

## SynPower Co., Ltd.

### Procedures for Acquisition or Disposal of assets

Approved at the Board of Directors on held on March 29, 2022

#### Article 1 Purpose and Legal Basis

The procedures are established to strengthen the management of the Company's "Procedures for Acquisition or Disposal of assets" in accordance with Article 36-1 of the Securities and Exchange Act and the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" promulgated by the competent authority.

#### Article 2 The term "assets" as used in these procedures refers to the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing funds, depositary receipts, call (put) warrants, beneficial securities, and asset-backed securities.
2. Real estate (including land, buildings, investment properties) and equipment.
3. Membership certificates.
4. Intangible assets such as patent rights, copyrights, trademark rights, and franchise rights.
5. Right-of-use assets.
6. Claims against financial institutions (including accounts receivable, foreign exchange purchased under forward contracts, loans, and delinquent accounts).
7. Derivative products.
8. Assets acquired or disposed of through mergers, demergers, acquisitions, or share transfers in accordance with the law.
9. Other significant assets.

#### Article 3 Definitions

1. Derivative: Refers to forward contracts, options, futures, margin transactions, and swaps whose values are derived from specific interest rates, prices of financial instruments, commodity prices, exchange rates, price or rate indices, credit ratings or credit indices, or other variables. This also includes combinations of the aforementioned contracts, or hybrid contracts or structured products embedding derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, or long-term purchase (sales) contracts.

2. **Assets Acquired or Disposed of through Mergers, Demergers, Acquisitions, or Share Transfers According to Law:** Refers to assets acquired or disposed of through mergers, demergers, or acquisitions conducted pursuant to the Business Mergers and Acquisitions Act, the Financial Holding Company Act, the Financial Institutions Merger Act, or other applicable laws; or through the issuance of new shares to acquire shares of another company in accordance with Article 156-3 of the Company Act (hereinafter referred to as "share transfers").
3. **Related Parties and Subsidiaries:** Shall be defined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. **Professional Appraisers:** Refers to real estate appraisers or other professionals legally qualified to perform real estate and equipment valuation services.

Any appraisal reports or opinions issued by certified public accountants, attorneys, or securities underwriters must meet the following criteria:

- a. They must not have been convicted of violating the Securities and Exchange Act, Company Act, Banking Act, Insurance Act, Financial Holding Company Act, Business Entity Accounting Act, or convicted of fraud, breach of trust, embezzlement, forgery, or other business-related crimes resulting in a sentence of one year or more of imprisonment. However, this restriction does not apply if the sentence has been served, probation has expired, or a pardon has been granted for more than three years.
- b. They must not be related parties or have a substantive relationship with any of the transaction parties.
- c. If the Company is required to obtain valuation reports from two or more professional appraisers, those appraisers and their personnel must not be related parties or substantively related to one another.

The aforementioned professionals, when issuing appraisal reports or opinions, must adhere to the self-regulatory standards of their respective professional associations and comply with the following:

- a. Before accepting the assignment, carefully assess their own professional competence, practical experience, and independence.
- b. While conducting the assignment, properly plan and execute

appropriate procedures to form a conclusion and issue a report or opinion; and document the procedures performed, data collected, and conclusions in the working papers.

- c. Evaluate the appropriateness and reasonableness of each data source, parameter, and piece of information used as the basis for the report or opinion.
  - d. Include declarations stating that the professionals possess the necessary expertise and independence, have evaluated the appropriateness and reasonableness of the data used, and have complied with relevant laws and regulations.
5. **Date of Occurrence:** Refers to the earlier of the contract signing date, payment date, transaction execution date, transfer date, Board of Directors resolution date, or any other date sufficient to confirm the counterparty and transaction amount. However, for investments requiring regulatory approval, it refers to the earlier of the above-mentioned dates or the date on which such approval is received.
  6. **Investment in Mainland China:** Refers to investments or technical cooperation in Mainland China conducted in accordance with the Regulations Governing Permission for Investment or Technical Cooperation in Mainland China issued by the Investment Commission of the Ministry of Economic Affairs.
  7. **Most Recent Financial Statements:** Refers to the financial statements that have been publicly disclosed and audited or reviewed by certified public accountants prior to the acquisition or disposal of assets.
  8. **Securities Exchange:** Refers to the Taiwan Stock Exchange Corporation for domestic securities, and to any organized and government-regulated securities trading market for foreign securities.
  9. **Securities Firm Business Premises:** Refers to trading counters set up by domestic securities firms in accordance with the Regulations Governing Securities Firms' Business Premises for trading securities; and to business premises of foreign financial institutions permitted to conduct securities business and regulated by the securities authority of the relevant foreign jurisdiction.

