

Radium Life Tech. Co., Ltd.

The Procedure for Acquisition and Disposition of Assets

Article 1. Purpose

These Regulations are hereby established to enhance the management of the Company's assets, to protect investments and to implement information disclosure.

Article 2. Legal basis

These Regulations are established in accordance with Article 36-1 of the Securities and Exchange Act and the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by the competent authorities.

Article 3. Scope of Assets

- (I) Marketable securities: including investments in stocks, bonds, corporate bonds, financial debentures, marketable securities in recognition of certain funds, depositary receipts, subscription (sale) warrants, beneficiary securities and asset-based securities.
- (II) Real estate (including land, buildings and construction, investment property, and inventories for the construction industry) and equipment.
- (III) Membership cards.
- (IV) Intangible assets: including patents, copyrights, trademarks, concessions and other intangible assets.
- (V) Right-to-use assets.
- (VI) Creditor's right of financial institutions (including receivables, discounted foreign exchange purchases and loans, and collections).
- (VII) Derivative instruments.
- (VIII) Assets acquired or disposed of in connection with legal mergers, demergers, acquisitions or share transfers.
- (IX) Other significant assets.

Article 4. Definition of Terminology

- (I) Derivative instruments: Forward contracts, option contracts, futures contracts, leveraged margin contracts, swap contracts, combinations of these contracts, or combined contracts or structured instruments with embedded derivatives whose values are derived from specific interest rates, financial instrument prices, commodity prices, exchange rates, price or rate indices, credit ratings or credit indices, or other variables. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts and long-term purchase (sales) contracts.
- (II) Assets acquired or disposed of pursuant to a merger, division, acquisition or transfer of shares: Assets acquired or disposed of pursuant to a merger, division or acquisition under the Business Merger and Acquisition Act, the Financial Holding Company Act, the Financial Institutions Merger Act or other laws, or the transfer of shares to another

company through the issuance of new shares in accordance with Article 156-3 of the Company Act (hereinafter referred to as transfer of shares).

- (III) Related parties: shall be recognized in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- (IV) Subsidiaries: shall be recognized in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- (V) Professional appraiser: A real estate appraiser or other person who is permitted by law to engage in the business of appraising real estate or equipment.
- (VI) Date of occurrence: means the earlier of the date of execution of the transaction, the date of payment, the date of completion of the mandate, the date of transfer, the date of resolution of the board of directors or any other date on which the counterparty and the amount of the transaction are sufficiently ascertained. However, in the case of investments subject to the approval of the competent authority, the date of occurrence shall refer to the earlier of the date of commencement or the date of receipt of the approval of the competent authority.
- (VII) Investment in Mainland China: Investment in Mainland China in accordance with the regulations of the Investment Review Committee of the Ministry of Economic Affairs for engaging in investment or technical cooperation in Mainland China.
- (VIII) Investment professional: Financial holding companies, banks, insurance companies, bill finance companies, trust companies, securities dealers engaged in proprietary or underwriting business, futures dealers engaged in proprietary business, securities investment trusts, securities investment advisory businesses and fund management companies established in accordance with the law and regulated by the local financial authorities.
- (IX) Stock exchange: If it's a domestic stock exchange, it means Taiwan Stock Exchange Corporation. If it's a foreign stock exchange, it means any organized stock exchange that is regulated by the securities authority of that country.
- (X) Securities dealer's business premises: Domestic securities dealer's business premises shall mean the premises where securities dealers have set up counters to conduct transactions in accordance with the regulations governing the trading of marketable securities by securities dealers; foreign securities dealer's business premises shall mean the business premises of financial institutions that are subject to the regulation of the competent securities authority of a foreign country and are allowed to conduct securities business.
- (XI) The term "most recent financial statements" shall mean financial statements of the Company that are publicly audited or reviewed by an accountant prior to the acquisition or disposal of assets in accordance with the law.

Article 5. Investment in real estate not for business use and the amount of its right-to-use assets and

marketable securities

- (I) If the Company invests in real estate and its right-to-use assets or marketable securities, other than those acquired for business use, the limits on the amount of investment are as follows:
 - 1. The total amount of investment in real estate and its right-to-use assets not for business use and the individual investment limits shall not exceed the Company's paid-in capital.
 - 2. The total investment amount and individual investment limit for investment in securities shall not exceed 180% of the net worth of the Company.
- (II) If each subsidiary invests in real estate and its right-to-use assets or marketable securities, other than those acquired for business use, the limits on the amount of investment are as follows:
 - 1. The total amount of investments in real estate and its right-to-use assets not for business use and individual investments shall not exceed the net worth of each subsidiary.
 - 2. The total amount of investments in marketable securities and the individual investments shall not exceed 30% of the net value of the parent company. However, this limit shall not apply to investments in marketable securities that are based on organizational adjustments of the Group.

Article 6 The valuation report obtained by the Company or the opinion of an accountant, solicitor or securities underwriter. Such professional valuer and his valuer, accountant, solicitor or securities underwriter shall comply with the following requirements:

- (I) They have not been convicted of violating the Securities and Exchange Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, the Business Accounting Act, or of fraud, breach of trust, embezzlement, forgery, or of a business-related crime, and have not been sentenced to a term of imprisonment of more than one year. However, this shall not apply if the sentence has been served, suspended or pardoned for three years.
- (II) They shall not be related or substantially related to the party to the transaction.
- (III) Where the Company shall obtain a valuation report from more than two professional valuers, the different professional valuers or valuers shall not be related or substantially related to each other.

When issuing a valuation report or opinion, the foregoing officer shall do so in accordance with the following:

- (I) They should carefully assess their professional competence, practical experience and independence before undertaking a case.
- (II) When checking cases, they should properly plan and implement appropriate procedures for drawing conclusions and issuing reports or opinions based on them,

and include details of the procedures performed, information collected and conclusions drawn in the working papers of the case.

