

Title: Guidelines for Derivatives Trading

Date: 2019.06.21 (Amended)

Article 1 (Purpose)

These regulations are formulated to ensure that the company and its subsidiaries comply with matters related to derivatives Trading. When the Company and its subsidiaries engage in derivative products transactions, they shall comply with these operating procedures.

Article 2 (Scope)

2.1 Scope of application: ALLTOP Technology Co., Ltd. (the Company) and its subsidiaries.

2.2 Scope: This procedure is applicable to the handling of various derivatives transactions.

Article 3 (Responsibilities)

Please refer to Article 5. Description of the authorization levels for each operation in the operation content.

Article 4 (Definition)

4.1 The "Derivative Products" means forward contracts, options contracts, futures contracts, leverage contracts, swaps contracts, and the hybrid products consisted by them which with worth derived from specific interest rate, financial instrument prices, product price, foreign exchange rates, indexes or other interests, credit rating or credit index, or derived from other variables. Or combined contracts or structured commodities embedded in derivative products.

4.2 The "Forward Contracts" does not include insurance contracts, fulfillment contracts, aftersales service contracts, long-term lease contracts and long-term purchase (sale) contracts.

4.3 "Parent company" is ALLTOP Technology Co., Ltd. "Subsidiary" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4.4 The term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).

4.5 Net worth: The net worth mentioned in these measures is based on the most recent financial statements of ALLTOP Technology Co., Ltd. that have been issued to the public and have been verified and certified by CPAs.

4.6 Board of Directors, Chairman, Supervisors, Financial Planning Team and Audit Committee: The functions and powers of the board of directors, chairman of the board, supervisor, financial planning team and audit committee referred to in these regulations may be performed by the board of directors, chairman of the board, supervisor, financial planning team and audit committee of ALLTOP Technology Co., Ltd.

4.7 Competent authority: The term “competent authority relationship” as mentioned in these operating procedures refers to the Financial Supervisory Commission(FSC).

Article 5 (Work Content)

5.1 Base on: This procedure is formulated in accordance with Article 36-1 of Securities & Exchange Law and issued on November 26, 2018 by Jin-Guan-Zheng-Fa Letter No. No. 1070341072. Provided, where financial laws or regulations provide otherwise, such provisions shall govern.

5.2 The Company engaging in deposit trading of bonds shall comply with these guidelines.

5.3 Authorization amount and level: The nature of derivatives transactions conducted by the Company and its subsidiaries is divided into two categories: "non-trading" (Hedging transactions not for trading purposes) and "trading" (Non-hedge transactions for trading purposes) according to their purposes. The transaction must be approved by the chairman of the board and shall be submitted to the latest board of directors for ratification afterwards.

5.4 The Company and its subsidiaries engage in derivatives trading mainly for hedging purposes. The trading partners of the company and its subsidiaries engaged in derivatives transactions should choose financial institutions with better conditions to engage in hedging transactions based on the Company's operational needs to avoid credit risks.

5.5 The financial planning team is responsible for the formulation and execution of strategies related to derivatives transactions, as well as regular evaluation and reporting of positions held, and senior executives who are not members of the financial planning team are designated by the board of directors to be responsible for the measurement, supervision and control of relevant risks.

5.6 The financial planning team should evaluate and review operating performance based on market prices every week, and report to the chairman and general manager regularly every month to review and improve the adopted hedging strategies.

5.7 Derivatives trading limits:

5.7.1 The total contract amount of "non-trading" derivatives transactions between the company and its subsidiaries shall not exceed actual business needs. The total annual contract amount of "trading" derivatives transactions is limited to 20% of the company's net worth.

5.7.2 The maximum loss limit for all and individual contracts of the company and its subsidiaries: Regarding the trading contracts of "non-trading" and "trading" derivatives, after the subject matter in the contract is established, a stop loss point should be set up to prevent excessive losses. The cumulative stop loss points for all and individual contracts of the company and its subsidiaries shall be capped at no more than 10% of the contract amount. The maximum annual loss limit for the company and its subsidiaries' "trading" derivatives operations is US\$200,000. If the company's unrealized losses exceed 3% of the company's owners' equity, it should immediately report to the chairman, report to the board of directors, and make major information announcements in accordance with regulations.