#### Article 4 Evaluation and Operating Procedures for Acquisition or Disposal of Assets

1. Acquisition or Disposal of Securities shall be evaluated and processed according to the following procedures:
  - a. For securities acquired or disposed of on a centralized securities

exchange market or at a securities firm's business premises, the responsible department shall submit the reason for acquisition or disposal, the subject matter, and the basis for price determination to the authorized unit for approval.

- b. For securities acquired or disposed of other than on a centralized securities exchange market or at a securities firm's business premises, the responsible department shall submit the reason for acquisition or disposal, the subject matter, the counterparty, the transfer price, the payment terms, and the basis for price determination to the authorized unit for approval.
2. Acquisition or Disposal of Real Estate, Equipment or Right-of-Use Assets, Membership Certificates, Intangible Assets, and Assets Acquired or Disposed of through Mergers, Demergers, Acquisitions, or Share Transfers in Accordance with the Law: The responsible department shall submit the reason for acquisition or disposal, the subject matter, the counterparty, the transfer price, the payment terms, and the basis for price determination to the authorized unit for approval.
3. Evaluation and Operating Procedures for the Acquisition or Disposal of Derivatives shall be conducted in accordance with the provisions of the "Derivative Transactions" section of these procedures.
4. All matters related to the acquisition or disposal of assets shall be handled in accordance with the relevant provisions of the Company's internal control system.

#### Article 5 Approval Procedures for Acquisition or Disposal of Assets

1. Pricing Method and Reference Basis:
  - a. For securities traded on a centralized securities exchange market or at a securities firm's business premises, the price shall be determined based on the prevailing market price. For securities not traded on such markets, the price shall be determined through negotiation with reference to the most recent financial statements' net asset value per share, profitability, future development potential, and current market prices.
  - b. For acquisition or disposal of real estate, equipment, or right-of-use assets, the transaction shall be carried out through comparison, negotiation, or tendering. For real estate, the price should be

determined by referencing the announced current value, appraised value, and actual transaction prices of neighboring properties. The transaction amount shall be handled in accordance with the Company's approval authority.

- c. For acquisition or disposal of membership certificates, the price should be comprehensively evaluated based on the expected future appreciation and benefits.
- d. For acquisition or disposal of intangible assets such as patents, copyrights, trademarks, and franchise rights, the price should be determined based on expected future income, degree of technological development and innovation, legal protection status, licensing and implementation conditions, and production or implementation costs, while also considering factors related to both the rights holder and licensee for an overall judgment.

2. Authorization Limits, Levels, and Responsible Units

The Company may acquire or dispose of assets within the authority granted to designated units, except in cases subject to Article 185 of the Company Act, which must be approved by the shareholders' meeting:

- a. Acquisition or disposal of securities: The terms and authorization limits shall be handled in accordance with the Company's internal control system and the table of authority delegation. Relevant reports shall be submitted for approval, and the financial department shall execute the transaction. For investments in Mainland China, the relevant regulations announced by the Investment Commission of the Ministry of Economic Affairs shall apply.
- b. Acquisition or disposal of real estate or its right-of-use assets: These transactions shall follow the relevant cycles in the Company's internal control system. The price and terms shall be determined with reference to the announced current value, appraised value, and nearby transaction prices. An analysis report shall be submitted to the Chairman and handled according to the Company's approval authority.
- c. Acquisition or disposal of equipment or its right-of-use assets: The transaction shall be conducted via price inquiry, price comparison, negotiation, or tendering. The transaction amount

shall be handled according to the Company's approval authority.

3. Responsible Departments

The department responsible for securities and derivatives is the Finance Department. For real estate, equipment, intangible assets, membership certificates, right-of-use assets, and assets acquired or disposed of through legal mergers, demergers, acquisitions, or share transfers, the responsible units are the user department and relevant responsible units.

4. For transactions that require board approval in accordance with these procedures or other legal requirements, if any director expresses an objection and it is recorded or declared in writing, the Company shall deliver such objection to each supervisor. If the Company has independent directors, their opinions shall be fully considered during board discussions of asset acquisition or disposal, and any dissenting or qualified opinions and reasons shall be recorded in the board meeting minutes. If the Company has established an Audit Committee, any major asset transactions must be approved by more than half of all audit committee members and then submitted to the board for resolution. If approval by more than half of the audit committee members is not obtained, the transaction may proceed only with the consent of at least two-thirds of all directors, and the resolution of the audit committee must be recorded in the board meeting minutes. The number of all members of the audit committee and all directors shall be calculated based on the actual incumbents.

Article 6 Public Disclosure and Reporting Procedures

If the Company acquires or disposes of assets under any of the following circumstances, it shall, within two days from the date of occurrence, make a public announcement and report relevant information through the website designated by the Financial Supervisory Commission (FSC), in the format prescribed according to the nature of the transaction:

1. Acquisition or disposal of real estate or right-of-use assets from or to a related party, or acquisition or disposal of other assets (excluding real estate and right-of-use assets) from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million or more. However, this does not apply to transactions involving domestic government bonds, bonds with repurchase/resale conditions, or

purchases/redemptions of money market funds issued by domestic securities investment trust enterprises.