- (III) They shall assess the completeness, accuracy and reasonableness of the sources, parameters and information used on a case-by-case basis to form the basis for the valuation report or opinion.
- (IV) The declaration shall include that the relevant personnel are professional and independent, that the information used has been assessed to be reasonable and correct, and that the relevant laws and regulations have been complied with.

Article 7 When assets are acquired or disposed of by court auction, the valuation report or accountant's opinion may be replaced by a certificate issued by the court.

Article 8 Procedures for the acquisition or disposal of property, equipment or assets with rights to use

(I) Evaluation and operating procedures

When acquiring or disposing of property, equipment or assets with rights to use, the Company shall follow the fixed asset cycle of the Company's internal control system.

(II) Procedures for determining transaction conditions and authorization limits

1. When acquiring or disposing of real estate or its right-to-use assets, the Board of Directors shall decide on the terms of the transaction and the transaction price with reference to the announced present value, assessed value, actual transaction price of the sale or lease of nearby real estate or tender conditions, and prepare an analysis report and submit it to the Chairman of the Board of Directors. If the transaction amount is less than NT\$300 million (inclusive), the transaction shall be submitted to the chairman of the board of directors for approval and subsequently submitted to the most recent board of directors for ratification. If the amount exceeds NT\$300 million, a resolution must be submitted to the Board of Directors for approval before the transaction can be made.

2. When acquiring or disposing of equipment or its right-to-use assets, the Company shall select one of the methods of inquiry, comparison, negotiation or tender, or refer to the leasing market of the industry. If the transaction amount is less than NT\$300 million (inclusive), the transaction shall be approved at each level according to the approval authority. If the transaction amount exceeds NT\$300 million, it shall be approved by the Chairman of the Board of Directors and submitted to the Board of Directors for a resolution before being approved.

(III) Execution Unit

When the Company acquires or disposes of real estate, equipment or assets with the right to use, it shall be approved at each level in accordance with the approval authority, and the user unit or administrative unit shall be responsible for the execution.

(IV) Valuation report of property, equipment or right-to-use assets

When the Company acquires or disposes of real property, equipment or assets with rights to use, except for transactions with domestic government agencies, construction on self-owned land, construction on leased land, or acquisition or disposal of equipment or assets with rights to use for business purposes, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, an appraisal report issued by a professional appraiser shall be obtained before the date of occurrence of the fact, and the following requirements shall be met:

1. If, for special reasons, a limited price, a specific price or a special price is to be used as a reference for the price of a transaction, such transaction shall first be submitted to the Board of Directors for approval.

The same applies to any subsequent changes to the terms of the transaction.

2. If the transaction amount reaches NT\$1 billion or more, two or more professional appraisers shall be requested to appraise the transaction.
3. If a professional appraiser's appraisal results in any of the following circumstances, except when the appraisal results of the assets acquired are higher than the transaction amount or the appraisal results of the assets disposed of are lower than the transaction amount, the accountant shall, prior to the date of occurrence of the fact, handle the relevant matters in accordance with the provisions of Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation of the Republic of China (hereinafter referred to as "ARDF") and express a specific opinion on the reasons for the discrepancies and the reasonableness of the transaction prices.
 - (1) Where the difference between the valuation result and the transaction amount is 20% or more of the transaction amount.
 - (2) Where the difference between the valuation results of two or more professional valuers amounts to more than 20% of the transaction amount.
4. The date of the professional valuer's report shall not exceed three months from the date of the contract. However, if the current value of the property is published in the same issue and is less than six months old, the original professional valuer may issue an opinion. Except where the construction industry uses a restricted price, a specific price or a special price as a reference for the transaction price, if there is a valid reason for not obtaining a valuation report immediately, the valuation report and the accountant's opinion in paragraph (IV)(3) shall be obtained within two weeks from the date of occurrence.

- (V) The calculation of the transaction amount shall be made in accordance with Article 15(1)(8), and the reference to within one year shall be based on the date of occurrence of the transaction and shall be projected back one year, and the portion of the appraisal report or accountant's opinion issued by a professional appraiser that has been obtained as required by law shall not be counted.

Article 9 Procedures for Handling the Acquisition or Disposal of Investments in Marketable Securities

(I) Evaluation and operating procedures

The acquisition or disposal of the Company's marketable securities is governed by the investment cycle of the Company's internal control system. However, transactions in bonds with repurchase conditions may not be subject to this procedure.

(II) Procedures for determining transaction conditions and authorization limits

1. Marketable securities traded on the centralized trading market or at securities dealers' offices shall be determined by the Finance Department or the relevant authority based on market conditions. If the transaction amount is less than NT\$300 million (inclusive), the chairman of the board of directors shall approve the transaction and submit it to the most recent board of directors for reconsideration, together with a report on the analysis of unrealized gain or loss on marketable securities.

If the transaction amount exceeds NT\$300 million, a resolution must be submitted to the Board of Directors for approval before the transaction can be made.

2. For marketable securities transactions not conducted on the centralized trading market or at the securities dealer's office, the most recent financial statements of the subject company, which have been audited or reviewed by an accountant, shall be used as a reference for evaluating the transaction price, taking into account the net value per share, profitability and future development potential, etc., prior to the date of occurrence of the facts. If the transaction amount is less than NT\$300 million (inclusive), the chairman of the board of directors shall approve the transaction and subsequently submit a report to the most recent board of directors for ratification, together with an analysis of the unrealized gain or loss on marketable securities. If the transaction amount exceeds NT\$300 million, a resolution must be submitted to the Board of Directors for approval before the transaction can be approved.