- 5.8 Handling of over-limit derivatives trading: The company's derivatives trading shall be subject to the company's prescribed limits. If it exceeds this prescribed limit, it shall be submitted to the board of directors for approval as a special project and shall be processed after approval. Or if the number of financial statements verified or reviewed by accountants in the latest period exceeds this prescribed limit due to changes in the latest financial statements, it should be reported to the latest board of directors for subsequent ratification.
- 5.9 Execution unit: The financial planning team should select financial institutions with better conditions, and after approval in accordance with Article 5.3 and the Approval Authority Table, sign a credit line contract with them and engage in derivatives transactions within the line.
- 5.10 Placing a public announcement and reporting to the competent authority: The completion of derivatives transaction and confirmation by the transaction confirmation personnel shall be handled in accordance with relevant regulations. The information on the derivatives transactions of the company and its subsidiaries that are not domestic public companies as of the end of the previous month shall be entered on a monthly basis in the information reporting website designated by the competent authority before the tenth of each month in accordance with the prescribed format.
- 5.11 The Company and its subsidiaries' accounting treatment methods for derivatives transactions are handled in accordance with the relevant provisions of the accounting system, except as provided in these operating procedures.
- 5.12 The personnel that deal with the transaction of derivative products, make confirmation of these transactions and make settlements of these transactions shall not be the same.
- 5.13 Risk management shall include the risk management of credit, market, liquidity, cash flow, operation and law. The risk measurement, supervision and control personnel should belong to different departments from those specified in the preceding paragraph, and should report to the board of directors or to senior managers who are not responsible for transaction or position decision-making.
- 5.14 The underlying assets held by derivatives exchanges should be evaluated at least once a week. but the hedging transaction made for business purposes shall be evaluated at least twice a month, and the evaluation reports shall be given to high-level managers authorized by the board of directors.
- 5.15 Assign high-level managers to oversee the supervision and the control of the risk of derivative transactions at all times. Periodically evaluate whether the results of the derivative transactions conform to the formulated operational policies and whether the attendant risk of these transactions is within the capability of the company.
- 5.16 Assign high-level managers should regularly evaluate whether the currently used risk management procedures are appropriate and are actually handled in accordance with these operating procedures and the relevant provisions of the " Regulations Governing the Acquisition and Disposal of Assets by Public Companies", and supervise transactions and profits and losses. If there are any abnormal situations in the market price evaluation reports, the high-level manager shall report to the board of directors immediately and take necessary measures to deal with the situation. If independent directors have been

appointed, the board of directors shall have independent directors present and express their opinions.

5.17 Internal auditors shall check the suitability of internal control of derivative transactions periodically and inspect monthly the compliance of the trading departments with the " Guidelines for Derivatives Trading " and analyze the trading cycle in order to make the auditing report. If major violations are discovered, each supervisor shall be notified in writing and relevant personnel shall be punished according to the violation.

Where the Company has appointed independent directors, when there is any matter of which it is required to notify the supervisors according to the preceding paragraph, it shall at the same time also give written notice to the independent directors.

Where the Company has established an audit committee, the provisions of preceding paragraph regarding supervisors shall apply mutatis mutandis to the audit committee.

5.18 When the Company engages in derivatives transactions, it should establish a memorandum, detailing the types and amounts of derivatives transactions, the date of approval by the board of directors, and matters that should be carefully evaluated in accordance with the provisions of Article 5.16 and 5.17. The details will be published in "Derivatives Transaction Record Book" (FS013-01) for future reference.

5.19 Transaction process: The Company's trading process for derivatives products is conducted in accordance with the regulations on investment cycle-related operations of the company and its subsidiaries' internal control systems.

5.20 Penalty: If relevant personnel engage in derivatives transactions and violate the " Regulations Governing the Acquisition and Disposal of Assets by Public Companies" or the provisions of these operating procedures, managers and supervisors will be punished depending on the violation.

Article 6 (Related documents)

None.

Article 7 (Attachments and Forms)

7.1 Attachments and paper forms:

No.	title	item	no
This Regulations Attachments and paper forms			
1	Derivatives Transaction Record Book	Annex 1	FS013-01
Other Regulations Attachments and paper forms: None.			

7.2 ERP forms: None.

Article 8 (EasyFlow program details)

None.

Article 9 (Promulgate and Implement)

- 9.1 After this procedure is approved by the board of directors, it will be sent to each supervisor and submitted to the shareholders' meeting for approval. If any director expresses objection and there is a record or written statement, the Company shall send the objection to each supervisor and submit it to the shareholders' meeting for discussion. The same shall apply when making amendments.
- 9.2 Where the Company has appointed independent directors, when it makes endorsements/guarantees for others, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.
- 9.3 Where the Company has established an audit committee, the formulation or amendment of these operating procedures must be approved by more than half of all members of the audit committee and submitted to the board of directors for resolution. The provisions of article 9.2 do not apply.
- 9.4 Where the preceding paragraph is not carried out without the consent of more than half of all members of the audit committee, it may be implemented with the consent of more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board meeting.
- 9.5 All members of the audit committee referred to in Article 9.3 and all directors referred to in Article 9.4 shall be calculated based on those who are actually in office.