

Title : Guidelines for Governing the Acquisition and Disposal of Assets

Date : 2022.06.23 (Amended)

Article 1 (Purpose)

In order to protect investment and implement information disclosure, the company and its subsidiaries must follow these procedures when acquiring or disposing of assets.

Article 2 (Scope)

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

2.2 Scope:

2.2.1 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.

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

2.2.3 Memberships.

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

2.2.5 Right-of-use assets.

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

2.2.7 Derivatives.

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

2.2.9 Other major assets.

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 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.

4.2 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 "transfer of shares") under Article 156-3 of the Company Act.

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

- 4.4 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.
- 4.5 Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of board 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.
- 4.6 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.
- 4.7 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.
- 4.8 Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation(TWSE); "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.
- 4.9 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.
- 4.10 The so-called "most recent financial statements" refer to the financial statements that have been verified and signed by CPA or reviewed by the Company in accordance with the law before the Company acquires or disposes of assets.
- 4.11 The so-called "Parent company" or "the Company" is ALLTOP Technology Co., Ltd.
- 4.12 The term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the competent authority.
- 4.13 Board of Directors, Chairman, Supervisors, and Audit Committee: The functions and powers of the board of directors, chairman of the board, supervisor, and audit committee referred to in these regulations may be performed by the board of directors, chairman of the board, supervisor, and audit committee of ALLTOP Technology Co., Ltd.
- 4.14 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. 1070341072. Provided, where financial laws or regulations provide otherwise, such provisions shall govern.

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

5.2.1 May not have previously received a final and un-appealable 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.

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

5.2.3 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-regulatory rules of the industry associations to which they belong and with the following provisions:

- a. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- b. When conducting 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.
- c. 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.
- d. 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.

Where a public 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.

5.3 With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.

Where the position of independent director has been created in accordance with the provisions of the Act, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, 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 minutes of the board of directors meeting.

Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 9.4 and 9.5.

Where the Company has established an audit committee, the provisions of preceding paragraph regarding supervisors shall apply mutatis mutandis to the audit committee. And the provisions of Article 5.6.4.2 shall apply mutatis mutandis to the independent director members of the audit committee.

5.4 Appraisal procedures and Operating procedures for the acquisition or disposal of assets

5.4.1 Price determination and Supporting reference materials: The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by CPA, for reference in appraising the transaction price.

5.4.1.1 The acquisition or disposal of securities that have been traded in the centralized trading market or the business premises of securities firms shall be determined based on the current market price.

5.4.1.2 When acquiring or disposing of securities that are not traded in centralized trading markets or securities dealers' business premises, their net value per share, profitability, future development potential, market interest rates, bond coupon rates, creditworthiness of the debtor, and current transactions should be considered. The price is then agreed upon.

5.4.2 Opinions of Expert: where the Company make acquiring or disposing of securities, if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding 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 Competent authority.

5.4.3 The degree of authority delegated and the levels to which authority is delegated:

5.4.3.1 If the company acquires or disposes of securities from centralized trading markets, non-centralized trading markets, securities dealers' business premises, or open market transactions, which are short-term capital deployment and have stable income properties, the single transaction amount is NT If the amount is less than \$60 million (inclusive), the general manager must approve it; if the amount is less than NT\$60 million to 90 million (inclusive), the chairman must approve it; if the amount is more than NT\$90 million, it must be approved by the board of directors.

In addition to the above provisions of the Company, other securities transactions must be approved by the board of directors, unless the board of directors authorizes the chairman of the board to execute the transaction.

5.4.3.2 If a subsidiary acquires or disposes of securities that have been traded on the centralized trading market or at the business premises of a securities firm, and the transaction amount is less than RMB 2 million (inclusive), it must be submitted internally to the company and submitted to the chairman for approval; the transaction amount exceeds RMB 2 million, it must be approved by the board of directors.

In addition, a subsidiary may acquire or dispose of securities that are not traded in a centralized trading market or at the business premises of a securities firm, but must obtain the approval of the board of directors. However, the board of directors may authorize the chairman to make a decision within RMB 1 million, and then report to the board of directors for ratification afterwards.

5.4.4 Execution unit: The company and its subsidiaries shall handle the acquisition and disposal of long-term and short-term securities investments in accordance with internal hierarchical responsibility regulations.

5.4.5 Transaction process: The transaction process for the Company and its subsidiaries to acquire or dispose of securities is handled in accordance with the regulations on the investment cycle of the Company and its subsidiaries' internal control systems.