(III) Execution Unit

When the Company acquires or disposes of marketable securities, the financial unit or the relevant authority shall be responsible for the execution of the acquisition or disposal after approval at each level in accordance with the approval authority.

(IV) Obtaining an opinion from an accountant

If the amount of a transaction involving the acquisition or disposal of marketable securities reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall, prior to the date of occurrence of the fact, request an accountant to express an opinion on the reasonableness of the transaction price. If the accountant is required to use an expert report, he or she should follow the provisions of Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation. However, exceptions to this restriction may be made where the securities are publicly quoted in an active market or where otherwise provided by the Financial Supervisory Commission.

- (V) The calculation of the transaction amount shall be made in accordance with Article 15(1)(8), and the reference to within one year shall be based on the date of occurrence of the transaction and shall be projected back one year, and the portion of the appraisal report or accountant's opinion issued by a professional appraiser that has been obtained as required by law shall not be counted.

Article 10 Procedures for the Acquisition or Disposal of Assets from Related Parties

- (I) When acquiring or disposing of assets from or to a related party, the Company shall, in addition to completing the relevant resolution procedures and evaluating the reasonableness of the transaction conditions in accordance with Articles 8, 9, 11 and this Article, obtain an appraisal report from a professional appraiser or an accountant's opinion when the transaction amount reaches 10% or more of the Company's total assets.

In determining whether the counterparty is a related party, in addition to the legal form of the transaction, consideration should be given to the substance of the relationship.

(II) Evaluation and operating procedures

When the Company acquires or disposes of real estate or its right-to-use assets from a related party, or acquires or disposes of assets other than real estate or its right-to-use assets with a related party, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of its total assets, or NT\$100 million or more, the following information shall be approved by at least one-half of all members of the Audit Committee and submitted to the Board of Directors for approval before the transaction contract is signed and payment is made, except for the purchase or sale of domestic bonds, bonds (notes) with repurchase or sale conditions, and the purchase or repurchase of money market funds issued by domestic securities investment trusts:

1. The purpose, necessity and expected benefits of the acquisition or disposal of the assets.
2. The reasons for selecting the related party as the subject of the transaction.
3. Information on the reasonableness of the terms and conditions of the transaction in accordance with the provisions of paragraphs (III)1 to 4 and 6 of this Article for the

acquisition of real estate or assets with the right to use them from the related party.

4. The date and price of the original acquisition by the related party, the subject of the transaction and its relationship with the Company and the related party
5. A cash flow forecast for each month of the coming year starting from the month in which the transaction is expected to take place, and an assessment of the necessity of the transaction and the reasonableness of the use of funds.
6. A valuation report issued by a professional valuer obtained in accordance with (I) above, or an opinion of an accountant.
7. Restrictions and other important matters agreed upon in this transaction.

The calculation of the transaction amounts in (I) and (II) shall be made in accordance with Article 15(I)(8), and the reference to within one year shall be retroactive to one year from the date of occurrence of the transaction, and the portion of the valuation report or accountant's opinion issued by a professional appraiser, as required by law, shall be exempted from further calculation. And any portion that has been approved by at least one-half of all members of the audit committee and submitted to the board of directors for approval in accordance with the regulations is exempt from further calculation.

(III) Assessment of the reasonableness of transaction costs

1. The Company shall assess the reasonableness of the transaction cost for acquiring real estate or its right-to-use assets from a related party by the following methods:
 - (1) The transaction price of the related party, plus interest on the necessary capital and the buyer's share of the costs. The so-called necessary capital interest cost shall be calculated based on the weighted average interest rate of the loans made by the Company in the year in which the assets are acquired, provided that it shall not be higher than the maximum interest rate for non-financial loans announced by the Ministry of Finance.
 - (2) If the related party has set up a mortgage loan with a financial institution on the subject property, the financial institution shall assess the total value of the loan on the subject property, provided that the cumulative value of the actual loan on the subject property by the financial institution shall be at least 70% of the total assessed value of the loan and the period of the loan has been more than one year. However, this shall not apply if the financial institution and one of the parties to the transaction are related parties.
2. In the case of a combined purchase or lease of land and buildings of the same subject matter, the transaction costs may be evaluated for the land and buildings respectively according to any of the methods listed in paragraph 1 of this Article.
3. When the Company acquires real estate or its right-to-use assets from a related party, the Company shall assess the cost of the real estate or its right-to-use assets

in accordance with paragraphs 1 and 2 of paragraph (c) of this Article, and shall request an accountant to review and express a specific opinion.

4. When the Company acquires real property or its right-to-use assets from a related party, if the appraisal results in accordance with paragraphs (III) 1 and 2 of this Article are lower than the transaction price, the Company shall comply with paragraph (III) 5 of this Article. However, this shall not be the case if objective evidence and a specific opinion of reasonableness from a professional appraiser of real estate and an accountant are provided for the following reasons.

(1) If the person concerned has acquired prime land or leased land for rebuilding, he/she may prove that one of the following conditions is met:

A. The land acquired shall be appraised in accordance with the method specified in paragraphs 1 and 2 of this Article, and the housing shall be appraised on the basis of the related party's operating costs plus a reasonable operating profit, the total of which shall exceed the actual transaction price. The aforementioned reasonable operating profit shall be based on the lower of the average operating profit margin of the related party's construction department for the last three years or the most recent gross profit margin of the construction industry published by the Ministry of Finance.

B. Other transactions with unrelated parties within one year on other floors of the same subject premises or in the immediate vicinity, which are of similar size, and where the terms of the transaction have been evaluated at a reasonable floor or area spread as is customary in the sale or lease of real estate.

(2) The Company shall prove that the terms of the transaction of real estate purchased from a related party or the acquisition of real estate use rights by lease are comparable to those of other non-related party transactions in the vicinity within one year and are of similar size.

