

NAN	PAO	Nan Pao Resins Chemical Co., Ltd.	Issue No.	
Edition	3.0	Regulations Governing the Acquisition and Disposal Assets	Issued on	
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1. Purpose: In order to comply with the operation of the company's acquisition or disposal of assets, in accordance with Article 36-1 of the Securities and Exchange Act and the "Guidelines for the Treatment of Assets Acquired or Disposed by Public Companies" promulgated by the Financial Supervisory Commission (hereinafter referred to as the Financial Supervisory Commission) regulations.
2. Scope: The Principles applies to the entire operations of the Company and its business group.
  - 2.1. Marketable securities: including stocks, public bonds, corporate bonds, financial bonds, marketable securities of commendation funds, depositary receipts, subscription (sell) warrants, beneficiary securities and asset-based securities.
  - 2.2. Real estate (including land, houses and buildings, investment real estate, and inventories in the construction industry) and equipment.
  - 2.3. Membership card.
  - 2.4. Intangible assets: including patents, copyrights, trademarks, franchises and other intangible assets.
  - 2.5. Right-of-use assets.
  - 2.6. Creditor's rights of financial institutions (including receivables, discounted foreign exchange purchases and loans, and collections).
  - 2.7. Derivatives.
  - 2.8. Assets acquired or disposed of through merger, division, acquisition or share transfer in accordance with the law.
  - 2.9. Other important assets.
3. Definition:
  - 3.1. Derivatives: refers to forward contracts, option contracts, futures contracts, the value of which is derived from specific interest rates, financial instrument prices, commodity prices, exchange rates, price or rate indices, credit ratings or credit indices, or other variables. Leveraged margin contracts, exchange contracts, combinations of the above, or combination contracts or structured commodities embedded in derivative commodities. The so-called forward contracts do not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts and long-term purchase (sale) contracts.
  - 3.2. Assets acquired or disposed of pursuant to a legal merger, division, acquisition, or share transfer: refers to assets acquired or disposed of pursuant to a merger, division, or acquisition pursuant to the Mergers and Acquisitions Act, the Financial Holding Company Act, the Financial Institutions Merger Act, or other laws, or Those who issue new shares in accordance with the provisions of Article 156-3 of the Company Act to acquire the shares of another company (hereinafter referred to as the transfer of shares).
  - 3.3. Related parties and subsidiaries: should be identified in accordance with the financial reporting standards for securities issuers.
  - 3.4. Professional appraiser: refers to real estate appraisers or other persons who are legally allowed to engage in real estate and equipment appraisal business.

Approved by	Wu, Cheng-Hsien	Reviewed by	Lin, Kun-Chin	Drafted by	Lee, Chih-Yun
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3.5. Date of Fact Occurrence: refers to the date of signing the transaction, the date of payment, the date of entrusted transaction, the date of transfer of account, the date of resolution of the board of directors, or any other date that is sufficient to determine the transaction object and transaction amount. However, for investors that need to be approved by the competent authority, the above opening date or the date of receiving the approval from the competent authority shall prevail.

3.6. Mainland Area Investment: Refers to Mainland investments made in accordance with the provisions of the Investment Review Committee of the Ministry of Economic Affairs in the Mainland Area for Investment or Technical Cooperation Licensing Regulations.

3.7. Professionals specializing in investment: refers to financial holding companies, banks, insurance companies, securities finance companies, trust companies, securities firms operating proprietary or underwriting businesses, and proprietary companies that are established in accordance with the law and managed by the local financial competent authority. Business futures brokers, securities investment trust enterprises, securities investment consulting enterprises and fund management companies.

3.8. Stock exchange: domestic stock exchange, refers to the Taiwan Stock Exchange Co., Ltd.; foreign stock exchange, refers to any organized and managed securities exchange market by the country's securities authority.

3.9. Business office of a securities firm: The business office of a domestic securities firm refers to a place where securities firms set up special counters to conduct transactions in accordance with the Measures for the Administration of Securities Dealers' Business Offices; The business premises of the financial institution where the business is conducted.

3.10. The provisions on the percentage of total assets or net worth shall be calculated based on the amount of total assets or net worth in the most recent individual or individual financial report stipulated in the financial reporting standards of securities issuers.

4. Authority and responsibility: None.

5. Content:

5.1. Investment in non-business real estate and its right-of-use assets or marketable securities quota

5.1.1. The respective quotas for the Company and its subsidiaries to obtain the above assets are determined as follows:

- (1) The total amount of non-business real estate and its right-of-use assets shall not exceed 15% of the net value.
- (2) The total amount and individual limit of investment in long-term and short-term securities shall not be higher than the paid-in capital and total assets, whichever is higher.
- (3) The investment amount of the above-mentioned securities refers to the accumulated investment cost.

5.2. In the valuation report or the opinion of the accountants, lawyers or securities underwriters obtained by the company, the professional appraisers and their appraisers, accountants, lawyers or securities underwriters shall meet the following requirements:

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(1) Have never been sentenced to fixed-term imprisonment of not less than one year for violating this Law, the Company Law, the Banking Law, the Insurance Law, the Financial Holding Company Law, or the Commercial Accounting Law, or for fraud, breach of trust, embezzlement, forgery of documents, or business crimes Sure. However, this is not the case if three years have elapsed since the completion of the execution, the expiration of the suspended sentence, or the pardon.

(2) The parties to the transaction shall not be related parties or have substantial related parties.

(3) If the company should obtain valuation reports from two or more professional appraisers, different professional appraisers or appraisers shall not be related persons or have substantial relationships with each other.

When issuing a valuation report or opinion, the person referred to in the preceding paragraph shall handle the self-discipline regulations of their respective trade associations and the following matters:

(1) Before accepting a case, they should carefully evaluate their professional ability, practical experience and independence.