2. Conducting mergers, demergers, acquisitions, or share transfers.
3. Losses incurred from derivatives transactions reaching the maximum loss limit per individual or overall contract as specified in the Company's procedures.
4. Acquisition or disposal of equipment or right-of-use assets for business use, where the transaction counterpart is not a related party, and the transaction amount is NT\$500 million or more.
5. Acquisition of real estate by entrusting construction on owned or leased land, or through joint construction arrangements, where the transaction counterpart is not a related party, and the planned investment amount is NT\$500 million or more.
6. Other asset transactions or investments in Mainland China, not covered by the above items, where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more. The following are excluded:
  - a. Transactions involving domestic government bonds or foreign government bonds with credit ratings not lower than Taiwan's sovereign rating.
  - b. Bonds with repurchase/resale conditions or purchases/redemptions of money market funds issued by domestic securities investment trust enterprises.

The transaction amount in the preceding items shall be calculated as follows:

1. The amount for each individual transaction.
2. The cumulative transaction amount within one year with the same counterpart for the same type of asset.
3. The cumulative amount within one year for the acquisition or disposal of real estate or right-of-use assets under the same development project, calculated separately for acquisitions and disposals.
4. The cumulative amount within one year for the acquisition or disposal of the same securities, calculated separately for acquisitions and disposals.

The term "within one year" refers to the one-year period retroactively calculated from the date of occurrence of the current transaction, and any previously disclosed transaction according to these procedures is excluded from the cumulative total.

The Company shall also, on a monthly basis, report the derivative transactions conducted by the Company and any subsidiaries that are not domestic public companies as of the end of the previous month. Such information shall be entered into the FSC-designated information reporting website by the 10th day of each month.

If the Company discovers any errors or omissions in the information announced as required, it shall make a corrective announcement of the entire item within two days from the date of discovery.

Contracts, meeting minutes, approval records, appraisal reports, and opinions issued by CPAs, lawyers, or securities underwriters related to the acquisition or disposal of assets must be kept by the Company for at least five years, unless otherwise required by law.

If any of the following circumstances occurs after the transaction has been publicly disclosed, the Company shall, within two days from the date of occurrence, make a public announcement and report the information on the FSC-designated website:

1. Any change, termination, or cancellation of the original transaction contract.
2. The merger, demerger, acquisition, or share transfer is not completed as scheduled under the contract.
3. Any change to the originally announced and reported content.

#### Article 7 Scope and Limits for Acquisition or Disposal of Assets

In addition to acquiring assets for business operations, the Company and its subsidiaries may also invest in non-business-use real estate, right-of-use assets, or marketable securities. The investment limits are as follows:

1. The total amount of non-business-use real estate and right-of-use assets shall not exceed 40% of the total of shareholders' equity and long-term liabilities as shown in the most recent financial statements audited or reviewed by a certified public accountant for the Company and its subsidiaries.
2. The total amount invested in marketable securities shall not exceed the shareholders' equity shown in the most recent financial statements audited or reviewed by a certified public accountant for the Company and its subsidiaries.
3. The investment limit for any individual marketable security shall not exceed 40% of the shareholders' equity shown in the most recent financial statements audited or reviewed by a certified public



accountant for the Company and its subsidiaries.

**Article 8 Control Procedures for Acquisition or Disposal of Assets by Subsidiaries**

For the acquisition or disposal of assets by the Company's invested subsidiaries, the Company shall ensure that each subsidiary establishes and implements its own "Procedures for Acquisition or Disposal of Assets" in accordance with these Procedures. Such procedures, and any subsequent amendments, shall be submitted to the Company's Board of Directors for approval and executed accordingly.

**Article 9 Penalties for Violation of These Procedures by Relevant Personnel**

If any personnel of the Company violate the provisions of these Procedures, they shall be handled in accordance with the Company's "Work Rules" and other relevant regulations.

**Article 10 Appraisal Reports by Professional Appraisal Institutions**

When the Company acquires or disposes of real estate, equipment, or right-of-use assets—excluding transactions with domestic government agencies, self-constructed buildings on owned or leased land, or the acquisition or disposal of equipment or right-of-use assets for business use—and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall obtain an appraisal report from a professional appraiser before the date of occurrence and comply with the following provisions:

1. If, due to special circumstances, a restricted price, designated price, or special price is used as the basis for the transaction price, the transaction must first be approved by a resolution of the Board of Directors; any subsequent changes to the transaction terms shall also require board approval.
2. If the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers must be obtained.
3. If any of the following situations arise in the appraisal results, and the transaction is not one where all appraised values are higher than the acquisition price (for acquisitions), or all are lower than the disposal price (for disposals), the Company shall engage a certified public accountant to provide a specific opinion on the reasons for the discrepancy and the appropriateness of the transaction price:
  - a. The difference between the appraisal result and the transaction price is 20% or more of the transaction amount.
  - b. The difference between the appraisal results from two or more

appraisers is 10% or more of the transaction amount.