5.5 Appraisal procedures and Operating procedures for acquire or dispose of real estate, equipment or rights-of-use assets:

5.5.1 Price determination and Supporting reference materials: When acquiring or disposing of real estate, equipment or assets with the right to use them, a declaration shall be signed by the original user unit or the relevant responsible unit. The asset management unit shall refer to the announced present value, assessed value, actual transaction price of adjacent real estate, recent transaction price of similar assets, etc., and choose one of the methods of price comparison, negotiation or bidding.

5.5.2 Opinions of Expert: 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:

5.5.2.1 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.

5.5.2.2 Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.

5.5.2.3 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 render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

5.5.2.3.1 The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.

5.5.2.3.2 The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

5.5.2.4 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.

5.5.3 The degree of authority delegated and the levels to which authority is delegated: The Company acquires or disposes of non-business real estate and its right-of-use assets and other non-business fixed assets. If the transaction amount is less than NT\$30 million (inclusive), it must be submitted internally to the company and submitted to the chairman for approval; the transaction amount exceeding NT\$30 million must be approved by the board of directors.

When a subsidiary acquires or disposes of non-business real estate and its right-of-use assets and other non-business fixed assets, if the transaction amount is less than RMB 2 million (inclusive), it must be submitted internally to the company and submitted to the chairman for approval; the transaction amount exceeding RMB 2 million, it must be approved by the board of directors.

The authorized quota and level of real estate for business use of the Company and its subsidiaries, their right-of-use assets and other fixed assets for business use shall be handled in accordance with the provisions of the approval authority table of the Company and its subsidiaries.

5.5.4 Execution unit: Regarding the acquisition and disposal of real estate, its right-of-use assets and other fixed assets of the Company and its subsidiaries, the execution units shall handle it in accordance with the internal hierarchical responsibility regulations.

5.5.5 Transaction process: The transaction process for the Company and its subsidiaries to acquire or dispose of real estate, right-of-use assets and other fixed assets is handled in accordance with the regulations on fixed asset cycle, investment cycle and related operations of the Company and its subsidiaries' internal control system.

5.6 Appraisal procedures and Operating procedures for related party transactions: 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 the preceding Section and this Section. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

5.6.1 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 board of directors and recognized by the supervisors:

5.6.1.1 The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.

5.6.1.2 The reason for choosing the related party as a transaction counterparty.

5.6.1.3 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 Article 5.6.2 and Article 5.6.3.

5.6.1.4 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.

5.6.1.5 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.

5.6.1.6 An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.

5.6.1.7 Restrictive covenants and other important stipulations associated with the transaction.

With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly

holds 100 percent of the issued shares or authorized capital, the Company's board of directors may pursuant to the situation at that time delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

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

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

Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to Article 5.6.1, 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 minutes of the board of directors meeting.

Where an audit committee has been established in accordance with the provisions of the Act, the matters for which Article 5.6.1 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, and shall be subject to mutatis mutandis application of Article 9.4 and 9.5.

If the Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in Article 5.6.1 and the transaction amount will reach 10 percent or more of the Company's total assets, the Company shall submit the materials in all the subparagraphs of Article 5.6.1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company or subsidiaries or between its subsidiaries.

5.6.2 Reasonableness Assessment of Transaction Costs:

5.6.2.1 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:

5.6.2.1.1 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.

5.6.2.1.2 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.

5.6.2.2 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 Article 5.6.2.1.

5.6.2.3 The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with Article 5.6.2.1 and 5.6.2.2 shall also engage a CPA to check the appraisal and render a specific opinion.

5.6.2.4 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 Article 5.6.1, and Article 5.6.2.1 and 5.6.2.3 do not apply:

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

- 5.6.2.4.2 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.
- 5.6.2.4.3 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.
- 5.6.2.4.4 The real property right-of-use assets for business use are acquired by the Company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.
- 5.6.3 When the results of the Company's appraisal conducted in accordance with Article 5.6.1 and 5.6.2 are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 5.6.4. 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:
 - 5.6.3.1 Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - 5.6.3.1.1 Where undeveloped land is appraised in accordance with the means in Article 5.6.3.1.2, 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.
 - 5.6.3.1.2 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.
 - 5.6.3.2 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.
- 5.6.4 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 two articles are uniformly lower than the transaction price, the following steps shall be taken:
 - 5.6.4.1 A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where 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.

