date the current transaction occurs. Portions already disclosed are exempt from recalculation.

The company shall monthly report, by the 10th of each month, in the format specified by the Financial Supervisory Commission (FSC), the status of derivative transactions conducted by the company and its subsidiaries not publicly listed domestically, based on data up to the end of the previous month. The term investment in Mainland China refers to investments made according to the regulations issued by the Investment Commission of the Ministry of Economic Affairs concerning investment or technology cooperation in Mainland China.

The date of occurrence of the transaction shall generally be the earliest among the contract signing date, payment date, order execution date, transfer date, board resolution date, or other dates that reliably determine the transaction parties and amount. For investments requiring governmental approval, the date shall be the earlier of the above dates or the receipt date of such approval.

Article 8 Control Procedures for Subsidiaries' Acquisition or Disposal of Assets

8.1 The company shall require subsidiaries to establish and implement asset acquisition or disposal procedures in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

8.2 For subsidiaries that are not public companies, except those engaged in professional investment or trading securities on domestic or foreign stock exchanges or brokerages, if the acquisition or disposal of assets meets the announcement and reporting thresholds set in Article 7, shall be reported by the public company.

8.3 For subsidiaries subject to the announcement and reporting thresholds in Article 7, the paid-in capital or total assets shall be based on the parent company's figures.

Article 9 Announcement and Declaration

The company shall handle announcement and declaration matters in accordance with the regulations established by the Financial Supervisory Commission as required in the preceding article.

Article 10 Correction of declared announcement

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

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

10.1 Change, termination, or rescission of a contract signed in regard to the original transaction.

10.2 The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.

10.3 Change to the originally publicly announced and reported information.

Article 11 Record retention

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

Section II Related Party Transactions

Article 12 When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 7 Paragraph 2.

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

Article 13 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 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors and should report the actual transaction details at the next annual shareholders' meeting following the end of the year:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a transaction counterparty.
3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 14 and Article 15.
4. The date and price at which the related party originally acquired the real property The original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing

of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.
With respect to the types of transactions listed below, when to be conducted between the company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to Article 5 and Article 6 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:
1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. Acquisition or disposal of real property right-of-use assets held for business use.
Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions.
If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.
Where an audit committee has been established in accordance with the provisions of the Act, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 34, paragraphs 4 and 5.
If the company or its subsidiary which is not a domestic public company, and the transaction amount is more than 10% of the total assets, the company shall submit the transaction in the first paragraph to the shareholders' meeting for approval before signing contracts and making payments, except for transactions between the company and its parent company, subsidiaries, or its subsidiaries.
The calculation of the transaction amounts referred to in the first and preceding paragraph shall be made in accordance with Article 7, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders' meeting, board of directors and recognized by the Audit Committee need not be counted toward the transaction amount.

Article 14 The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:
1.Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2.Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
The Company that acquires real property or right-of-use assets thereof from a related party

and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

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

1.The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.

2.More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.

3.The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.

4.The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 15 When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 16. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

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

Article 16 Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
2. Independent director of audit committee members shall comply with Article 218 of the Company Act.
3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

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

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

Section III Procedures for Engaging in Derivatives Trading

Article 17 Trading principles and strategies:

1. The types of derivative transactions : The company may engage in Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. Others should require approval from the Chairman before trading.
2. Business or Hedging Strategy: Derivative trading should primarily focus on risk mitigation; counterparties should be banks with existing business relationships to
3. Division of Responsibilities:

(1) Finance Unit: Responsible for the foreign exchange management system, including collecting market information, assessing trends and risks, and understanding financial products and trading techniques. They act under the finance manager’s instructions and authority to manage FX positions and mitigate risks according to company policy.

(2) Accounting Unit: Oversees the company’s overall FX positions and regularly calculates realized and unrealized exchange gains and losses to support the finance department’s hedging activities.

4. Transaction Limits:

(1) For hedging purposes: Based on the company’s total foreign currency assets, total foreign

currency liabilities, and projected investment-related limits, segmented by hedging types.
(2) For trading purposes: The total outstanding contract balance at any time shall not exceed USD 50 million.
5. Performance Evaluation: All derivative transactions must detail operations (e.g., amount, exchange rate, bank, maturity) on the open positions summary to monitor profit and loss; additionally, foreign exchange gains and losses should be settled monthly, quarterly, and annually.
6. Loss Limits:
(1) For hedging purposes:
A. Individual contracts: 20% of the contract amount; special cases require approval from senior management authorized by the board.
C. All contracts combined: 20% of the total contract amount, which is the maximum limit.

Article 18 Operating Procedure

1. Authorization Limits: Authorization limits are established based on changes in the company's sales revenue and net risk exposure as detailed below.

level	Daily amount	Total trading amount%
Chairman	Over US 10 million	100
GM	US 10 million	80
Vice Manager of Finance	US 8 million	50
Manager of Finance	US 5 million	30

2. Execution Unit: Authorized personnel from the Finance Department shall carry out the tasks.
3. Workflow:
(1) Authorized traders place orders within the authorized limit. After the trade is executed, they must immediately fill out a form specifying the trade name, buy/sell amount, duration, intended use, details, fees, and counterparty, and submit it to the authorized supervisor for board approval.
(2) Upon receiving the bank trade voucher, the confirmer must promptly verify the trade details with the counterparty. Any discrepancies must be clarified immediately with the trader.
(3) After confirmation, the settlement personnel will execute the settlement based on the trade details.
(4) Any early or delayed settlements require approval from the responsible supervisor before proceeding.