4. The appraisal report shall be dated no more than three months before the contract signing date. However, if the same publicly announced land value is still applicable and it has been less than six months, the original appraiser may issue an opinion letter in lieu of a new report.

#### Article 11 Opinions from Certified Public Accountants (CPAs)

1. When the Company acquires or disposes of securities, it shall obtain the most recent financial statements of the target company, audited or reviewed by a CPA, prior to the date of occurrence as a reference for evaluating the transaction price. Additionally, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall engage a CPA to provide an opinion on the reasonableness of the transaction price before the date of occurrence. However, this requirement does not apply if the securities have a publicly quoted price in an active market or if otherwise stipulated by the FSC.
2. When the Company acquires or disposes of intangible assets, right-of-use assets, or membership certificates, and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall, except in transactions with domestic government agencies, engage a CPA to issue an opinion on the reasonableness of the transaction price before the date of occurrence.
3. If the Company acquires or disposes of assets through a court auction, it may use the documentation issued by the court in lieu of an appraisal report or CPA opinion.
4. The calculation of transaction amounts under the preceding Article and Items 1 and 2 of this Article shall follow the provisions in Paragraph 2 of Article 6. The term "within one year" refers to the one-year period retroactively calculated from the date of occurrence of the current transaction. If a professional appraisal report or CPA opinion has already been obtained under the Procedures, it need not be counted again.

#### Acquisition of Real Estate from a Related Party

Article 12 When the Company acquires or disposes of assets with a related party, in addition to following the relevant approval procedures and assessing the reasonableness of the transaction terms in accordance with these Procedures, if the transaction amount reaches 10% or more of the Company's total assets,

the Company shall also obtain an appraisal report from a professional appraiser or an opinion from a certified public accountant, as specified in Articles 10 and 11.

The calculation of the transaction amount in the preceding paragraph shall be conducted in accordance with Item 4 of Article 11.

When determining whether the transaction counterparty is a related party, the Company shall consider not only the legal form but also the substance of the relationship.

Article 13 If the Company acquires or disposes of real estate or right-of-use assets from or to a related party, or acquires or disposes of other assets (excluding real estate and right-of-use assets) from or to a related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of total assets, or NT\$300 million or more, the Company shall, except for purchases or sales of domestic government bonds, bonds with repurchase/resale conditions, or purchases/redemptions of money market funds issued by domestic securities investment trust enterprises, submit the following information for Board of Directors' approval and Supervisors' acknowledgment before signing the transaction contract or making any payment:

1. Purpose, necessity, and expected benefits of acquiring or disposing of the asset.
2. Reason for selecting the related party as the transaction counterparty.
3. For acquisitions of real estate or right-of-use assets from a related party, relevant information evaluating the reasonableness of the planned transaction terms in accordance with Articles 14 and 15.
4. Original acquisition date and price of the asset by the related party, transaction counterparty, and the relationship between such party and the Company or its related parties.
5. Cash flow forecast for each month over the next year starting from the expected contract signing month, along with an evaluation of the necessity of the transaction and the reasonableness of fund utilization.
6. Appraisal report or CPA opinion obtained in accordance with the preceding article.
7. Restrictive conditions and other major terms of the current transaction.

The calculation of the transaction amount under this Article shall follow Article 6, Paragraph 2. The term “within one year” refers to the one-year period retroactively from the date of occurrence of the current transaction. If any portion has already been approved by the Board of Directors and acknowledged by the Supervisors as required, it need not be counted again. For transactions between the Company and its parent company, subsidiaries, or subsidiaries wholly owned directly or indirectly, the Board may authorize the Chairman to make decisions within a certain amount limit as specified in Article 5, Paragraph 2, with the matter to be later submitted to the next Board meeting for ratification:

1. Acquisition or disposal of equipment or right-of-use assets for business use.
2. Acquisition or disposal of right-of-use assets of real estate for business use.

When the Company acquires real estate from a related party and submits the matter for Board discussion, if independent directors have been appointed, their opinions must be fully considered, and any opposing or reserved opinions shall be recorded in the Board meeting minutes.

If the Company has established an Audit Committee in accordance with the Securities and Exchange Act, then matters under the first paragraph that require Supervisors' acknowledgment shall instead require the consent of more than half of all Audit Committee members, and be submitted to the Board for resolution, in accordance with the provisions of Article 27, Paragraph 4 of these Procedures.