5.6.4.2 Supervisors shall comply with Article 218 of the Company Act. Where an audit committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee.

5.6.4.3 Actions taken pursuant to Article 5.6.4.1 and 5.6.4.2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

5.6.4.4 The Company that has set aside a special reserve under the preceding paragraph 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.

5.6.4.5 When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with Article 5.6.4 if there is other evidence indicating that the acquisition was not an arm's length transaction.

5.7 Appraisal procedures and Operating procedures for Acquire or dispose of intangible assets or their right-to-use assets or membership certificates:

5.7.1 Price determination and Supporting reference materials: When acquiring or disposing of intangible assets or their right-of-use assets or membership certificates, the possible future benefits and fair market value of the assets should be considered, and expert opinions should be consulted when necessary, before being negotiated with the counterparty to the transaction.

5.7.2 Opinions of Expert:

5.7.2.1 If the Company obtains or disposes of a membership certificate and the transaction amount reaches 1% of the Company's paid-in capital or NT\$1 million or more, it should contact an expert to issue an appraisal report.

5.7.2.2 If the Company acquires or disposes of intangible assets or its right-of-use assets, and the transaction amount reaches more than 10% of the Company's paid-in capital or NT\$10,000, it should contact an expert to issue an appraisal report.

5.7.2.3 If the Company acquires or disposes of intangible assets or its right-of-use assets or membership certificates, and the transaction amount reaches 20% of the Company's paid-in capital or more than NT\$300 million, except for transactions with domestic government agencies, it should ask CPA to express an opinion on the reasonableness of the transaction price before the date of occurrence.

5.7.3 The degree of authority delegated and the levels to which authority is delegated:

5.7.3.1 If the transaction amount of the Company's acquisition or disposal of membership certificates is less than NT\$3 million (inclusive), it must be signed internally by the company and submitted to the chairman of the board for approval; if the transaction amount exceeds NT\$3 million, it must be approved by the board of directors.

If a subsidiary obtains or disposes of membership certificates with a transaction amount of less than RMB 200,000 (inclusive), it must be signed within the company and submitted to the chairman for approval; if the transaction amount exceeds RMB 200,000, it must be approved by the board of directors.

5.7.3.2 If the Company acquires or disposes of intangible assets or its right-of-use assets with a transaction amount of less than NT\$30 million (inclusive), it must be submitted internally to

the company and submitted to the chairman of the board for approval. It must also be reported to the latest board of directors. Transaction amounts exceeding NT\$30 million must be approved by the board of directors.

If a subsidiary acquires or disposes of intangible assets or its right-of-use assets with a transaction amount of less than RMB 1 million (inclusive), it must be submitted internally to the company and approved by the chairman of the board before it can be done, and it must be reported to the latest board of directors; Transaction amounts exceeding RMB 1 million must be approved by the board of directors.

- 5.7.4 Execution unit: The company and its subsidiaries shall handle the acquisition and disposal of intangible assets or their right-of-use assets or membership certificates in accordance with internal hierarchical responsibility regulations.
- 5.7.5 Transaction process: The transaction process for the Company and its subsidiaries to acquire or dispose of intangible assets or their right-to-use assets or membership certificates shall be handled in accordance with the regulations on the investment cycle of the Company and its subsidiaries' internal control systems.
- 5.8 Appraisal procedures and Operating procedures for Obtain or dispose of debts from financial institutions: In principle, the company and its subsidiaries will not engage in transactions to acquire or dispose of claims from financial institutions. If it subsequently intends to engage in transactions to acquire or dispose of claims from financial institutions, it will be submitted to the board of directors for approval before formulating relevant evaluation and operational procedures.
- 5.9 Appraisal procedures and Operating procedures for derivatives trading: When the company and its subsidiaries engage in derivative financial products, they should follow the " Guidelines for Derivatives Trading " (FS013), and should pay attention to risk management and auditing matters to implement the internal control system.
- 5.10 Appraisal procedures and Operating procedures for Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares:
 - 5.10.1 Determination method and reference basis of transaction consideration: When handling a merger, split, acquisition or share transfer, the past and future financial and business conditions of the participating companies, the expected future benefits, the fair way the market determines the transaction price, and the professional opinions of accountants, lawyers or securities underwriters should be considered, and then negotiate the price with the counterparty involved in the merger, split, acquisition or share transfer.
 - 5.10.2 Opinions of Expert: The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors 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 submit it to the board of directors for deliberation and passage. 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.
 - 5.10.3 The degree of authority delegated and the levels to which authority is delegated: When handling mergers, divisions, acquisitions or share transfers, the resolutions shall be handled in accordance with the provisions of the Company Law and relevant laws.