The above-mentioned "neighboring area transaction case" is based on the same or adjacent street contour and within a 500-meter radius from the subject matter of the transaction or its announced present value is similar. If the area of the transaction is similar, the area of other non-related party transactions shall be no less than 50% of the area of the subject matter of the transaction. The aforementioned one-year period is based on the date of the acquisition of real estate or its right-to-use assets, and extrapolated back one year.

5. If the Company acquires real estate or its right-to-use assets from a related party and the appraisal result is lower than the transaction price in accordance with paragraphs (III) 1 to 4 of this Article, the Company shall do the following:

(1) For the difference between the transaction price and the appraised cost of real

estate or its right-to-use assets, the Company shall set aside a special reserve in accordance with Article 41(1) of the Securities and Exchange Act, which shall not be distributed or transferred to additional shares. If an investor whose investment in the Company is valued under the equity method is a public company, a special reserve shall also be provided in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act for the amount of such reserve in proportion to the shareholding.

(2) The members of the Audit Committee shall be independent directors in accordance with Article 28 of the Company Act.

(3) The Company shall report to the shareholders' meeting on the handling of items (1) and (2) of this paragraph and disclose the details of the transaction in the annual report and the public statement.

If the Company has set aside a special reserve in accordance with the aforementioned provisions, the special reserve may be used only after the Company has recognized a loss on decline in value, disposed of, or terminated the lease of an asset acquired or leased at a high price, or has made appropriate compensation or reinstatement, or has other evidence to establish that it is not unreasonable and has been approved by the Financial Supervisory Commission.

6. If the Company acquires real estate or its right-to-use assets from a related party under any of the following circumstances, the Company shall follow the evaluation and operating procedures in (I) and (II) of this Article. The assessment of the reasonableness of the transaction costs as provided in paragraphs 1, 2 and 3 of (III) of this Article shall not apply.

(1) The related party acquires real property or its right to use assets by inheritance or gift.

(2) The related party has contracted to acquire real estate or its right-to-use assets more than five years after the date of the transaction.

(3) The Company acquired real estate by entering into a joint construction contract with a related party, or by contracting a related party to build real estate on its own land or on rented land.

(4) Acquisition of real estate assets for business use between the Company and its subsidiaries, or between subsidiaries in which the Company directly or indirectly holds 100% of the outstanding shares or capital stock.

7. If the Company acquires real property or its right-to-use assets from a related party, the Company shall also comply with paragraph 5 of this Article if there is other evidence that the transaction is not in accordance with business practices.

(IV) The Board of Directors may authorize the Chairman of the Board to decide on any of the following transactions between the Company and its subsidiaries, or between

subsidiaries in which the Company directly or indirectly holds 100 percent of the outstanding shares or capital stock, within NT\$300 million (inclusive), and then submit the transaction to the most recent Board of Directors for ratification.

1. Acquisition or disposal of equipment or assets for business use or the right to use them.

2. Acquisition or disposal of real estate assets for business use.

(V) If paragraph (II) of this Article is not agreed by more than one-half of all members of the Audit Committee, it may be done with the consent of at least two-thirds of all Directors and the resolution of the Audit Committee shall be recorded in the minutes of the Directors' meeting.

All members of the Audit Committee and all Directors referred to in the preceding paragraph shall be counted as those who are actually in office.

Article 11. Procedures for the Acquisition or Disposal of Intangible Assets or Assets with Right to Use or Membership Certificates

(I) Evaluation and operating procedures

The Company shall acquire or dispose of intangible assets or right-to-use assets or membership cards in accordance with the fixed asset cycle of the Company's internal control system.

(2) Procedures for determining transaction conditions and authorization limits

1. If the Company acquires or disposes of membership cards with a transaction amount of less than NT\$300 million (inclusive), the Chairman of the Board of Directors shall approve the transaction and submit it to the most recent Board of Directors for ratification afterwards. If the transaction amount exceeds NT\$300 million, a resolution must be submitted to the Board of Directors for approval before the transaction can be made.

2. If the Company acquires or disposes of intangible assets or their right-to-use assets for a transaction amounting to less than NT\$300 million (inclusive), the Chairman of the Board of Directors shall approve the transaction and subsequently submit it to the most recent Board of Directors for ratification. If the transaction amount exceeds NT\$300 million, a resolution must be submitted to the Board of Directors for approval before the transaction can be made.

(III) Execution Unit

When the Company acquires or disposes of an intangible asset or its right-to-use asset or membership card, the unit of use or the administrative unit shall be responsible for its execution after approval at each level in accordance with the approval authority.

(IV) Expert valuation reports on intangible assets or their right-to-use assets or

membership cards

If the Company acquires or disposes of an intangible asset or its right-to-use asset or membership card for a transaction amounting to 20% or more of the Company's paid-in capital or NT\$300 million or more, the Company shall, except for transactions with domestic government agencies, obtain an opinion from an accountant on the reasonableness of the transaction price prior to the date of occurrence of the fact. The accountant should also comply with the provisions of Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation.

- (V) The calculation of the transaction amount shall be made in accordance with Article 15(1)(8), and the reference to within one year shall be based on the date of occurrence of the transaction and shall be projected back one year, and the portion of the appraisal report or accountant's opinion issued by a professional appraiser that has been obtained as required by law shall not be counted.

Article 12. 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 creditor's rights of financial institutions. In the future, if the Company wishes to engage in transactions to acquire or dispose of the debentures of financial institutions, it will submit to the Board of Directors for approval and then establish its evaluation and procedures.