If a public company or any of its non-domestic public subsidiaries conducts a transaction described in Paragraph 1 and the transaction amount reaches 10% or more of the public company's total assets, then the public company shall submit all items listed in Paragraph 1 to its shareholders' meeting for approval before entering into the transaction contract or making any payment. However, this requirement does not apply to transactions between a public company and its parent company, subsidiaries, or between its subsidiaries.

The calculation of transaction amounts under Paragraphs 1 and the preceding paragraph shall be made in accordance with Article 6, Paragraph

2, and the term “within one year” refers to the one-year period retroactively from the date of occurrence of the current transaction. Any portion already approved by the shareholders’ meeting, Board of Directors, and acknowledged by Supervisors according to the Procedures need not be counted again.

Article 14 When the Company acquires real estate or right-of-use assets from a related party, the reasonableness of the transaction cost shall be evaluated using the following methods:

1. Transaction price paid by the related party, plus necessary interest on funding costs and other costs legally borne by the buyer. The interest cost of the necessary funds shall be calculated based on the weighted average interest rate of the loans taken by the Company in the year of acquiring the asset, but shall not exceed the maximum lending rate for non-financial institutions as announced by the Ministry of Finance.
2. If the related party has used the subject property as collateral for a mortgage loan from a financial institution, the total appraised value of the loan assessed by the institution may be used for reference—provided that the actual loan amount disbursed by the institution reaches at least 70% of the appraised value and the loan period has exceeded one year. However, this provision does not apply if the financial institution and either party to the transaction are related parties.
3. In cases where land and buildings on the same property are purchased or leased together, the land and buildings may be evaluated separately using any of the above methods.
4. In addition to applying the above three methods to assess the cost of acquiring real estate or right-of-use assets from a related party, the Company shall also engage a CPA to perform a review and issue a specific opinion on the reasonableness of the transaction.
5. The above four provisions are not applicable in the following circumstances, but the transaction must still be handled in accordance with Article 13:
  - a. The related party acquired the real estate or right-of-use asset through inheritance or gift.
  - b. The related party signed the acquisition contract more than five

years prior to the current transaction contract date.

- c. The Company enters into a joint construction agreement with the related party, or commissions the related party to build on self-owned or leased land, thereby acquiring real estate.
- d. The transaction is between the Company and its parent company, subsidiaries, or subsidiaries directly or indirectly wholly owned (100%), and the real estate right-of-use asset is acquired for business use.

Article 15 If the evaluation results based on Items 1 to 3 of Paragraph 1 of the preceding Article are all lower than the transaction price, the Company shall handle the matter in accordance with Article 16. However, this requirement does not apply if any of the following circumstances apply, provided that the Company presents objective evidence and obtains specific opinions on the reasonableness of the transaction from a professional real estate appraiser and a certified public accountant:

1. If the related party acquired raw land or leased land and then constructed buildings thereon, the Company may provide evidence that meets either of the following conditions:
  - a. The raw land is evaluated based on the methods set forth in the preceding article, and the building is calculated based on the construction cost incurred by the related party plus a reasonable construction profit, and the total amount exceeds the actual transaction price. The term "reasonable construction profit" refers to the lower of either the average gross profit margin of the related party's construction division over the most recent three years, or the most recent gross margin for the construction industry as announced by the Ministry of Finance.
  - b. There are comparable transactions by unrelated parties involving units of similar size in the same building or in adjacent areas within one year, and after making reasonable adjustments for differences in floor level or location (based on real estate sales or lease pricing practices), the transaction terms are determined to be equivalent.
2. The Company provides supporting evidence showing that the transaction terms for acquiring real estate or right-of-use assets from a related party

are comparable to those of other unrelated-party transactions in nearby areas within the past year involving similar-sized properties.

For the preceding paragraph, "comparable transactions in nearby areas" generally refers to properties located on the same or adjacent blocks and within 500 meters of the subject property, or having similar publicly announced current values. The term "similar size" generally means the size of the unrelated-party transaction is not less than 50% of the area of the subject property. The term "within one year" refers to the one-year period prior to the date of the acquisition of the real estate or right-of-use asset.

Article 16 If the Company acquires real estate or right-of-use assets from a related party, and the evaluation results based on the preceding two articles are lower than the transaction price, the Company shall handle the matter as follows:

1. For the difference between the transaction price and the evaluated cost of the real estate or right-of-use asset, the Company shall appropriate a special reserve under Article 41, Paragraph 1 of the Securities and Exchange Act. This reserve shall not be distributed as dividends or used for capital increases. If an investor in the Company uses the equity method to evaluate its investment and is a public company, it shall likewise appropriate a special reserve proportionate to its shareholding under Article 41, Paragraph 1 of the Securities and Exchange Act.
2. The matter shall be handled by the supervisors in accordance with Article 218 of the Company Act. If the Company has established an Audit Committee, the matter shall instead be handled by the independent directors who are members of the committee.
3. The above matters shall be reported to the shareholders' meeting, and detailed information on the transaction shall be disclosed in the annual report and prospectus.