(2) When executing a case, it should properly plan and implement the appropriate operation process to form a conclusion and issue a report or opinion letter based on it; and publish the implemented procedures, collected data and conclusions in the case working papers in detail.

(3) Regarding the sources of data, parameters and information used, the appropriateness and rationality of each item shall be evaluated as the basis for issuing the appraisal report or opinion letter.

(4) Matters declared shall include the professionalism and independence of the relevant personnel, the fact that the information used has been assessed to be appropriateness and reasonable, and the compliance with relevant laws and regulations, etc.

5.3. The acquisition or disposal of assets by the company should be approved by the board of directors in accordance with the prescribed handling procedures or other legal provisions. If a director expresses objection and has a record or written statement, the company shall submit the director's objection information to the audit committee.

The company has set up independent directors. When reporting the acquisition or disposal of assets to the board of directors for discussion in accordance with the provisions of the preceding paragraph, the opinions of each independent director shall be fully considered. If any independent director has any objection or reservation, it shall be stated in the minutes of the board meeting.

The company has set up an audit committee. For major asset or derivative product transactions, more than one-half of all members of the audit committee shall agree to submit a resolution of the board of directors, and the provisions of 5.15.1. 4th and 5th shall apply mutatis mutandis.

5.4. Procedures for the acquisition or disposal of real property, equipment or right-of-use assets

5.4.1. Evaluation and operating procedures

The acquisition or disposal of real estate, equipment or its right-to-use assets by the company shall be handled in accordance with the company's internal control system for real estate, plant and equipment.

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#### 5.4.2. Procedure for determining transaction conditions and authorization amount

- (1) To acquire or dispose of real estate or its right-of-use assets, the transaction conditions and transaction prices should be determined with reference to the published present value, assessed value, actual transaction price of adjacent real estate, etc., and an analysis report should be prepared. Those less than US\$2 million (inclusive) shall be approved step by step in accordance with the authorization method; those exceeding NT\$60 million or US\$2 million shall be subject to approval by the board of directors.
- (2) To acquire or dispose of the equipment or its right-to-use assets, one should choose one of the methods of price inquiry, price comparison, negotiation or bidding, and the amount of which is less than NT\$60 million or US\$2 million (inclusive), Approval shall be conducted step by step in accordance with the authorization method; if the amount exceeds NT\$60 million or US\$2 million, it must be submitted to the board of directors for approval.

#### 5.4.3. Execution unit

When the company acquires or disposes of real estate or equipment, it shall be approved by the approval authority in the preceding paragraph, and the user department and management department shall be responsible for the execution.

#### 5.4.4. Property, equipment or right-of-use asset valuation report

The company acquires or disposes of real estate or equipment, equipment or assets of the right to use, except for transactions with domestic government agencies, commissioned construction from local or leased land, or acquisition or disposal of equipment for business use or assets of the right to use, If the transaction amount exceeds 20% of the company's paid-in capital or NT\$300 million or more, a valuation report issued by a professional valuation appraiser shall be obtained before the date of the fact (the valuation report shall be recorded in the format prescribed by the competent authority), and comply with the following requirements:

- (1) When a limited price, a specific price or a special price must be used as the reference basis for the transaction price due to special reasons, the transaction should first be approved by the board of directors; the same applies when the transaction conditions are changed subsequently.
- (2) The transaction amount is more than NT\$1 billion, and two or more professional appraisers should be invited for appraisal.
- (3) The appraisal result of the professional appraiser is in one of the following situations, except that the appraisal result of the acquired assets is higher than the transaction amount, or the appraisal result of disposing of the assets is all lower than the transaction amount, the accountant should be expressed specific opinions on the reason for the difference and the fairness of the transaction price:
  - A. The difference between the valuation result and the transaction amount is more than 20% of the transaction amount.
  - B. The difference between the appraisal results of two or more professional appraisals is more than 10% of the transaction amount.

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(4) The date of the report issued by the professional appraiser and the date of the establishment of the contract shall not exceed three months; however, if the current value of the announcement in the same period is applicable and less than six months have passed, the original professional appraiser may issue a letter of opinion.

(5) The company acquires or disposes of assets through the court auction procedure, it can replace the valuation report or accountant's opinion with the certification documents issued by the court.

#### 5.5. Procedures for acquiring or disposing of securities investments

##### 5.5.1. Evaluation and operating procedures

The purchase and sale of securities of the Company shall be handled in accordance with the investment cycle of the Company's internal control system.

##### 5.5.2. Procedure for determining transaction conditions and authorization limit

The company's securities trading on the centralized exchange market or the business office of a securities firm shall be evaluated by the responsible unit according to market conditions. For securities trading not on the centralized trading market or the business office of a securities firm, its net value per share, Profitability and future development potential are determined by research and judgment, and the most recent financial statement of the target company that has been audited, certified or reviewed by an accountant should be obtained before the actual occurrence date as a reference for evaluating the transaction price.

##### 5.5.3. Execution unit

When the company engages in securities investment, it shall be carried out by the financial and accounting department after submitting it for approval in accordance with the approval authority in the preceding paragraph.

##### 5.5.4. Obtaining expert opinion

If the company acquires or disposes of securities with a transaction amount that exceeds 20% of the company's paid-in capital or NT\$300 million or more, it shall contact an accountant to express its opinion on the reasonableness of the transaction price before the date of the fact. However, this does not apply if the securities are publicly quoted in an active market or otherwise stipulated by the FSC.

#### 5.6. Procedures for acquiring or disposing of derivative products

##### 5.6.1. Trading principles and policies

###### 5.6.1.1. Transaction types:

(1) Derivative financial products engaged by the company refer to forward contracts whose value is derived from specific interest rates, financial instrument prices, commodity prices, exchange rates, price or rate indices, credit ratings or credit indices, or other variables, option contracts, futures contracts, leveraged margin contracts, exchange contracts, combinations of the above contracts, or combination contracts or structured commodities embedded in derivative commodities.