Article 13. Procedures for the Acquisition or Disposal of Derivative Instruments

(I) Principles and guidelines for transactions

1. Types of Transactions

- (1) The Company engages in derivative financial instruments that are forward contracts, option contracts, futures contracts, leveraged margin contracts, swap contracts, combinations of these contracts, or combined contracts or structured instruments with embedded derivatives whose values are derived from specific interest rates, financial instrument prices, commodity prices, exchange rates, price or rate indices, credit ratings or credit indices, or other variables.
- (2) Matters related to bond margin transactions shall be handled in accordance with the relevant provisions of these Regulations.

2. Operating (Hedging) Strategy

The Company shall engage in derivative financial instruments for hedging purposes. The instruments traded should be selected to hedge the risks arising from the Company's business operations.

The currency held must be consistent with the Company's actual foreign currency requirements for import and export transactions. The currency held must be consistent with the Company's actual foreign currency requirements for import and export transactions, and the Company's overall internal position (i.e. foreign currency income and expenditure) should be self-levelling in order to reduce the Company's overall foreign exchange risk and save foreign exchange operating costs. Other transactions for specific purposes are subject to careful evaluation and approval by the Chairman of the Board.

3. Division of authority and responsibility

(1) Finance and Accounting Unit

A. Trading staff

- (A) Responsible for the development of strategies for trading financial instruments throughout the Company.
- (B) The trading staff shall regularly calculate the positions every two weeks, collect market information, make trend judgments and risk assessments, and formulate operational strategies, which shall be approved at various levels in accordance with the approval authority before being used as the basis for trading.
- (C) Trading personnel shall execute trades in accordance with their delegated authority and established strategies.
- (D) When there is a significant change in the financial market and the trader determines that the established strategy is no longer applicable, he/she will submit an evaluation report at any time and redraft the strategy, which will be approved by the chairman of the board of directors and used as the basis for engaging in trading.

B. Accounting staff

- (A) Perform transaction recognition.
- (B) Review whether transactions have been conducted in accordance with the authorisation and established strategy.
- (C) Conduct accounting for transactions.
- (D) Conduct reporting and announcement in accordance with the Financial Supervisory Commission's regulations.

C. Settlement personnel: perform settlement tasks.

D. Derivatives approval authority

(A) Approving authority for hedging transactions

Approving authority	Limit per transaction	Total amount for the day
General Manager	Up to and including USD2 million	USD4 million

Chairman of the Board	USD2 million or more	USD4 million or more
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(B) Other specific purpose transactions may only be made with the approval of the Chairman.

(2) Audit Department

The audit department is responsible for understanding the appropriateness of internal controls over derivative transactions and verifying compliance with operating procedures by the trading department, analyzing the transaction cycle, preparing audit reports, and reporting to the Board of Directors in the event of significant deficiencies.

4. Performance evaluation

A. Hedging Transactions

(A) Performance is evaluated on the basis of the Company's carrying cost of exchange rates and gains or losses arising from derivative financial transactions.

(B) In order to fully grasp and express the valuation risk of the transactions, the Company adopts a monthly valuation method to assess the effectiveness.

(C) The finance unit shall provide foreign exchange position evaluation and foreign exchange market trends and market analysis to management for management reference and direction.

B. Specific purposes

Performance is assessed on the basis of actual profit or loss incurred and the accounting unit is required to prepare regular reports on the certain positions for management's reference.

5. Determination of total contract amount and loss limit

A. Total amount of contracts

(A) Hedging transaction limits

The treasury should keep track of the company's overall position in order to hedge trading risks. The amount of hedging transactions shall be limited to not more than one-half of the Company's overall net position. If the amount exceeds one-half of the total net position of the Company, it should be reported to the Chairman for approval.

(B) Specific Purpose Transactions

Based on forecasts of changing market conditions, the treasury may develop strategies as necessary and submit them to the Chairman of the Board for approval. For the Company's specific purpose transactions, the aggregate amount of the Company-wide net cumulative position contracts is limited to US\$50 million. Any amount in excess of this limit

is subject to the approval of the Board of Directors and in accordance with policy directives.

B. Establishment of Loss Limits

- (A) In the case of hedging transactions, the risk is hedged and there is no need to set a loss limit.
- (B) In the case of contracts for specific purposes, a stop-loss point shall be set after the establishment of the position to prevent excess losses. The stop-loss point shall be set at a level not exceeding 10% of the contract amount. If the loss exceeds 10% of the contract amount, the loss shall be reported to the Chairman of the Board of Directors immediately and the Board of Directors shall discuss the necessary measures to be taken.
- (C) Losses on individual contracts shall be limited to a maximum of US\$100,000.
- (D) The maximum annual loss for the Company's specific purpose trading operations shall be US\$500,000.

(II) Risk Management Measures

1. Credit risk management:

As the market is subject to various factors, it is susceptible to operational risk in derivative financial instruments. Therefore, market risk management is carried out in accordance with the following principles.

- (1) Trading counterparties: Mainly domestic and foreign famous financial institutions.
- (2) Commodities: Only commodities provided by well-known domestic and foreign financial institutions are counted.
- (3) Transaction amount: The unhedged transaction amount of the same counterparty shall not exceed 10% of the total authorized amount, except for those approved by the Chairman.

2. Market risk management.

The market is mainly the open foreign exchange market provided by the Bank, and the futures market is not considered for the time being.

3. Liquidity risk management.

To ensure market liquidity, the selection of financial instruments is based on the preference for higher liquidity (i.e. readily available to roll over in the market). The financial institution entrusted with the transaction must have sufficient information and the ability to trade in any market at any time.

4. Cash flow risk management

In order to ensure the stability of the Company's working capital turnover, the Company's sources of funding for derivative transactions are limited to its own

funds, and the amount of its operations should take into account the funding requirements of the cash flow forecast for the next three months.

