Better Life Group Co., Ltd.
Procedures for Acquisition or Disposal of Assets

Approved by the shareholders' meeting on June 26, 2026

Article 1: These Procedures are established in accordance with Article 36-1 of the Securities and Exchange Act and the January 19 2007 Jin-Guan-Yi-Zi No. 0960001463 Decree,

Article 2: The term "assets" as used in these Procedures includes the following:

I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.

II. Real property (including land, houses and buildings, investment property, land use right and construction enterprise inventory) and equipment.

III. Memberships.

IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets.

V. Right-of-use assets.

VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).

VII. Derivatives.

VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.

IX. Other major assets.

Article 3: Terms used in these Procedures are defined as follows:

I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

II. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter referred to as "transfer of shares") under Article 156-3 of the Company Act.

III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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

V. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

VI. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

VII. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.

VIII. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.

IX. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 4: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

II. May not be a related party or de facto related party of any party to the transaction.

III. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding Paragraph shall comply with the self-disciplinary rules of its own industrial association and the following:

I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.

II. When executing a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.

III. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.

Article 5: In acquiring or disposing of real property, equipment or right-of-use assets thereof, where the transaction amount reaches 20 percent of the company's paid-in capital or NT$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions.

I. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
II. Where the transaction amount is NT$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
III. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
(I) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
(II) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
IV. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
V. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.
VI. When the Company has established the construction business, except where a limited price, specified price, or special price is employed as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the appraisal report shall be obtained within 2 weeks counting inclusively from the date of occurrence, and the certified public accountant's opinion under Subparagraph 3 of the preceding Paragraph, shall be obtained within 2 weeks counting inclusively from the date of obtaining the appraisal report.

Article 6: Procedures for acquisition or disposal of securities investment

I. Executing Unit

When the Company invests in long-term or short-term securities, it shall be submitted for approval according to the delegation of authority, following which the financial and accounting unit shall be responsible for the execution thereof.

II. Obtaining expert opinion

(I) For the acquisition or disposal of securities of the Company, it is necessary to obtain the financial statements of the most recent period of the subject company certified or audited by CPA before the transaction occurrence date as the reference for evaluating the transaction price.

(II) Where the Company acquires or disposes of securities and the transaction amount reaches 20 percent or more of paid-in capital or NT$300 million or more, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the FSC.

(III) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 7: Procedure for handling related party transaction

I. The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

(I) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

(II) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

II. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding Paragraph.

III. The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property in accordance with Subparagraph 1 and Subparagraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.

IV. Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with Subparagraph 1 and Subparagraph 2 are uniformly lower than the transaction price, the following steps shall be taken: However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

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

1. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

(II) Where the Company acquiring real property or obtaining real property right-of-use assets through leasing from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding Paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

V. Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding four Subparagraphs are uniformly lower than the transaction price, the following steps shall be taken: The Company that has set aside a special reserve under this subparagraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

(I) The Company shall set aside a special reserve in accordance with Paragraph I of Article 41 of the Act against the difference between the real property or right-of-use assets thereof transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. {2Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.

(II) audit committee shall comply with Article 218 of the Company Act.

(III) Actions taken pursuant to the preceding two Items shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

VI. Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the Subparagraph 8, and Subparagraph 1, Subparagraph 2 and Subparagraph 3 do not apply:

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

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

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

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

VII. When the Company acquires real property or right-of-use assets from a related party, it shall also comply with the Subparagraph 5 if there is other evidence indicating that the acquisition was not an arm's length transaction.

VIII. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and the board of directors:

(I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.

(II) The reason for choosing the related party as a transaction counterparty.

(III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraphs of this Article.

(IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.

(V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.

(VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in accordance with Article 9.

(VII) Restrictive covenants and other important stipulations associated with the transaction.

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

The calculation of the transaction amount referred to in the preceding Paragraph shall be made in accordance with Article 8-1 herein. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

With respect to the types of transactions listed below, when to be conducted between the Company and the parent company, subsidiaries or between subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or authorized capital, the board of directors may authorize the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the most recent board of directors' meeting:

I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.