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- (2) The term “forward contract” in this article does not include insurance contracts, performance contracts, sales service guarantees, long-term lease contracts and long-term purchase (sale) contracts.
- (3) Matters related to bond margin trading shall be handled in accordance with the relevant provisions of this handling procedure. The provisions of this procedure may not apply to bond transactions with buyback conditions.
- (4) The nature of the transaction is classified as a hedging transaction if the purpose is to hedge operational risks, and a speculative transaction if the additional risk created for the purpose of arbitrage profit.

5.6.1.2. Operating or hedging strategies:

The company’s trading of derivative financial products should be approved by more than half of all members of the audit committee and submitted to the board of directors for a resolution. Risk-based, the currency held must be in line with the company's actual foreign currency demand for import and export transactions, and the company's overall internal positions (referring to foreign currency income and expenses) are self-levelling as the principle, so as to reduce the company's overall foreign exchange risk and save foreign exchange, operating costs. Transactions for other specific purposes are also subject to careful assessment and submission to the Audit Committee and the Board of Directors for approval before proceeding.

5.6.1.3. Division of powers and responsibilities:

(1) Accounting department

A. Traders

- (a) Responsible for the strategy formulation of the entire company's financial commodity trading.
- (b) Traders should regularly calculate positions, collect market information, conduct trend judgments and risk assessments, be familiar with financial products and related laws, operational skills, etc., and formulate operational strategies that are approved by the approval authority as the basis for engaging in trading.
- (c) Execute transactions in accordance with authorized authority and established strategies.
- (d) When there is a major change in the financial market and the traders judge that the established strategy is no longer applicable, an assessment report shall be submitted at any time, and the strategy shall be re-drawn.

B. Confirmation of personnel

- (a) Execute transaction confirmation.
- (b) Review whether the transaction is carried out in accordance with the authorization authority and the established strategy.

C. Delivery personnel

- (a) Perform delivery tasks.
- (b) Accounting treatment.

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(c) Reporting and announcement in accordance with the regulations of the securities regulatory authority.

D. Derivatives approval authority

The company engages in derivative financial product transactions, whether for the purpose of hedging or trading, it must be submitted to the audit committee and the board of directors for approval before proceeding.

(2) Audit department

Responsible for understanding the adequacy of the internal control of derivatives trading and checking the compliance of the trading department with operating procedures, analyzing the trading cycle, making audit reports, and reporting to the Audit Committee or the Board of Directors when there are major deficiencies.

5.6.1.4. Performance evaluation:

(1) Hedging transactions

A. The assessment is based on the profit or loss between the actual transaction of derivative products and the estimated exchange rate (interest rate) cost on the original book.

B. In order to fully grasp and express the evaluation risk of the transaction, the company adopts the monthly evaluation method to evaluate the profit and loss, and the evaluation report should be submitted to the accounting supervisor for verification.

C. The financial department shall provide foreign exchange position evaluation, foreign exchange market trends and market analysis to the general manager as management reference and instructions.

(2) Derivatives and special-purpose transactions for the purpose of trading are based on the actual profit and loss generated by the transaction as the basis for performance evaluation, at least weekly, and the position must be regularly prepared for the management's reference.

5.6.1.5. Determination of the total contract amount and the upper limit of loss:

(1) Total contract amount

A. The total contract value of derivative products for hedging transactions shall not exceed the total import and export value of the company's most recent three-phase business sales and tax declarations or a limit of 10% of the net value.

B. The total contract amount of derivatives and special-purpose transactions for the purpose of trading shall not exceed NT\$300 million.

(2) Determination of the upper limit of loss

A. Regarding the loss limit for hedging transactions, the total or individual contract loss limit shall not exceed 20% of the total or individual contract amount.

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B. If it is a transaction contract for derivatives and specific purposes for the purpose of trading, after the position is established, a stop loss point should be set to prevent excess losses. The setting of the stop loss point shall not exceed 3% of the transaction contract amount or the total contract loss is 1% of the company's paid-in capital. If the loss exceeds 3% of the transaction amount or the entire contract is lost When it has reached 1% of the company's paid-in capital, it must immediately report to the general manager for a ruling to continue or stop trading, or report to the board of directors to discuss necessary countermeasures.

#### 5.6.1.6. Workflow

- (1) According to the exchange rate of the foreign exchange portion held by the company and the length of the period, and depending on the short-term, medium-term and long-term trends of the foreign exchange market, formulate necessary hedging operations.
- (2) The trader will report the demand to the supervisor, and after approval, place an order with the designated foreign exchange bank. After the bank executes and confirms the completion of the transaction, and delivers the foreign exchange transaction contract, a transaction subpoena is made.
- (3) The foreign exchange transaction contract issued by the bank must be confirmed by the financial controller and handed over to the accountant together with the transaction subpoena as an entry voucher.
- (4) Disclose "Details of Derivative Financial Commodities Transactions" on a monthly basis.

#### 5.6.1.7. Accounting treatment

The accounting department of the company shall handle it in accordance with the Commercial Accounting Law, the Bulletin of the Financial Accounting Standards and the letters and decrees of the relevant competent authorities; if there are no relevant regulations, it shall be recorded in details, and shall be processed by calculating the realized and unrealized profit and loss statements on a monthly basis.

#### 5.6.2. Risk management measures:

##### 5.6.2.1. Credit risk management:

As the market is subject to changes in various factors, it is easy to cause operational risks of derivative financial products. Therefore, the market risk management is carried out according to the following principles:

- (1) Transaction partners: mainly domestic and foreign well-known and reputable financial institutions that have business dealings with the company.
- (2) Trading commodities: limited to commodities provided by well-known financial institutions at home and abroad.
- (3) Transaction amount: The unreversed transaction amount of the same transaction object shall not exceed 30% of the total authorized amount, except for those approved by the general manager.
- (4) Trading profit and loss: Traders need to check the changes in profit and loss at any time for individual contracts. If there is a loss, immediately report it to the supervisor to discuss the response strategy.