Article 19 Internal Control System

1. Risk Management Scope:
(1) Credit Risk: Transactions are limited to reputable banks and financial institutions with professional information. Entry personnel must promptly record transaction limits and regularly reconcile accounts with banks.
(2) Market Price Risk: The Company must continuously monitor risks from market price fluctuations of derivatives caused by interest rates, exchange rates, or other factors.
(3)Liquidity: Banks involved in transactions must have sufficient facilities, information, and trading capabilities; transaction targets should be standardized and widely accepted.
(4) Cash Flow Risk: Traders must monitor the company's cash flow to ensure sufficient funds for settlement.
(5) Operation: Authorization limits and procedures must be strictly followed.
(6) Legal: All documents signed with banks must be reviewed by the legal department before signing.
2. Internal Controls:

(1) Trading personnel and confirmation or settlement staff must not hold overlapping roles.
(2) Confirmation staff should verify trading records and control trading positions accurately.
(3) Accounting staff must regularly reconcile accounts with banks or conduct confirmation letters.
(4)Audit personnel should monitor trading processes, total amounts, and loss limits to ensure compliance with internal policies.

3. Regular Evaluation and Handling of Abnormalities:
(1) Positions in derivative transactions must be evaluated at least weekly; for hedging transactions required by business, evaluations must be done at least twice a month. Evaluation reports should be submitted to senior executives authorized by the board. If no trades occur, only the financial officer’s approval is needed.

(2)Gains and losses must be settled quarterly, semi-annually, and annually at market value and disclosed in financial statements.
(3)Trading and profit/loss conditions should be monitored; any abnormalities require immediate response measures and reporting to the board. If independent directors are appointed, they must attend the board meeting and express opinions.

Article 20 Internal Audit System
Internal auditors shall regularly assess the adequacy of internal controls and conduct monthly audits on departmental compliance with these procedures. Audit reports shall be included in the annual internal audit plan. If major violations are found, written notice must be given to independent directors and the audit committee. By the end of February the following year, the audit report and the implementation status of the annual audit plan shall be submitted to the Financial Supervisory Commission.

Article 21 Where the Company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:
1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.
Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:
1.Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the Company.
2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where the Company has independent directors, an independent director shall be present at the meeting and express an opinion.
The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

Article 22 Information Disclosure
1. If losses from derivative transactions reach the total or individual contract loss limit specified by this procedure, or if unrealized losses from derivative transactions exceed 3% of the parent company's shareholders' equity, the company must disclose and report the relevant information on the FSC-designated website within two days of the occurrence.
2. By the 10th of each month, the Company must submit, in the prescribed format, a report on derivative transactions of the company and its non-domestic publicly listed subsidiaries as of the end of the previous month to the FSC-designated information reporting website.

Article 23 The company engaging in derivative transactions shall establish a log book to record the types, amounts, board approval dates, and periodic evaluation details of transactions in the log book.

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

Article 24 Assets acquired or disposed of through mergers, splits, acquisitions, or share transfers conducted in accordance with laws refers to assets obtained or disposed of under the Business Merger Act, Financial Holding Company Act, Financial Institution Merger Act, or other laws, or shares acquired through new stock issuance under Article 156-3 of the Company Act.

Article 25 The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Article 26 The public Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

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

Article 27 The company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

The Company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.

2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.

3 .Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

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

Article 28 Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 29 The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.

2. An action, such as a disposal of major assets that affects the company's financial operations.

3. An event, such as a major disaster or major change in technology that affects shareholder equity or share price.

4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.

5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.

6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 30 The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.

2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.

3.The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.

4. The manner of handling changes in the number of participating entities or companies.

5. Preliminary progress schedule for plan execution, and anticipated completion date.

6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 31 After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 32 If a company involved in a merger, division, acquisition, or share transfer is not publicly listed, the Company shall sign an agreement with it and proceed in accordance with Articles 27, 28, and the preceding article.

Article 33 Penalties

If any director or manager of the company violates this procedure or the Regulations on Acquisition or Disposal of Assets by Publicly Listed Companies, causing damage to the company, they shall be dismissed. Relevant personnel who violate the above procedures or regulations will be subject to the company's performance evaluation and disciplinary measures.

Article 34 The procedure requires approval by more than half of all audit committee members, then by the board of directors, and finally by the shareholders' meeting before implementation. If any director objects with a record or written statement, the objection must be submitted to the shareholders' meeting for discussion. The same applies to amendments.

The opinions must be fully considered during board of the directors by Regulations Governing the Acquisition and Disposal of Assets. Any dissent or reservation by independent directors must be recorded in the board meeting minutes. If the audit committee fails to gain approval from over half of its members, the procedure may proceed with a two-thirds majority approval of all directors, with the audit committee's decision documented in the board minutes. All members of the audit committee and the board refer to those currently in office.

Article 35 For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of a company whose shares have no par value or a par value other than NT$10 for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted; for the calculation of transaction amounts of 5 percent of paid-in capital under these Regulations, 2.5 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT$10 billion, NT$20 billion of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT$50 billion, NT$100 billion of equity attributable to owners of the parent shall be substituted.

Article 36 The Procedures for Asset Acquisition &
Disposal was constituted on April 1, 1999.
Amendment for the 1st ~15th (Omitted)
Amendment for the 16h instance: May 28, 2026.