5. Operational risk management

- (1) The Company shall follow the authorised limits and operational procedures and incorporate internal audits to avoid operational risks.
- (2) Trading personnel engaged in derivative commodities shall not also be engaged in confirmation, settlement and other operations.
- (3) Risk measurement, supervision and control personnel should be in separate departments from the aforementioned personnel, and should report to the Board of Directors or to senior executives who are not responsible for the decision-making of the trading position.

6. Commodity risk management

Internal traders should have complete and accurate expertise in financial instruments and the Bank should be required to adequately disclose risks in order to avoid misuse of financial instrument risks.

7. Legal risk management.

Documents signed with financial institutions must be carefully reviewed by the legal and accounting units before they are formally signed to avoid legal risks.

(III) Internal audit system

1. Internal auditors shall periodically review the appropriateness of internal controls over derivative transactions, check monthly the trading department's compliance with the procedures for handling derivative transactions, analyze the transaction cycle and prepare an audit report. If significant non-compliance is found, members of the Audit Committee shall be notified in writing.
2. The internal auditor shall report to the Financial Supervisory Commission the audit report together with the annual audit of internal audit operations by the end of February of the following year, and shall report the improvement of irregularities to the Financial Supervisory Commission for examination by the end of May of the following year at the latest.

(IV) Regular evaluation methods

1. The Board of Directors shall authorise senior management to regularly monitor and evaluate whether derivative transactions are conducted in accordance with the Company's trading procedures and whether the risks assumed are within the scope of permitted commitments. In the event of any abnormalities in the market valuation report (e.g. holding positions exceeding the loss limit), the senior management shall immediately report to the Board of Directors and take appropriate measures.
2. All positions in derivative transactions shall be evaluated at least once a week. In

the case of hedging transactions for business purposes, the assessment shall be made at least twice a month and the assessment report shall be submitted to a senior officer authorized by the Board of Directors.

(5) Principles of supervision and management by the Board of Directors for engagement in derivative transactions

1. The Board of Directors shall designate senior management to monitor and control the risk of derivative transactions at all times. The principles of management are as follows.
 - (1) To periodically evaluate whether the risk management measures currently in use are appropriate and are in fact in accordance with these Procedures and the procedures established by the Company for engaging in derivative transactions.
 - (2) To monitor the transactions and profit and loss situation, and to take necessary countermeasures and report to the Board of Directors immediately if any irregularities are found.
2. The Board of Directors shall regularly evaluate whether the performance of derivative transactions is in accordance with the established business strategy and whether the risks assumed are within the Company's tolerance.
3. When the Company engages in derivative transactions, if the Company authorizes the relevant personnel to handle such transactions in accordance with the established procedures for handling derivative transactions, the Company shall report such transactions to the Board of Directors at its most recent meeting afterwards.
4. When the Company engages in derivative transactions, the Company shall keep a record of the type and amount of derivative transactions, the date of approval by the Board of Directors, and the matters that should be prudently evaluated in accordance with paragraph (IV)-2, paragraph (V)-1(1) and paragraph (V)-2 of this Article, and enter them in the record book for inspection.

Article 14. Procedures for Handling Mergers, Demergers, Acquisitions or Share Transfers

(I) Evaluation and operating procedures

1. In the event of a merger, demerger, acquisition or transfer of shares, the Company shall appoint lawyers, accountants and underwriters to jointly discuss the statutory procedures and the estimated timetable. The ad hoc group shall be organized in accordance with the statutory procedures and shall, prior to the convening of the board of directors' meeting, request the accountants, lawyers or securities underwriters to express their opinions on the reasonableness of the share exchange ratio, the acquisition price or the allotment of cash or other property to the shareholders, and submit their opinions to the board of directors for discussion and

approval. However, the Company shall be exempt from obtaining an opinion of reasonableness from the foregoing expert in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or the total capital.

2. The Company shall, prior to the shareholders' meeting, prepare a public document addressed to the shareholders on the material details of the merger, demerger or acquisition and related matters, and deliver it to the shareholders together with the expert opinion in paragraph (1) of this Article and the notice of the shareholders' meeting for their reference as to whether the shareholders agree to the merger, demerger or acquisition. However, this shall not apply if the shareholders are exempted from convening a shareholders' meeting to resolve the merger, demerger or acquisition in accordance with other laws. In addition, if a shareholders' meeting of any of the companies involved in a merger, demerger or acquisition cannot be convened or resolved due to insufficient attendance, insufficient voting rights or other legal restrictions, or if the proposal is rejected by the shareholders' meeting, the company involved in the merger, demerger or acquisition shall immediately disclose to the public the reasons for the occurrence, the subsequent processing and the expected date of the shareholders' meeting.
3. A company involved in a merger, demerger, acquisition or transfer of shares that is listed or whose shares are traded on the business premises of a securities dealer shall keep a complete written record of the following information for five years for inspection:
 - (1) Basic information on personnel: including the title, name and identity card number (or passport number in the case of foreign nationals) of all persons involved in the merger, demerger, acquisition or share transfer plan or the execution of the plan before the news is made public.
 - (2) Date of material events: including the date of execution of a letter of intent or memorandum of understanding, the appointment of financial or legal advisors, the signing of deeds and board meetings, etc.
 - (3) Important documents and minutes: including merger, demerger, acquisition or share transfer plans, letters of intent or memoranda, important deeds and minutes of board meetings, etc.
4. A listed company or a company whose shares are traded on the business premises of a securities dealer that participates in a merger, demerger, acquisition or transfer of shares shall, within two days from the date of approval by the board of directors, report the information in items (1) and (2) of the preceding paragraph to the Financial Supervisory Commission in the prescribed form through the Internet information system for record purposes.