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5.6.2.2. Market risk management:

- (1) Conduct transactions in a legal and open foreign exchange market, and conduct transactions in accordance with laws and regulations, and maintain information on foreign exchange market trends to reduce risks.
- (2) Authorized trading personnel at all levels shall earnestly abide by the authorization limit and the upper limit of loss when engaging in derivative commodity transactions.
- (3) Timely assess the amount of possible losses and the possibility of losses due to changes in market interest rates and exchange rates, and take appropriate measures.

5.6.2.3. Liquidity risk management:

In order to ensure market liquidity, when choosing financial products, products with high liquidity (that is, those that can be traded and realized in the market at any time to maintain flexibility in capital allocation) are mainly selected. Financial institutions entrusted with transactions must have sufficient information and are readily available. The ability to trade in any market.

5.6.2.4. Cash flow risk management:

In order to ensure the stability of the company's working capital turnover, the company's source of funds for derivatives trading is limited to its own funds, and the operating amount should take into account the funding requirements for forecasting cash receipts and payments in the next three months.

5.6.2.5. Operational risk management:

- (1) The company's authorized quota and operating procedures should be followed and included in internal audit to avoid operational risks.
- (2) Traders engaged in derivative commodities and confirmation, delivery and other operators shall not concurrently serve as each other.
- (3) The transaction personnel need to review the inter-bank transaction contract and report it to the supervisor for confirmation. Those who do not confirm will not be logged into the account or recognized.
- (4) The transaction bank must have sufficient information and provide it at any time as the basis for the risk assessment of the transaction.
- (5) Risk measurement, supervision and control personnel shall be in different departments from those in the point 2 of this subsection, and shall report to the board of directors or to senior executives who are not responsible for transaction or position decision-making.

5.6.2.6. Commodity risk management:

Internal traders should have complete and correct professional knowledge of financial products, and require banks to fully disclose risks to avoid misuse of financial product risks.

5.6.2.7. Legal risk management:

Documents signed with financial institutions should be reviewed by professionals from foreign exchange and legal or legal counsel before they can be formally signed to avoid legal risks.

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5.6.3. Internal audit system:

Internal auditors should regularly understand the reasonableness of the internal control of derivatives transactions, and audit the transaction department's compliance with the procedures for dealing with derivatives transactions on a monthly basis, and prepare audit reports. If major violations are found, they should notify the Audit Committee in writing.

5.6.4. Periodic evaluation method:

The positions held by the derivatives exchange shall be evaluated at least once a week, but if the risk-off transaction is required for business operations, it shall be evaluated at least twice a month, and the evaluation report shall be submitted to the senior executive authorized by the board of directors.

5.6.5. When engaging in derivatives trading, the supervision and management principles of the board of directors:

(1) The board of directors shall designate senior executives to pay attention to the supervision and control of derivatives trading risks at all times. The management principles are as follows:

- A. Regularly evaluate whether the risk management measures currently in use are appropriate and are actually handled in accordance with the standards for the handling of assets acquired or disposed of by public companies and the procedures for dealing with derivatives traded by the company.
- B. Regularly evaluate whether the performance of derivatives trading is in line with the established business strategy and whether the risks undertaken are within the acceptable range of the company.
- C. Supervise the transaction and profit and loss situation, and take necessary countermeasures if any abnormality is found, and report to the board of directors immediately. The board of directors shall have independent directors to attend and express their opinions.

(2) When the company engages in derivative commodity transactions, if it authorizes relevant personnel to handle the transaction in accordance with the company's regulations on the handling of derivative commodity transactions, it shall be reported to the latest board of directors after the event.

5.6.6. When the company engages in derivative commodity transactions, it shall establish a reference book, which shall provide information on the type, amount, date of approval of the board of directors, and in accordance with 5.5.6.4 and 5.6.5(1) A&B Matters that should be carefully evaluated are detailed in the reference book for future reference.

5.7. Handling procedures for merger, division, acquisition or share transfer

5.7.1. Evaluation and operating procedures

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- (1) When the company handles mergers, divisions, acquisitions or share transfers, it is advisable to appoint lawyers, accountants and underwriters to jointly discuss the estimated timetable for legal procedures, and organize a special team to implement them in accordance with legal procedures. Before convening the resolution of the board of directors, appoint accountants, lawyers or securities underwriters to express their opinions on the reasonableness of the share conversion ratio, purchase price or allotment of cash or other property to shareholders, and submit them to the board of directors for discussion and approval. However, in the merger of subsidiaries that directly or indirectly hold 100% of the issued shares or the total capital, or the merger between subsidiaries that directly or indirectly hold 100% of the issued shares or the total capital, the rationality opinion issued by the expert may not be obtained.
- (2) The company shall prepare a public document to shareholders before the shareholders' meeting on the important agreed contents of merger, division or acquisition and related matters, together with the expert opinion in 5.7.1.(1) and the notice of the shareholders' meeting. And deliver it to the shareholders for reference as to whether or not to agree to the merger, division or acquisition. However, this does not apply if the shareholders meeting is exempted from convening a shareholders' meeting to resolve mergers, divisions or acquisitions in accordance with other laws.
- (3) In the case of a company participating in a merger, division or acquisition, the shareholders meeting of either party cannot be convened or resolved due to insufficient attendance, voting rights or other legal restrictions, or the resolution is vetoed by the shareholders' meeting, the company participating in the merger, division or acquisition shall immediately Publicly explain the reasons for the occurrence, follow-up processing operations and the expected date of the shareholders' meeting.