II. Acquisition or disposal of real property right-of-use assets held for business use.

After the Company establishes independent directors, when a real property or its right-of-use assets is acquired from or disposed with a related party, it shall be reported to the board of directors for discussion, and the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the meeting minutes of the board of directors meeting.

After an audit committee has been established by the Company, the matters for which Paragraph 1 requires recognition by the supervisors shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution,

In case where the consents of more than one-half of all members of the audit committee cannot be obtained in the preceding Paragraph, then the consents of more than two-thirds of all directors shall be obtained, and the meeting mutinies of the board of directors' meeting shall be recorded with the resolution of the audit committee.

The terms "all audit committee members" described in the preceding Paragraph and "all directors" described in the preceding Paragraph shall be counted as the actual number of persons currently holding those positions.

When the Company or a subsidiary engages in any transaction described in Subparagraph 8 of Paragraph 1, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall submit all specified documents to the shareholders' meeting for approval before signing the transaction contract or make payment. However, such restriction shall not be applicable to transactions between the Company and the parent or subsidiaries, or between subsidiaries.

The calculation of the transaction amounts referred to in Subparagraph 8 of Paragraph 1 and the preceding Paragraph shall be made in accordance with Item 8 of Subparagraph 1 of Article 12, and the term "within the preceding year" described refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the audit committee, the shareholders' meeting and the board of directors need not be counted toward the transaction amount.

Article 8: Procedures for acquisition or disposal of intangible assets or right-of-use assets thereof or memberships

I. Assessment and operating procedures

The acquisition or disposal of intangible assets or right-of-use assets thereof or memberships shall be handled according to the internal control system fixed asset cycle procedures of the Company.

II. Procedures for determining transaction criteria and degree of authority delegation

(I) For the acquisition or disposal of memberships, the market fair price shall be considered to determine the transaction terms and transaction price through resolution, and analysis report shall be prepared for submission to the President. Where the amount is less than or equal to 1 percent of the paid-in capital or NT$3 million, it shall be reported to the President for approval and shall be submitted to the most recent board of directors' meeting for approval after the occurrence of the event. Where the amount exceeds NT$3 million, it shall be submitted to the boards of directors for approval before executing the matter.

(II) For the acquisition or disposal of intangible assets or right-of-use assets thereof, the market fair price shall be considered to determine the transaction terms and transaction price, and analysis report shall be prepared for submission to the Chairman. Where the amount is less than or equal to 10 percent of the paid-in capital or NT$20 million, it shall be reported to the Chairman for approval and shall be submitted to the most recent board of directors' meeting for approval after the occurrence of the event. Where the amount exceeds NT$20 million, it shall be submitted to the boards of directors for approval before executing the matter.

(III) Where the acquisition or disposal of asset of the Company is required to be approved by the board of directors according to the procedures stipulated or other laws and regulations, if any director expresses dissent and it is contained in the minutes or a written statement, the Company shall also submit the director's dissenting opinion to the audit committee. When the acquisition or disposal of asset transaction is submitted to the board of directors for discussion, the opinion of each independent director's shall be considered sufficiently. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the meeting minutes of the board of directors meeting.

III. Executing unit

When the Company acquires or disposes intangible assets or right-of-use assets thereof or memberships, it is necessary to proceed with the report for approval according to the delegation of authority described in the preceding Paragraph, following which the use department and financial and accounting department or administrative department shall be responsible for the execution thereof.

IV. Expert assessment opinion report for intangible assets or right-of-use assets thereof or memberships

(I) Where the Company acquires or disposes of memberships and the transaction amount reaches 1 percent or more of paid-in capital or NT$3 million or more, the Company shall also obtain an appraisal report from a professional.

(II) Where the Company acquires or disposes of intangible assets or right-of-use assets thereof and the transaction amount reaches 10 percent or more of paid-in capital or NT$20 million or more, the Company shall also obtain an appraisal report from a professional.

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

Article 8-1: The calculation of the transaction amount described in Article 5, Article 6 and Article 8 shall be done in accordance with Item 5 of Subparagraph 1 of Article 12 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained according to these Procedures need not be counted toward the transaction amount.