If the Company has set aside a special earned surplus reserve in accordance with the preceding paragraph, this special earned surplus reserve may only be utilized after the highly-priced acquired or leased asset has recognized impairment losses, been disposed of, had its lease terminated, been appropriately compensated or restored to its original condition, or if other evidence confirms no unreasonableness, and with the approval of the FSC.

If the Company acquires real estate or right-of-use assets from a related party and other evidence indicates that the transaction is not in accordance with general business practices, the Company shall also handle the matter in accordance with the preceding two paragraphs.

#### Procedures for Engaging in Derivatives Transactions

Article 17 The Company shall comply with the following provisions when engaging in derivatives trading:

##### I. Trading Principles and Policies

###### 1. Types of Transactions

The Company may engage in derivatives transactions, including forward contracts, options, interest rate or exchange rate swaps, compound contracts composed of the aforementioned instruments, and bond margin trading.

###### 2. Operation and Hedging Strategies

- a. Set a cap for the total value of contracts and define stop-loss limits for all and individual contracts.
- b. Regularly assess the profit/loss and performance of derivative transactions.
- c. Strictly evaluate the credit status and professional competence of counterparties.
- d. All transactions and related operations must comply with applicable laws and regulations.
- e. Based on current and anticipated asset or liability positions, and in consideration of market fluctuations, the Company shall implement “phased” and “selective” hedging strategies.
- f. Due to changes in the external environment, both “hedging” and “reverse hedging” strategies may be alternately adopted to minimize losses and reduce risks.
- g. In response to objective market conditions, the Company may engage in trading-oriented derivatives transactions to manage operational and financial risks, with the goal of locking in or reducing non-operating losses.

###### 3. Delegation of Authority

###### a. Board of Directors

- Approve and amend the derivatives trading procedures,



and implement them upon shareholders' approval.

- Authorize the Chairman to:
  - i. Approve the list of trading products and instruments.
  - ii. Approve the list of counterparties and their respective trading limits.

b. Chairman

- Submit derivatives trading cases to the Board of Directors for resolution.
- Approve cases authorized by the Board of Directors.
- Periodically or as needed, report performance to the Board of Directors.

c. Chief of Finance Department

- Execute derivatives transactions as approved by the Chairman.
- Continuously gather market data, assess trends and risks, maintain familiarity with financial instruments and applicable laws, and perform authorized trades to hedge market price fluctuations.

d. Finance Department

- Maintain sequential records of all transactions.
- Ensure accounting staff records transactions in accordance with accounting principles and reconcile with supporting documents; regularly disclose and report them.
- Disclose derivatives information in CPA-audited or reviewed financial reports.
- Evaluate open positions weekly, or at least twice a month for hedging transactions conducted for business purposes; submit evaluation results for approval by the responsible senior executive authorized by the Board of Directors.

4. Trading Authorization Limits

Hierarchy	Daily transaction limit	Accumulated net position
Board of Directors	-	USD 6 million and above
Chairman	Up to and including USD 2 million	Up to USD 6 million

#### 5. Performance Evaluation

Evaluate performance based on actual gains or losses; Finance shall submit regular position reports to the senior executive authorized by the Board for review.

#### 6. Total Contract Value and Loss Limits

- a. The total notional value of derivatives contracts shall be limited to USD 6 million (or equivalent in TWD). Total losses (i.e., stop-loss limits) for all and individual contracts shall not exceed 15% of their respective notional values.
- b. If the loss exceeds the limit, it must be reported to the senior executive authorized by the Board for appropriate response, and reported to the Board of Directors.

### II. Risk Management Measures

#### 1. Credit Risk Management

Preferably transact with financial institutions with which the Company maintains business relationships and which can provide professional advice. Perform regular reconciliations.

#### 2. Market Risk Management

Base trades on publicly quoted foreign exchange markets provided by banks.

#### 3. Price Risk Management

Use commonly traded international financial instruments to minimize reliance on custom-designed products.

#### 4. Liquidity Risk Management

Trade primarily with banks with high transaction volumes and strong quotation capabilities.

#### 5. Cash Flow Risk Management

To maintain operational liquidity, trading funds must come from internal capital, with consideration given to projected cash needs over the next three months.

6. Operational Risk Management

Strictly adhere to authorized limits and procedures to avoid operational risks.

7. Product Risk Management

Internal traders must have thorough and accurate professional knowledge. Require banks to fully disclose risks to avoid misuse.