#### 5.7.2. Other precautions

- (1) Date of the board of directors: The company participating in the merger, division or acquisition shall convene the board of directors and shareholders' meeting on the same day to resolve merger, division or acquisition-related matters, unless otherwise stipulated by other laws or if there are special factors reported to the Securities and Futures Bureau of the Financial Supervisory Commission in advance. . Unless otherwise stipulated by other laws or if there are special factors that have been approved by the Securities and Futures Bureau of the Financial Supervisory Commission, the companies participating in the transfer of shares shall hold a board meeting on the same day.
- (2) Prior Confidentiality Commitment: All those who participate in or know about the company's merger, division, acquisition or share transfer plan shall issue a written confidentiality commitment. Before the information is made public, the content of the plan shall not be disclosed to the public, nor shall they themselves or use the name of others Buying and selling shares and other equity securities of all companies involved in mergers, divisions, acquisitions or share transfers.

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- (3) Principles for setting and changing the share conversion ratio or purchase price: Participating in merger, division, acquisition or share transfer, the share conversion ratio or purchase price shall not be arbitrarily changed except in the following circumstances, and shall be subject to merger, division, acquisition Or in the case of change as stipulated in the share transfer contract:
- A. Handling cash capital increase, issuance of convertible corporate bonds, free allotment of shares, issuance of corporate bonds with warrants, preferred shares with warrants, warrant certificates and other equity securities.
  - B. Acts that affect the company's financial business, such as disposing of the company's major assets.
  - C. Major disasters, major technological changes, etc. that affect the company's shareholders' equity or securities prices.
  - D. Adjustments to the repurchase of treasury shares by any party involved in a merger, division, acquisition or share transfer in accordance with the law.
  - E. Increase or decrease in the number of entities or companies involved in merger, division, acquisition or share transfer.
  - F. Other conditions that can be changed have been stipulated in the contract and have been disclosed to the public.
- (4) Contents to be contained in the contract: In addition to the provisions of the Company Law and the Mergers and Acquisitions Law, the contract for merger, division, acquisition or share transfer of a company shall also specify the following matters:
- A. Treatment of Breach.
  - B. The principles for the treatment of previously issued securities with equity nature or repurchased treasury shares of a company that has been eliminated or divided due to merger.
  - C. The number of treasury shares that a participating company may buy back in accordance with the law after the base date for calculating the share conversion ratio and the principles for its disposal.
  - D. How to deal with the increase or decrease in the number of participating entities or companies.
  - E. Estimated plan execution progress and expected completion schedule.
  - F. If the plan is not completed within the time limit, the relevant handling procedures such as the scheduled date of the shareholders' meeting shall be held according to the law.
- (5) When there is a change in the number of companies involved in merger, split, acquisition or share transfer: If any of the companies involved in merger, split, acquisition or share transfer plans to merge, split, acquire or merge with other companies after information is made public For the transfer of shares, except for the reduction of the number of participating companies, and the shareholders meeting has passed a resolution and authorized the board of directors to change the authority, the participating companies can be exempted from holding a shareholders meeting to re-issue the resolution, and the original merger, division,

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acquisition or share transfer case has been completed. The procedures or legal actions should be taken seriously by all participating companies.

(6) If the company involved in merger, division, acquisition or share transfer has a non-public offering company, the company shall sign an agreement with it, and in accordance with 5.7.2. (1) date of the board of directors, (2) prior confidentiality commitment and (5) changes in the number of companies involved in merger, division, acquisition or share transfer.

(7) Companies involved in mergers, divisions, acquisitions or share transfer listings or companies whose stocks are traded at the business offices of securities firms shall make complete written records of the following information and keep them for five years for inspection:

A. Basic information of personnel: including all persons involved in the merger, division, acquisition or share transfer plan or implementation of the plan before the news is released, their titles, names, and ID numbers (passport numbers if they are foreigners).

B. Dates of important matters: including the date of signing the letter of intent or memorandum, entrusting financial or legal advisors, signing contracts and the board of directors.

C. Important documents and minutes: including merger, division, acquisition or share transfer plan, letter of intent or memorandum, important contracts and minutes of board meetings.

Companies involved in mergers, divisions, acquisitions, or share transfer listings, or companies whose stocks are traded at the business offices of securities firms, shall, within two days from the date when the resolution of the board of directors is passed, submit the relevant information to the Financial Supervisory Commission in the prescribed format through the Internet information system for future reference.

#### 5.8. Procedures for dealing with related parties

5.8.1. When the company acquires or disposes of assets from related parties, in addition to handling relevant resolution procedures and evaluating the rationality of transaction conditions in accordance with 5.4., 5.5., 5.9. and the provisions of this article, if the transaction amount exceeds 10% of the company's total assets, it shall also comply with this procedure. According to the relevant provisions of the procedures, obtain a valuation report or accountant's opinion issued by a professional appraiser.

The calculation of the transaction amount in the preceding paragraph shall be handled in accordance with the provisions of 5.12.1.8.

In addition, when judging whether the transaction object is a related person, in addition to paying attention to its legal form, the substantive relationship should also be considered.

5.8.2. Evaluation and operating procedures:

The company acquires or disposes of real estate or its right-of-use assets from a related party, or acquires or disposes of real estate or other assets other than its right-of-use assets from a related party, and the transaction amount reaches 20% of the company's paid-in capital and 100% of its total assets. 10% or NT\$300 million or more, in addition to buying and selling domestic public bonds, bonds with repurchase and sell-back conditions, and purchasing or

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repurchasing money market funds issued by domestic securities investment trust enterprises, the following materials shall be submitted for auditing After the approval of the committee and the board of directors, the transaction contract can be signed and the payment can be made:

- (1) The purpose, necessity and expected benefits of acquiring or disposing of assets.
- (2) The reason for selecting the related person as the transaction object.
- (3) Obtaining immovable property or its right-of-use assets from a related party and evaluating the reasonableness of the predetermined transaction conditions in accordance with 5.8.3.
- (4) The original acquisition date and price of the related party, the transaction object and its relationship with the company and related parties, etc.
- (5) Estimated cash receipts and expenditures for each month in the next year starting from the contract month, and assesses the necessity of the transaction and the rationality of the use of funds.
- (6) The appraisal report issued by the professional appraiser obtained in accordance with the provisions of the preceding paragraph, or the accountant's opinion.
- (7) Restrictions on the transaction and other important agreements.