Article 9: Procedures for acquisition or disposal of claims of financial institutions

The Company, in principle, does not perform any acquisition or disposal of claims of financial institutions. However, if the Company plans to performs transactions related to acquisition or disposal of claims of financial institutions, it shall be reported to the board of directors for approval first, following which the assessment and procedures thereof may then be established.

Article 10: Procedures for acquisition or disposal derivatives

I. Transaction principles and directives

(I) Transaction type

1. The derivatives traded by the Company refer to transaction contracts (such as forward contracts, options contracts, futures, interest rate or exchange rate, swap contracts, and hybrid contracts formed as a combination of the aforementioned commodities etc.), whose value is derived from commodities of asset, interest rate, exchange rate, index or other benefits etc.
2. Regarding matters related to bond margin trading, such matters shall be handled according to relevant requirements of these Procedures. The requirements of these Procedures may not be applicable to bond trading under repurchase agreement.

(II) Operating (hedging) strategy

The Company engaging in financial derivatives trading shall be for the purpose of hedging, and the trading commodities shall be selected and used mainly for hedging risks arising from the business operation of the Company. The currency held shall match with the foreign currency required for the actual import and export transactions of the Company and based on the principle of offset of the entire internal position (refers to foreign currency income and expenditure) of the Company, thereby reducing the overall foreign exchange risk of the Company and saving foreign exchange operational cost. Other trades of special purposes shall be assessed carefully and shall be submitted to the board of directors for approval before execution.

(III) Delegation of Responsibilities

1. Department of Finance

(1)Trading personnel

A. Responsible for the establishment of the financial product trading strategy of the entire company.
B. Trading personnel shall, based on the periodic calculation position of every two weeks, collect market information, perform tend determination and risk assessment, establish operation strategy, in order to use such information and strategy as the basis for trading after approval is obtained according to the approval authority.
C. Execute trading according to the authorization granted and the existing strategy.
D. In case of any major changes in the financial market, when the trading personnel determine that the existing strategy is not applicable, then assessment report shall be submitted at any time, and strategy shall be re-established, following which once the approval of President is obtained, it is used as a basis for engaging in trading.

(2)Accounting personnel

A. Perform trading confirmation.
B. Review whether trading is executed according to the authorization authority and predefined strategy.
C. Perform valuation monthly, and submit valuation report to the President.
D. Accounting affairs handling.
E. Perform reporting and public announcement according to the regulations of FSC.

(3)Settlement personnel: Perform settlement works.

(4)Derivatives approval authority

A. Approval authority for hedge trades

Approval authority	Daily trading authority	Net accumulated position trading authority
Financial and accounting officer	Less than US$0.5M (inclusive)	Less than US$1.5M (inclusive)
President	US$0.5M-2M (inclusive)	Less than US$5M (inclusive)
Chairman	Above US$2M (inclusive)	Less than US$10M (inclusive)

B. Other transactions of specific purposes shall be reported to the board of directors for approval before execution of such transactions.
C. Where the acquisition or disposal of asset of the Company is required to be approved by the board of directors according to the procedures stipulated or other laws and regulations, if any director expresses dissent and it is contained in the minutes or a written statement, the Company shall also submit the director's dissenting opinion to the audit committee. When the acquisition or disposal of asset transaction is submitted to the board of directors for discussion, the opinion of each independent director's shall be considered sufficiently. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the meeting minutes of the board of directors meeting.

2. Auditing Department

   Responsible for understanding the appropriateness of derivative trading internal control and auditing the status of trading department's compliance with the operating procedures, and analyzing the trading cycle, preparing audit report. In addition, in case of material deficiency, report shall be submitted to the board of directors.

3. Performance Evaluation

   (1) Hedge Trades

   A. The profit or loss obtained from difference between the exchange rate cost recognized and the financial |derivative trading made by the Company is used as the basis for performance evaluation.

   B. To sufficiently manage and express the evaluation risks of transactions, the Company adopts the monthly evaluation method to assess the profit and loss.

   C. The Department of Finance shall provide foreign exchange position evaluation and foreign exchange market trend as well as market analysis for submission to the President as reference and guidance for management.

   (2) Trading of Specific Purpose

   The actual profit or loss generated is used as the basis for performance evaluation, and the accounting personnel shall periodically prepare reports on the position in order to submit to the management level for review and reference.