8. Legal Risk Management

Contracts should follow standard market practices. Unique contracts must be reviewed by the legal department or external legal counsel.

9. Derivatives Trading Risk Management

- a. Traders must possess thorough and accurate knowledge of the financial instruments and ensure counterparties disclose associated risks.
- b. Traders must not concurrently serve in confirmation or settlement roles.
- c. All transactions must be confirmed with counterparties to avoid disputes from miscommunication or misunderstanding.

III. Internal Audit System

1. Internal auditors shall periodically assess the adequacy of internal controls over derivatives trading and conduct monthly audits of compliance with trading procedures. Any material violation shall be reported in writing to all supervisors.
2. Internal auditors shall submit audit reports and the annual implementation status of the audit plan to the FSC by the deadline set by the competent authority.
3. Internal auditors shall also report improvements made in response to any abnormalities in the derivatives trading procedures to the FSC.

IV. Periodic Evaluation and Handling of Abnormalities

1. The Board of Directors shall authorize senior executives to regularly monitor and evaluate the Company's derivatives trading to ensure alignment with its business strategies and within acceptable risk levels. Any irregularities shall be reported to the

Board of Directors immediately. If independent directors are in place, their opinions must be considered and documented.

2. The Finance Department shall prepare quarterly risk assessment reports and submit them to the audit unit for recordkeeping.
3. The trading unit shall assess positions weekly or, for hedging trades, at least twice monthly. Evaluation results shall be reported to the senior executive authorized by the Board of Directors.
4. Legal counsel shall be consulted for legal matters related to derivatives trading.
5. Details such as transaction types, amounts, dates of Board of Directors approvals, and periodic evaluations shall be recorded in the “Derivatives Trading Log Book” for inspection.
6. If Board of Directors approval is required under internal rules or law and any director objects with written or recorded dissent, such information shall be sent to all supervisors. If independent directors are in place, their opinions must be considered and documented. If an audit committee is established, material transactions must be approved by a majority of its members. If not approved by the committee, a two-thirds majority of all directors may approve the matter. All members and directors shall be counted based on those currently in office.

#### Mergers, Spin-offs, Acquisitions, and Share Transfers

Article 18 When the Company conducts a merger, spin-off, acquisition, or share transfer, it shall, prior to the Board of Directors resolution, engage a certified public accountant, lawyer, or securities underwriter to provide an opinion on the reasonableness of the share exchange ratio, acquisition price, or the cash or other assets to be distributed to shareholders, and submit such opinion to the Board of Directors for discussion and approval.

However, if the Company merges with a subsidiary in which it directly or indirectly holds 100% of the issued shares or total capital, or if such a merger occurs between subsidiaries each directly or indirectly held 100% by the Company, obtaining the aforementioned expert opinion on reasonableness may be exempted.

Article 19 Before convening a shareholders’ meeting, the Company shall prepare a

public document for shareholders detailing the key terms and related matters of the proposed merger, spin-off, or acquisition. This document shall be delivered to shareholders along with the expert opinion obtained in accordance with the preceding article and the notice of the shareholders' meeting, to serve as a reference for shareholders in deciding whether to approve the proposed merger, spin-off, or acquisition. However, if approval by the shareholders' meeting is not required under other applicable laws, this requirement does not apply.

If the Company or any company participating in the merger, spin-off, or acquisition fails to convene or pass a resolution at its shareholders' meeting due to insufficient attendance, voting rights, or other legal restrictions, or if the proposal is rejected at the shareholders' meeting, the Company shall immediately publicly explain the reasons, follow-up actions, and the expected date of the next shareholders' meeting.

Article 20 Unless otherwise provided by law or approved in advance by the FSC due to special circumstances, companies participating in a merger, spin-off, or acquisition shall convene their board of directors and shareholders' meetings on the same day to resolve matters related to the merger, spin-off, or acquisition.

Companies participating in a share transfer, unless otherwise provided by law or approved in advance by the FSC due to special circumstances, shall convene their board of directors on the same day.

Listed companies or companies whose shares are traded over-the-counter (OTC) and are participating in a merger, spin-off, acquisition, or share transfer shall prepare and retain complete written records of the following for a period of five years for audit purposes:

1. Basic information of personnel: Including all individuals who participated in the merger, spin-off, acquisition, or share transfer plan or its execution before public disclosure, along with their titles, names, national ID numbers (or passport numbers for foreign nationals).
2. Dates of key events: Including the signing of letters of intent or memorandums of understanding, engagement of financial or legal advisors, execution of contracts, and board meeting dates.
3. Important documents and minutes: Including the merger, spin-off,

acquisition, or share transfer plan, letters of intent or memorandums of understanding, major contracts, and board meeting minutes.