The company and its subsidiaries or their subsidiaries directly or indirectly holding 100% of the issued shares or total capital are engaged in the following transactions. Authorize the chairman to make a decision within a certain amount, and then submit it to the latest board of directors for ratification:

- A. Acquiring or disposing of equipment for business use or its right-to-use assets.
- B. Acquiring or disposing of real estate right-to-use assets for business use.

If the company or a subsidiary of a non-domestic public company has the above transactions and the transaction amount exceeds 10% of the total assets of the public company, the company shall submit the information listed in 5.8.2(1)~(7) to the shareholders' meeting After the agreement is reached, the transaction contract can be signed and the payment can be made. However, transactions between the Company and its subsidiaries, or between subsidiaries, are not subject to this limitation.

The calculation of the above transaction amount shall be carried out in accordance with the provisions of 5.12.1.8. and the term within one year shall be based on the date of the actual occurrence of this transaction, retroactively calculated one year ahead, and submitted to the Shareholders' meeting, Audit Committee and the Board of Directors in accordance with the provisions of these Standards. Partially exempt from re-crediting.

#### 5.8.3. Reasonability assessment of transaction costs:

- (1) When the company obtains real estate or its right-of-use assets from related parties, it shall evaluate the rationality of transaction costs according to the following methods:
  - A. Necessary capital interest and costs borne by the buyer in accordance with the law shall be added to the transaction price of the related parties. The "interest cost of necessary funds" shall be calculated on the basis of the weighted average interest rate of the borrowings in the year when the company purchased the assets, but it shall not be higher

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

- B. If the related person has set up a mortgage borrower with the subject matter to the financial institution, the financial institution's loan to the subject matter will be assessed to the total value, but the actual cumulative value of the financial institution's loan to the subject matter should reach the loan assessment value. More than 70% of the total value and the loan period has been more than one year. However, this does not apply if the financial institution and one of the parties to the transaction are mutually related persons.
- (2) For the combined purchase or lease of land and houses of the same subject, the transaction costs may be assessed by one of the methods listed in the preceding paragraph for the land and houses respectively.
- (3) The company obtains real estate or right-of-use assets from related parties, evaluates the cost of real estate or right-of-use assets in accordance with the provisions of the preceding two paragraphs, and should consult an accountant for review and representation specific comments.
- (4) When the company obtains real estate or its right-of-use assets from a related party, if one of the following circumstances occurs, it shall be handled in accordance with the provisions of 5.8.2. Evaluation and operation procedures. The provisions of 5.8.3.(1)~5.8.3.(3) The assessment requirements of cost rationality shall not apply :
- A. The related party acquires the immovable property or its right-to-use assets by inheritance or gift.
- B. It has been more than five years since the contract date of the related party to acquire the real estate or the right-to-use asset.
- C. Signing a joint construction contract with a related party, or entrusting a related party to build real estate from a local commissioned construction, leased land commissioned construction, etc. to acquire real estate.
- D. The Company and its subsidiaries, or its subsidiaries which directly or indirectly hold 100% of the issued shares or total capital, acquire real estate use rights assets for business use.
- (5) If the evaluation results of the company in accordance with 5.8.3.(1) and 5.8.3.(2) are lower than the transaction price, it shall be handled in accordance with 5.8.3.(6). However, this does not apply if objective evidence is presented and specific reasonable opinions from professional real estate appraisers and accountants are obtained due to the following circumstances:
- A. The related party is a person who has acquired prime land or leased land for construction, and can provide evidence that meets one of the following conditions:
- (a) The house is evaluated according to the method stipulated in the preceding article, and the construction cost of the related party is added to the reasonable construction profit, and the total amount exceeds the actual transaction price. The term "reasonable construction profit" shall be based on the average operating gross profit margin of

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the related party's construction department in the last three years or the most recent construction gross profit rate announced by the Ministry of Finance, whichever is lower.

(b) Transactions of other non-related persons within one year on other floors of the same subject property or adjacent areas, with similar areas, and the transaction conditions are equivalent after evaluation of the reasonable floor or regional price difference due to real estate sales practices.

B. The company proves that the real estate purchased or leased from a related party has the right to use real estate assets, and the transaction conditions are comparable to other non-related party transaction cases in the adjacent area within one year and the area is similar.

For the aforementioned transaction cases in adjacent areas, the principle is that the same or adjacent street corners are within 500 meters of the object of the transaction, or the current value of the announcement is similar. In principle, the area shall not be less than 50% of the area of the subject matter of the transaction. The aforesaid one-year period is based on the date of the acquisition of the real estate or the right-to-use asset, and is retrospectively calculated for one year.

(6) The company obtains real estate or its right-of-use assets from a related party, and if the evaluation result according to 5.8.3. (1) to 5.8.3. (5) is lower than the transaction price, it shall handle the following matters:

A. The Company shall set aside the difference between the transaction price of the real estate or its right-of-use assets and the appraisal cost in accordance with Paragraph 1 of Article 41 of the Securities and Exchange Act, and shall not distribute it or transfer it to allotment shares. If an investor whose investment in the company is evaluated by the equity method is a public offering company, it shall also set aside a special surplus reserve in accordance with the provisions of Paragraph 1 of Article 41 of the Securities and Exchange Act in accordance with the proportion of its shareholding.

B. The independent directors of the Audit Committee shall act in accordance with the provisions of Article 218 of the Company Act.

C. The handling of the above A. and B. should be reported to the shareholders' meeting, and the details of the transaction should be disclosed in the annual report and prospectus.