4. Establishment of contract total amount and loss limit

   (1) Contract total amount

   A. Hedge trade limit

   The Department of Finance shall manage the overall position of the Company in order to avoid transaction risks. The hedge trade amount shall not exceed two thirds of the overall net position of the Company. If it exceeds the limit of two thirds, it shall be reported to the President for approval.

   B. Trading of Specific Purpose

   For the prediction of the market change status, the Department of Finance may establish strategy according to the needs and report to the President and Chairman for approval in order to proceed further. For trading of specific purpose of the Company, the total contract amount of the net aggregate position of the entire company shall not exceed the limit of US$10 million. In case where any trading exceeds the aforementioned amount, the approval of the board of directors shall be obtained, the policy instructions shall be complied.

   (2) Establishment of loss limit

   A. Hedge trades shall be for the purpose of risk avoidance, and the trading foreign exchange risk net position shall be used as the basis, and 100 percent of such net position shall be used as the hedge limit.

B. For trading contracts with specific purpose, after the establishment of position, it is necessary to set up the stop-loss point in order to prevent excessive loss. The setting of the stop-loss point shall not exceed 10 percent of the trading contract amount. If the loss amount exceeds 10 percent of the trading amount, it shall be reported to the President immediately, and reported to the board of directors in order to discuss necessary responsive measures.

C. The individual contract loss amount shall not exceed the lower amount of the US$200 thousand and 5 percent of the trading contract amount, as the loss limit.

D. The maximum annual loss of trading operation of specific purpose shall be US$300 thousand.

II. Risk management measures

(I) Credit risk management

Since market is subject to the changes of various factors such that operational risk of derivatives is likely to occur, consequently, with regard to the market risk management, it shall be performed according to the following principle:

1. Transaction counterparties: shall be domestic/foreign well-known financial institutions in principle.
2. Transaction commodities: shall be limited to products provided by domestic/ foreign well-known financial institutions.
3. Transaction amount: The open transaction amount of one identical transaction counterparty shall not exceed 10 percent of the authorized total amount; provided that where the approval of the President is obtained, such restriction shall not be applicable.

(II) Market risk management

The open foreign exchange trading market provided by banks are considered in principle, and the futures market is temporarily not considered.

(III) Liquidity risk management

To ensure the market liquidity, during the selection of financial products, the ones with relatively higher liquidity (i.e. can be squared off in the market at any time) shall be selected in principle. The financial institutions entrusted to perform transactions shall have sufficient information and the capability to perform transaction in any market at any time.

(IV) Cash Flow Risk Management

To ensure the stability of working capital of the Company , the source of fund for the Company to engage in derivatives trading shall be limited to own fund only, and the operating amount shall consider the fund demand anticipated for the cash income/expenditure in the next three months.

(V) Operational risk management

1. Shall comply with the authorization limit, operation procedures specified by the Company properly and shall be included in the internal audit in order to prevent operating risk.
2. Personnel engaging in derivatives trading shall not concurrently act as the operators for the confirmation and delivery of transactions.
3. Risk measurement, supervision and control personnel shall be from departments different from the personnel described in the preceding Subparagraph, and shall report to the board of directors or senior supervisor responsible for the position decision making.

4. The positions held for the derivatives trading shall be assessed at least once weekly. However, for hedge trades performed due to business needs, such trades shall be assessed at least twice monthly. The assessment report shall be submitted to the senior management officer authorized by the board of directors.
5. Other important risk management measures.

(VI) Product risk management

Internal trading personnel shall be equipped with complete and correct professional knowledge on financial commodities, and shall request banks to disclose risks in order to prevent the risk of misuse of financial products.

(VII) Legal risk management

Documents to be signed with financial institutions shall reviewed by professional personnel of the foreign exchange and legal or legal consultant before executing official signing in order to prevent legal risk.

III. Internal audit system

(I) Internal auditors shall periodically understand the appropriateness of the derivatives trading internal control, and shall audit the status of the trading department complying with the procedures for engaging in derivatives trading and analyze the trading cycle in order to prepare audit report. In case of discovery of material breach, written notice shall be submitted to the audit committee.