5. If a company participating in a merger, demerger, acquisition or transfer of shares is not a listed company or a company whose shares are traded on the business premises of a securities dealer, the listed company or the company whose shares are traded on the business premises of a securities dealer shall enter into an agreement with it, and the relevant matters shall be handled in accordance with the provisions of paragraphs 3 and 4.

(II) Other matters to be noted

1. Dates of board meetings and shareholders' meetings: For companies participating in mergers, demergers or acquisitions, unless otherwise required by other laws or special factors that require prior consent of the Financial Supervisory Commission, a board meeting and a shareholders' meeting shall be held on the same day to resolve matters related to the merger, demergers or acquisitions. A company participating in a share transfer shall hold a board meeting on the same day, unless otherwise required by other laws or special factors that require prior approval of the Financial Supervisory Commission.
2. Prior Confidentiality Undertaking: All persons participating in or having knowledge of a merger, demerger, acquisition or share transfer plan shall give a written undertaking not to disclose the contents of the plan to the public before the information is made public. They shall not disclose the contents of the plan to the public until the information is made public, nor shall they trade in all shares and other marketable securities of an equity nature in connection with the merger, demerger, acquisition or transfer of shares, either on their own or in the name of others.
3. Principles for determining and changing the share exchange ratio or acquisition price: A company involved in a merger, demerger, acquisition or transfer of shares shall appoint an accountant, lawyer or securities underwriter to express an opinion on the reasonableness of the share exchange ratio, the acquisition price or the allotment of cash or other property to shareholders before the board of directors meeting of both parties and submit their opinion to the board of directors for discussion. In principle, the share exchange ratio or the purchase price may not be changed at will, unless the conditions for such change have been stipulated in the contract and are publicly disclosed. The share exchange ratio or acquisition price may be changed in the following circumstances:
 - (1) Cash capital increase, issuance of convertible bonds, allotment of shares without consideration, issuance of bonds with warrants, preferred shares with warrants, warrants and other marketable securities with the nature of equity.
 - (2) Disposal of significant assets or other actions affecting the Company's financial operations.

- (3) The occurrence of major disasters, technological changes, or other events affecting the Company's shareholders' equity or securities prices.
 - (4) The purchase of treasury shares by any party involved in a merger, demerger, acquisition or transfer of shares in accordance with the law.
 - (5) Any change in the number of entities or companies involved in a merger, demerger, acquisition or transfer of shares.
 - (6) Any other conditions that may be changed and have been stipulated in the contract and are publicly disclosed.
4. The contract shall contain the following particulars: In addition to the rights and obligations of the company participating in the merger, demerger, acquisition or transfer of shares, the following matters shall be set out.
- (1) Treatment of breach of contract.
 - (2) The treatment of treasury shares issued or repurchased prior to the dissolution or division of the company as a result of the merger.
 - (3) The number of treasury shares that may be legally repurchased by the participating company after the base date for calculating the conversion ratio and the principles for handling such repurchases.
 - (4) The treatment of any change in the number of participants.
 - (5) The expected progress of the plan and the expected completion schedule.
 - (6) The scheduled date of the shareholders' meeting to be held if the plan is not completed by the end of the deadline, and other related procedures.
5. Changes in the number of companies participating in a merger, demerger, acquisition or transfer of shares: If, after the information has been made public, any of the companies involved in a merger, demerger, acquisition or transfer of shares intends to enter into another merger, demerger, acquisition or transfer of shares with another company, which may result in a reduction in the number of participants, and if the shareholders' meeting has resolved and authorized the board of directors to change the authority, the participating companies may resolve the matter again without calling a shareholders' meeting. The procedures or legal acts already completed in the original merger, demerger, acquisition or transfer of shares shall be repeated by all participating companies.
6. If a company participating in a merger, demerger, acquisition or transfer of shares is not a public company, the Company shall enter into an agreement with such company and shall follow the provisions of paragraph (II)-1 of this Article to set the date for convening a board meeting/shareholders' meeting, paragraph (2) of this Article to provide for prior confidentiality, paragraph (5) of this Article to provide for changes in the number of companies participating in a merger, demerger, acquisition or transfer of shares, paragraph (I)-3 of this Article to maintain written

information, and paragraphs 4 and 5 of (I) to handle relevant matters.

Article 15. Procedures for Public Disclosure of Information

(1) Items to be announced/declared and criteria for announcement and declaration

1. Acquisition or disposal of real estate or its right-to-use assets from a related party, or to acquire or dispose of assets other than real estate or its right-to-use assets with a related party, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of its total assets, or NT\$300 million or more. However, the sale and purchase of domestic bonds, bonds with repurchase and repurchase conditions, and the purchase or repurchase of money market funds issued by domestic securities investment trusts are not included in this scope.
2. Mergers, demergers, acquisitions or share transfers.
3. Engagement in derivative transactions with losses up to the maximum amount of losses on all or individual contracts as provided for in the prescribed procedures.
4. The acquisition or disposal of equipment or assets for business use or the right to use them, where the transaction is not with a related party, and the amount of the transaction meets one of the following requirements:
 - (1) For public companies with paid-in capital of less than NT\$10 billion and with transaction amounts of NT\$500 million or more.
 - (2) For public companies with paid-in capital of NT\$10 billion or more, where the transaction amount reaches NT\$1 billion or more.
5. The acquisition or disposal of real estate for business use or its right-to-use assets by a company engaged in the business of construction, where the counterparty is not a related party and the transaction amount reaches NT\$500 million or more. If the paid-in capital reaches NT\$10 billion or more, the transaction amount shall reach NT\$1 billion or more for the disposal of real estate constructed and completed by the Company, and the counterparty is not a related party.
6. The Company expects to invest in transactions amounting to NT\$500 million or more for the acquisition of real estate by means of self-commissioned construction, land-leased construction, joint construction and subdivision, joint construction and subdivision, and joint construction and subdivision for sale, where the counterparty is not a related party.
7. In the case of asset transactions, disposal of debts by financial institutions or investments in Mainland China other than those described in the preceding paragraphs 1-6, the transaction amount shall reach 20% of the Company's paid-in capital or NT\$500 million or more. However, the following circumstances shall not apply.
 - (1) Trading of domestic public bonds.
 - (2) To act as an investment professional for trading of marketable securities on the stock exchange or on the business premises of a securities dealer, or