If the company has set aside the special surplus reserve in accordance with the above-mentioned provisions, the assets purchased or leased at a high price should be recognized as a loss in price, or disposed of or terminated, or to be properly compensated or restored to the original state, or there is other evidence to determine that it is not unreasonable, and The special surplus reserve may only be used with the approval of the FSC.

(7) If the company obtains real estate or its right-of-use assets from a related party, if there is other evidence that the transaction is not in line with business practices, it shall also proceed in accordance with the provisions of 5.8.3(6).

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5.9. Procedures for acquiring or disposing of intangible assets or their right-to-use assets or membership cards

5.9.1. Evaluation and operating procedures

The acquisition or disposal of intangible assets or their right-of-use assets or membership certificates by the company shall be handled in accordance with the real estate, plant and equipment cycle procedures of the company's internal control system.

5.9.2. Procedure for determining transaction conditions and authorization amount

- (1) To obtain or dispose of a membership card, the fair market value of the market shall be referred to, the transaction conditions and transaction price shall be determined, and an analysis report shall be prepared. NT\$10,000,000 must be approved by the board of directors.
- (2) To acquire or dispose of intangible assets or their right-of-use assets, an analysis report should be prepared with reference to the expert evaluation report or the fair market value of the market, to determine the transaction conditions and transaction price, and the amount should be in the range of NT\$60 million or US\$2 million. (Inclusive) and below shall be approved step by step according to the authorization method; those exceeding NT\$60 million or US\$2 million shall be approved by the board of directors.

5.9.3. Execution unit

When the company acquires or disposes of intangible assets or their right-to-use assets or membership cards, the user department and management department shall be responsible for execution after the approval according to the approval authority in the preceding paragraph.

5.9.4. Obtaining expert opinion

If the company acquires or disposes of intangible assets or right-of-use assets or membership cards with a transaction amount that exceeds 20% of the company's paid-in capital or NT\$300 million or more, in addition to transactions with domestic government agencies, it shall Before the occurrence date, contact the accountant to express opinions on the reasonableness of the transaction price.

5.10. Procedures for acquiring or disposing of creditor's rights of financial institutions

In principle, the company does not engage in transactions to acquire or dispose of the debts of financial institutions. If it intends to engage in transactions to acquire or dispose of the debts of financial institutions in the future, it will report to the board of directors for approval and then determine its evaluation and operating procedures.

5.11. The calculation of the transaction amount in 5.4., 5.5. and 5.9. of this processing procedure shall be carried out in accordance with the provisions of 5.12.1.8., and the term within one year is based on the date of the actual occurrence of this transaction, and is retrospectively calculated for one year. The part of the valuation report or accountant's opinion issued by a professional valuation person who has obtained a professional valuation in accordance with the provisions of this procedure shall not be counted.

5.12. Information Disclosure Procedures

5.12.1. Items and standards to be announced and declared:

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- 5.12.1.1. Acquiring or disposing of real estate or its right-of-use assets from a related party, or acquiring or disposing of other assets other than real estate or its right-of-use assets with a related party and the transaction amount reaches 20% of the company's paid-in capital, the total 10% of the assets or more than NT\$300 million. However, this does not apply to the purchase and sale of domestic public bonds, bonds subject to repurchase or sell-back conditions, and the subscription or buy-back of money market funds issued by domestic securities investment trust enterprises.
- 5.12.1.2. To carry out a merger, division, acquisition or transfer of shares.
- 5.12.1.3. The loss from derivative commodity trading reaches the upper limit of total or individual contract losses stipulated in the prescribed processing procedures.
- 5.12.1.4. The assets acquired or disposed of are equipment for business use or assets with the right to use, and the transaction object is not a related party, and the transaction amount must meet one of the following requirements:
- (1) A public offering company with a paid-in capital of less than NT\$10 billion and a transaction amount of NT\$500 million or more.
  - (2) A public offering company with a paid-in capital of more than NT\$10 billion and a transaction amount of NT\$1 billion or more.
- 5.12.1.5. A company engaged in construction business acquires or disposes of real estate or its right-of-use assets for construction use and its transaction object is not a related person, and the transaction amount exceeds NT\$500 million; of which the paid-in capital is NT\$500 million. If the transaction amount exceeds NT\$10 billion, the real estate that has been constructed and completed by itself, and the transaction object is not a related person, the transaction amount is NT\$1 billion or more.
- 5.12.1.6. The real estate is acquired in the form of self-contracted construction, leased construction, joint-construction sub-house, joint-construction-sharing, joint-construction sub-sale, and the transaction object is not a related person, and the company expects to invest in the transaction amount more than 500 million yuan.
- 5.12.1.7. For asset transactions other than the preceding 6 items, financial institutions disposing of creditor's rights or engaging in investment in the mainland area, the transaction amount exceeds 20% of the company's paid-in capital or NT\$300 million or more. However, the following circumstances are not limited to this:
- (1) Buying and selling domestic government bonds or foreign public bonds with a credit rating not lower than my country's sovereign rating.
  - (2) Those who specialize in investment, trading in securities on stock exchanges at home or at the business offices of securities firms, or subscribe and issue ordinary corporate bonds and ordinary financial bonds without equity (excluding subprime) in the primary market subscribe for foreign government bonds or sequence bonds, or subscribe for or buy back securities investment trust funds or futures trust funds, or to purchase or sell back index investment securities, or securities firms who act as counselors for emerging companies and recommend securities firms to subscribe for securities in

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accordance with the regulations of the Republic of China Securities OTC Trading Center for underwriting business needs.

- (3) Trading bonds with buyback and sellback conditions, and subscription or buyback of money market funds issued by domestic securities investment trust enterprises.

5.12.1.8. The calculation method of the transaction amount in the aforementioned is as follows, and the term within one year is based on the date of the actual occurrence of the transaction, and is retrospectively calculated for one year, which has been announced in accordance with the regulations Part of it is exempted from re-counting.