(II) Internal auditors shall submit the audit report along with the internal audit operation annual audit plan execution status to the Securities and Futures Bureau before the end of February of next year, and shall also report the abnormality improvement status to the Securities and Futures Bureau for recordation no later than the end of May of next year.

(III) The board of directors shall authorize senior management officers to periodically supervise and assess whether derivative trading performed are handled properly according to the trading procedures established by the Company, and whether the risk borne is within the acceptable range. In case of any abnormalities indicated in the market price assessment report (such as the position held has exceeded the loss limit), report to the Chairman shall be made immediately, and responsive measures shall be adopted.

(IV) The positions held for the derivatives trading shall be assessed at least once weekly. However, for hedge trades performed due to business needs, such trades shall be assessed at least twice monthly. The assessment report shall be submitted to the senior management officer authorized by the board of directors.

IV. Supervision management principles for board of directors for engaging in derivative trading

(I) The board of directors shall designate senior management officers to be aware of the supervision and control of the risks of derivative trading, and the management principle is as follows:

1. Periodically assess whether the risk management measures currently adopted are appropriate and properly handle matters according to the procedures for handling derivatives trading stipulated by the Company.
2. Supervise transactions and profit or loss condition. In case of discovery of any abnormality, necessary responsive measures shall be adopted, and shall report to the board of directors immediately. Where the Company has established

independent directors, the board of directors' meeting shall be attended by the independent directors and opinions shall be provided.

(II) Periodically assess whether the performance of the derivatives trading complies with the predefined management strategies and whether the risk borne is within the acceptable range of the Company.

(III) When the Company engages in derivative trading, where relevant personnel are authorized to according to the requirements of the procedures for derivative trading, it is necessary to report to the most recent board of directors' meeting after such trading.

(IV) The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under Item 5-4 of Subparagraph 2, Item 1-1 and Item 2 of this Subparagraph of this Article shall be recorded in detail in the log book.

Article 11: Procedures for merger, demerger, acquisition or transfer of shares

I. Assessment and operating procedures

(I) To conduct merger, demerger, acquisition or transfer of shares, the Company is recommended to appoint attorney, CPA and securities underwriter to jointly establish the statutory procedure and predefined schedule, and organize project team to execute according to the statutory procedure. In addition, prior to convening the board of directors to resolve on the matter, the Company shall engage a CPA, attorney, or securities underwriter to provide opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for discussion and approval. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

(II) The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in Subparagraph (1) of Paragraph 1 of this Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. In addition, where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

II. Other matters requiring attention

(I) Date of board of directors' meeting: The Company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and a shareholders meeting on the same day to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent thereto. The Company participating in a transfer of shares shall call a board of directors' meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

(II) Prior non-disclosure undertaking: All personnel of the companies participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

(III) Principles for share exchange ratio or acquisition price establishment and alternation: Companies conducting a merger, demerger, acquisition or transfer of shares, prior to convening the board of directors of both parties to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and shall report to the shareholders' meeting. The share exchange ratio or acquisition price shall not be altered arbitrarily in principle; however, where the contract has specified terms/conditions permitting alternation and such alternation have been publicly disclosed, then such restriction shall not be applied. The criteria permitted for the alternation of share exchange ratio or acquisition price are as follows:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets, that affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

(IV) Required content of contract: The contract for participation by a public company in a merger, demerger, acquisition, or of shares shall comply with the regulations of Article 317-1 of the Company Act and Article 22 of Business Mergers And Acquisitions Act, and shall also record the following:

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

3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

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

(VI) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company and shall handle the board of directors' meeting date according to Item 1 of Subparagraph 2 of this Article, prior non-disclosure undertaking according to Item 2 of Subparagraph 2 of this Article and requirements for the change in the number of companies participating in merger, demerger, acquisition or transfer of share according to Item 2 of Subparagraph 2 of this Article.

(VII) When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for five years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

(VIII) When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within two days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in Items 7-1 and 7-2 to the FSC for recordation.

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

Article 12: Procedures for public disclosure of information

I. Required announcement and report items and standards for announcement and report

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

(II) Merger, demerger, acquisition, or transfer of shares.

(III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.