subscription in the primary market for ordinary corporate bonds and general financial debentures not involving equity (excluding subordinated bonds), or subscription or repurchase of securities investment trusts or futures trusts, or to act as an underwriting agent for underwriting business, or to act as an advisor for securities dealers to recommend securities dealers to subscribe for marketable securities in accordance with the regulations of the Over-the-Counter Securities Trading Center of the Republic of China.

(3) Trading of bonds with buy-back or sell-back conditions, and subscription or repurchase of money market funds issued by domestic securities investment trusts.

8. The amount of the foregoing transaction is calculated as follows. And the reference to within one year is based on the date of occurrence of the transaction and extrapolated back one year. The following are exempted from the calculation of the amount announced in accordance with the regulations.

(1) The amount of each transaction.

(2) The cumulative amount of transactions of the same nature with the same counterparty within one year.

(3) The cumulative amount of acquisition or disposal (acquisition and disposal, respectively) of real estate or assets with the same development plan or the right to use them within one year.

(4) The cumulative amount of acquisition or disposal (acquisition and disposal, respectively) of the same marketable securities within one year.

(II) Time limit for making announcements and reporting

If the Company acquires or disposes of assets with the items to be announced in (1) of this Article and the transaction amount reaches the standard to be announced and reported in this Article, the Company shall make an announcement and report in accordance with the announcement form within two days from the date of occurrence.

(III) Procedures for announcement and reporting

1. The Company shall report the relevant information on the website designated by the Financial Supervisory Commission.

2. The Company shall, on a monthly basis and in accordance with the prescribed format, enter on the information reporting website designated by the Financial Supervisory Commission the information on derivative transactions engaged in by the Company and its non-domestic public subsidiaries as of the end of the previous month by the tenth day of each month.

3. If there is any error or omission in the items to be announced by the Company in accordance with the regulations, and such error or omission should be corrected, the Company shall re-announce and report all the items within two days from the date of knowledge.

Except as otherwise provided by other laws, the Company shall keep the relevant contracts, minutes, docket, valuation reports, and opinions of accountants, lawyers, or securities underwriters for at least five years after the Company acquires or

disposes of assets.

5. The Company shall, within two days from the date of occurrence of any of the following circumstances, report the relevant information on the website designated by the Financial Supervisory Commission after announcing the transactions reported in accordance with (1) to (3) of this Article:

(1) The relevant contract signed in the original transaction has been changed, terminated or dissolved.

(2) The merger, demerger, acquisition or transfer of shares has not been completed in accordance with the schedule set out in the contract.

(3) There are changes to the original announcement and declaration.

(IV) The requirement of 10 percent of total assets under these Regulations shall be calculated based on the amount of total assets in the most recent individual financial report as specified in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 16. The Company's subsidiaries shall be treated in accordance with the following provisions.

(I) The Company's subsidiaries should also follow the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" to establish the "Regulations Governing the Acquisition or Disposal of Assets".

(II) If a subsidiary of the Company that is not a domestic public company acquires or disposes of assets that meet the reporting standards set forth in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", the Company shall file an announcement/declaration on behalf of such subsidiary.

(III) The requirement of "20% of the Company's paid-in capital or 10% of the Company's total assets" in the announcement/reporting standards for the Company's subsidiaries is based on the Company's paid-in capital or total assets.

Article 17 Penalty

In the event that an employee of the Company acquires or disposes of assets in violation of the provisions of these Regulations, he/she shall be subject to periodic evaluation in accordance with the Company's Personnel Management Regulations and Employee Handbook and shall be punished according to the severity of the situation.

Article 18 Implementation and Amendment

(I) When the Company has an Audit Committee, the establishment or amendment of these Regulations shall be approved by at least one-half of all members of the Audit Committee, submitted to the Board of Directors for approval, and then submitted to the shareholders' meeting for approval before becoming effective. The opinions of the independent directors shall be taken into full consideration when additions/amendments to these Regulations, or procedures for the acquisition or disposal of assets under these Regulations are submitted to the Board of Directors for discussion. Any dissenting views or reservations of the independent directors shall be set out in the minutes of the Board of Directors' meeting.

(II) The establishment/amendment of these Regulations or significant asset or derivative transactions shall be approved by at least one-half of all members of the Audit

Committee and submitted to the Board of Directors for resolution.

- (III) If the foregoing is not agreed by more than one-half of all members of the Audit Committee, it may be done with the consent of at least two-thirds of all Directors and the resolution of the Audit Committee shall be recorded in the minutes of the Directors' meeting.
- (4) All members of the Audit Committee and all Directors referred to in paragraph (3) shall be counted as those who are actually in office.

Article 19 Supplementary Provisions

Any matters not covered by these Regulations shall be governed by the relevant laws and regulations.

Article 20 These Regulations were made on June 27, 2000.

The 1st amendment was made on June 24, 2003.

The second amendment was made on May 28, 2007.

The third amendment was made on June 13, 2008.

The fourth amendment was made on June 19, 2009.

The fifth amendment was made on 18 June 2012.

The sixth amendment made on 19 June 2014.

The seventh amendment on 22 June 2017.

The eighth amendment on 24 June 2019.