- (1) The amount of each transaction.
- (2) Accumulated amount of transactions with the same counterparty to acquire or dispose of the same subject matter within one year.
- (3) The accumulated amount of acquisition or disposal (acquisition and disposal are accumulated separately) within one year of the real estate of the same development plan or its right-of-use assets.
- (4) The accumulated amount of the same securities acquired or disposed of (acquisition and disposal are accumulated separately) within one year.

5.12.2. Time limit and procedures for handling announcements and declarations:

If the company acquire or dispose of assets, if there are items that should be announced and the transaction amount meets the standards for reporting and reporting, the company should report the relevant information to the Financial Supervision and Administration Commission within two days from the date of the occurrence of the fact.

5.12.3. Announcement declaration procedure

5.12.3.1. The company should report the relevant information to the Financial Supervision and Administration Commission within two days from the date of the occurrence of the fact.

5.12.3.2. The company shall, on a monthly basis, enter the information reporting website designated by the Financial Supervision and Administration Commission before the tenth day of each month in accordance with the prescribed format of the company and its subsidiaries engaged in derivative commodity transactions as of the end of the previous month.

5.12.3.3. If there are errors or omissions in the announcement of the items that should be announced and should be corrected, the company shall re-announce and declare all the items within two days from the date of knowing.

5.12.3.4. When the company acquires or disposes of assets, the relevant contracts, minutes, reference books, valuation reports, and opinions of accountants, lawyers or securities underwriters shall be kept in the company. Unless otherwise stipulated by other laws, at least Save for five years.

5.12.3.5. After the company announces the reported transaction in accordance with the regulations, if there is one of the following circumstances, it shall announce the relevant information on the website designated by the Financial Supervision and Administration Commission within two days from the date of the occurrence of the fact:

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(1) The contract signed in the original transaction is subject to change, termination or cancellation.

(2) The merger, division, acquisition or transfer of shares is not completed according to the schedule scheduled in the contract.

(3) The content of the original announcement has been changed.

5.13. Subsidiaries of the company shall comply with the following provisions:

5.13.1. The subsidiary should also formulate the "Acquisition or Disposal Assets Handling Procedure" in accordance with the relevant regulations of the "Public Issuing Company Acquired or Disposal Assets Handling Procedures", which shall be reported to its parties after being approved by the board of directors of the subsidiary. Approved by the shareholders meeting, the same applies to amendments.

5.13.2. When a subsidiary acquires or disposes of assets, it shall also follow the regulations of the company.

5.13.3. If a subsidiary acquires or disposes of assets that meet the information disclosure requirements in Chapter 3 of the "Guidelines for the Handling of Assets Acquired or Disposed by Public Companies", the company shall handle the announcement and declaration on behalf of the subsidiary.

5.13.4. In the announcement and reporting standards of subsidiaries, the term "the company's paid-in capital or total assets" refers to the company's paid-in capital or total assets.

5.14. Penalty rules: If the employees of the company undertake to acquire and dispose of assets in violation of the provisions of this processing procedure, they will be regularly submitted for assessment in accordance with the company's work rules, and punished according to the severity of the circumstances.

5.15. Implementation and revision

5.15.1. After the company's acquisition or disposal of assets processing procedures shall be submitted to the approval of the audit committee and approved by the board of directors, it shall be submitted to the shareholders' meeting for approval, and the same shall be true for amendments. If a director expresses dissent and there is a record or written statement, the company shall submit the director's dissent information to the audit committee.

When the company submits the procedures for handling assets acquired or disposed of to the board of directors for discussion in accordance with the provisions of the preceding paragraph, it shall fully consider the opinions of each independent director. Any dissenting opinions or reservations of independent directors shall be stated in the minutes of the board meeting.

The company's formulation or revision of the procedures for the acquisition or disposal of assets shall be approved by more than half of all members of the audit committee, and a resolution shall be submitted to the board of directors.

If the preceding paragraph has not been approved by more than one-half of all the members of the Audit Committee, it may be implemented with the consent of more than two-thirds of all the directors, and the resolutions of the Audit Committee shall be recorded in the minutes of the board of directors.

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All members of the Audit Committee referred to in Paragraph 3 and all directors referred to in the preceding Paragraph shall be counted on the basis of the actual incumbents.

5.15.2. If there are any unresolved matters in this processing procedure, it shall be handled in accordance with the relevant laws and regulations.

6. Relevant attachments:

6.1. Schedule of Financial Assets

6.2. Details of Derivative Financial Commodities Transactions

7. Reference Document: None.

8. Amendment Record:

8.1. Edition 1.0 approved and issued by the Board of Directors on January 5, 2009

8.2. Edition 1.1 approved and issued by the Board of Directors on May 18, 2010

8.3. Edition 1.2 approved and issued by the Board of Directors on March 22, 2011

8.4. Edition 1.3 approved and issued by the Board of Directors on May 16, 2014

8.5. Edition 2.0 approved and issued by the Board of Directors on May 18, 2016, and implemented after the resolution of the provisional Shareholders' Meeting on June 27, 2016.

8.6. Edition 2.1 approved by the Board of Directors on April 5, 2017, and implemented after the approval of the resolution of the general Shareholders' Meeting on April 27, 2017.

8.7. Edition 2.2 approved by the Board of Directors on October 17, 2017, and implemented after the approval of the resolution of the general Shareholders' Meeting on December 12, 2017.

8.8. Edition 2.3 approved by the Board of Directors on March 21, 2019, and implemented after the approval of the resolution of the general Shareholders' Meeting on June 14, 2019.

8.9. Edition 2.4 approved and issued by the general Shareholders' Meeting on July 20, 2021.

8.10. Edition 3.0 approved by the Board of Directors on March 24, 2022, and implemented after the approval of the resolution of the general Shareholders' Meeting on June 23, 2022.