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

1. For a public company whose paid-in capital is less than NT$10 billion, the transaction amount reaches NT$500 million or more.
2. For a public company whose paid-in capital is NT$10 billion or more but less than NT$50 billion, the transaction amount reaches NT$1 billion or more.
3. For a public company whose paid-in capital is NT$50 billion, the transaction amount reaches 5 percent or more of paid-in capital.

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

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

(VII) In the case of a public company with paid-in capital reaching NT$50 billion or more, transactions in government bonds, ordinary corporate bonds, and general bank debentures without equity characteristics (excluding subordinated debt) traded on securities exchanges or OTC markets, which do not fall under any of the circumstances listed in the proviso of Item 8, and where furthermore the transaction counterparty is not a related party, and the transaction amount reaches 5 percent or more of paid-in capital.

(VIII) Where an asset transaction other than any of those referred to in the preceding seven Items, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances:

1. Trading of domestic government bonds or foreign government bonds of credit rating not inferior to the authority rating of or nation.
2. Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds or ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of index investment securities, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

(IX) The amount of transactions described in the preceding paragraph shall be calculated as follows, and the term of “within the preceding year" as used in the preceding eight Items refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

II. Time-limit for public announcement and report

Where the public announcements specified in Subparagraph 1 are required and the transaction amount reaches the standard for public announcement and report with respect to the Company acquiring or disposing assets, a public announcement and report shall be made within two days counting inclusively from the date of occurrence of the event.

III. Procedures for public announcement and report

(I) The Company shall publicly announce and report relevant information on the FSC designated website.

(II) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the tenth day of each month.

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

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

(V) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported according to this Article, a public report of relevant information shall be made on the information reporting website designated by FSC, Executive Yuan, within two days counting inclusively from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

Article 13: Subsidiary of the Company shall proceed according to the following requirements:

I. A subsidiary shall also establish its “Procedures for Acquisition and Disposal of Assets” according to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, which shall be approved by the board of directors of the subsidiary and then reported to the shareholders’ meeting of both companies for approval. The same requirements shall be applied to amendments thereof.

II. When a subsidiary acquires or disposes assets, it shall also handle the matter according to the regulations of the Company.

III. Information required to be publicly announced and reported in accordance with the provisions of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies“ by a subsidiary that is not itself a public company in Taiwan shall be reported by the Company on behalf on such subsidiary.

IV. The paid-in capital or total assets of the Company (parent) shall be the standard applicable to a subsidiary in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Subparagraph 1 of the preceding Paragraph.

Article 13-1: For requirements related to the calculation of 10 percent of total assets described in these Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

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

Article 14: Penalties

Where an employee of the Company handling acquisition or disposal of assets violates the regulations of these Procedures, it shall be reported for evaluation according to the Personnel Management Regulations and the Employee Handbook of the Company in order to impose penalties according to the severity of such violation.

Article 15: Implementation and Amendment

The “Procedures for Acquisition or Disposal of Assets” established by the Company shall be implemented upon approval from the audit committee and board of directors, and submitted to the shareholders’ meeting for approval. The same applies when the Procedures are amended. During discussion of the board of directors’ meeting, if any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the audit committee.

After the Company establishes independent directors, these Procedures for Acquisition and Disposal of Assets shall be submitted for discussion by the board of directors, and the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the meeting minutes of the board of directors meeting.

After the audit committee has been established by the Company, when the procedures for the acquisition and disposal of assets and major asset or derivative transactions are adopted or amended they shall be approved by one-half or more of all Audit Committee members and submitted to the board of directors for a resolution.

In case where the consents of more than one-half of all members of the audit committee cannot be obtained in the preceding Paragraph, then the consents of more than two-thirds of all directors shall be obtained, and the meeting mutinies of the board of directors’ meeting shall be recorded with the resolution of the audit committee.

The terms "all audit committee members" described in the preceding Paragraph and "all directors” described in the preceding Paragraph shall be counted as the actual number of persons currently holding those positions.

Article 16: Supplementary Provisions

In case of any matters not specified in these Procedures, such matters shall be handled according to relevant laws and relevant regulations of the Company. Where the competent authority makes any amendment to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” or further announces a letter or decree, the Company shall comply with the regulations specified in the new letter or decree.