Article 21 All individuals who participate in or are aware of the Company's merger, spin-off, acquisition, or share transfer plans shall issue a written confidentiality undertaking. Prior to public disclosure of the information, they shall not disclose any details of the plan to any outside party, nor shall they trade, either in their own name or through others, in the shares or other equity-related securities of any company involved in the merger, spin-off, acquisition, or share transfer.

Article 22 When the Company engages in a merger, spin-off, acquisition, or share transfer, the share exchange ratio or acquisition price may not be arbitrarily altered, except under the following circumstances, which must also be stipulated in the relevant merger, spin-off, acquisition, or share transfer agreement as conditions under which changes are permitted:

1. Conducting capital increases in cash, issuing convertible bonds, distributing stock dividends, issuing corporate bonds with warrants, preferred shares with warrants, subscription warrants, or other equity-related securities.
2. Disposal of major company assets or engaging in other activities that significantly affect the Company's financial operations.
3. Occurrence of major disasters, significant technological changes, or other events that affect shareholders' equity or the market price of securities.
4. Adjustment due to any party in the merger, spin-off, acquisition, or share transfer buying back treasury shares in accordance with the law.
5. Increase or decrease in the number or identity of parties involved in the merger, spin-off, acquisition, or share transfer.
6. Other conditions for change that have been expressly stipulated in the agreement and publicly disclosed.

Article 23 When the Company participates in a merger, spin-off, acquisition, or share transfer, the agreement shall specify the rights and obligations of each participating company and shall include the following matters:

1. Remedies for breach of contract.
2. Principles for handling equity-type securities issued by, or treasury

shares repurchased by, a company that will be dissolved due to the merger or that will be spun off.

3. The number of treasury shares that may legally be repurchased by participating companies after the share exchange ratio reference date and the principles for handling such shares.
4. Measures to be taken in the event of any change in the number or identity of participating entities.
5. The expected implementation schedule and estimated completion timeline of the plan.
6. Contingency procedures, including the scheduled date for convening a shareholders' meeting as required by law, if the plan is not completed by the expected deadline.

Article 24 If, after any party involved in a merger, spin-off, acquisition, or share transfer publicly discloses information, it intends to engage in a merger, spin-off, acquisition, or share transfer with another company, then—unless the number of participating companies is reduced and the shareholders' meeting has already resolved and authorized the board of directors to make such changes—the participating companies shall convene a new shareholders' meeting to pass a resolution. Furthermore, any procedures or legal actions already completed under the original merger, spin-off, acquisition, or share transfer plan must be carried out again.

Article 25 If any of the companies participating in a merger, spin-off, acquisition, or share transfer is not a public company, the Company shall enter into an agreement with such company and handle the matter in accordance with the provisions of Articles 20, 21, and 24.

Article 26 The Company's subsidiaries shall handle matters in accordance with the following provisions:

1. Subsidiaries shall also establish and implement “Procedures for Acquisition or Disposal of Assets” in accordance with the relevant provisions of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”
2. If a subsidiary is not a domestic public company and its acquisition or disposal of assets reaches the reporting threshold specified in Article 31, Paragraph 1 of the aforementioned Regulations and Article 6 of these

Procedures, the Company shall handle the public announcement and reporting on behalf of the subsidiary.

3. For the purpose of determining whether a subsidiary has reached the public announcement and reporting threshold, the paid-in capital or total assets of the Company shall be used as the basis.

#### Article 27 Miscellaneous Provisions

1. Matters not provided for in the Procedures shall be handled in accordance with relevant laws and regulations as well as the Company's internal rules. If the competent authority amends the original rulings regarding procedures for the acquisition or disposal of assets, the Company shall follow the latest provisions of such rulings.
2. The Procedures for the Acquisition or Disposal of Assets shall be approved by the Board of Directors, submitted to the supervisors, and presented to the shareholders' meeting for approval. The same applies to any amendments. If any director expresses dissent with a record or written statement, the Company shall submit the dissenting opinion to the supervisors.
3. If the Company has appointed independent directors in accordance with the Securities and Exchange Act, when the acquisition or disposal of assets procedures are submitted to the Board of Directors for discussion in accordance with the preceding paragraph, the opinions of the independent directors shall be fully considered. Any dissenting or reserved opinions expressed by the independent directors shall be recorded in the minutes of the Board of Directors.
4. If the Company has established an Audit Committee in accordance with the Securities and Exchange Act, the formulation or amendment of the Procedures for the Acquisition or Disposal of Assets shall be approved by at least one-half of all Audit Committee members and submitted to the Board of Directors for resolution. If approval by at least one-half of all Audit Committee members is not obtained, the procedures may be implemented 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 Board meeting. The term "all Audit Committee members" and "all directors" refers to those currently in office.



Article 28 The Procedures shall take effect after approval by the Shareholders' Meeting. The same shall apply to any amendments.