5.10.4 Submission of relevant information and disclosure of information when it cannot be approved by the shareholders' meeting:

5.10.4.1 The Company participating in a merger, demerger, acquisition, or transfer of shares 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 Article 5.4.2 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.

5.10.4.2 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.

5.10.5 Date of board of directors and shareholders meeting:

5.10.5.1 The Company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction 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.

5.10.5.2 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.

5.10.5.3 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 5 years for reference:

5.10.5.3.1 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.

5.10.5.3.2 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.

5.10.5.3.3 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.

5.10.5.4 When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 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 Article 5.10.5.3.1 and 5.10.5.3.2 of the preceding paragraph to the FSC for recordation.

5.10.5.5 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 Article 5.10.5.3 and 5.10.5.4.

- 5.10.6 Obligation of confidentiality and avoidance of insider trading: Every person 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.
- 5.10.7 Principles for changes in share exchange ratio or purchase price: The Companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
 - 5.10.7.1 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.
 - 5.10.7.2 An action, such as a disposal of major assets, that affects the Company's financial operations.
 - 5.10.7.3 An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 - 5.10.7.4 An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - 5.10.7.5 An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - 5.10.7.6 Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- 5.10.8 The contract should specify matters: The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
 - 5.10.8.1 Handling of breach of contract.
 - 5.10.8.2 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.
 - 5.10.8.3 The amount of treasury stock participating companies is permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 - 5.10.8.4 The manner of handling changes in the number of participating entities or companies.
 - 5.10.8.5 Preliminary progress schedule for plan execution, and anticipated completion date.
 - 5.10.8.6 Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- 5.10.9 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.

- 5.10.10 Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 5.10.5, 5.10.6 and 5.10.9.
- 5.10.11 Execution Unit: When the Company acquires or disposes of a merger, split, acquisition, or share transfer, its execution unit shall handle the operation in accordance with the internal hierarchical responsibility regulations.
- 5.10.12 Transaction Process: The Company's transaction process for mergers, splits, acquisitions or share transfers shall be handled in accordance with the provisions of the internal control system investment cycle related operations.
- 5.11 Public announcement and regulatory filing procedures:
- 5.11.1 Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:
- 5.11.1.1 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.
- 5.11.1.2 Merger, demerger, acquisition, or transfer of shares.
- 5.11.1.3 Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
- 5.11.1.4 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:
- 5.11.1.4.1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
- 5.11.1.4.2 For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- 5.11.1.5 Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the public company has paid-in capital of 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.
- 5.11.1.6 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.
- 5.11.1.7 Where an asset transaction other than any of those referred to in the preceding 5.11.1.1~5.11.1.6 subparagraphs, 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:

- 5.11.1.7.1 Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.
- 5.11.1.7.2 Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, or of 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 exchange traded notes, 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.
- 5.11.1.7.3 Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- 5.11.1.7.4 The amount of transactions above shall be calculated as follows:
 - a. The amount of any individual transaction.
 - b. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
 - c. 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.
 - d. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
- 5.11.1.7.5 "Within the preceding year" as used in the preceding paragraph 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.
- 5.11.1.7.6 The calculation of transaction amounts in Articles 5.4.2, 5.5.2 to 5.5.2.3.2, 5.7.2 to 5.7.2.3 and 5.6 of these Rules shall be handled in accordance with Article 5.11.1.7.4. The so-called one year is based on the date when the transaction actually occurs. For the previous year, the portion of the valuation report or CPA opinion issued by a professional appraiser or submitted to the shareholders' meeting or the board of directors for approval and recognized by the supervisors in accordance with the provisions of these Regulations shall no longer be included.
- 5.11.2 A public 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 10th day of each month. If the unrealized losses of this Corporation from derivatives trading account for more than 3% of the Corporation's equity, it shall file a public announcement.
- 5.11.3 When a public 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.
- 5.11.4 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 5 years except where another act provides otherwise.

- 5.11.5 Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
- 5.11.5.1 Change, termination, or rescission of a contract signed in regard to the original transaction.
 - 5.11.5.2 The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - 5.11.5.3 Change to the originally publicly announced and reported information.
- 5.11.6 Information required to be publicly announced and reported in accordance with the provisions of the preceding Chapter on acquisitions and disposals of assets by a public company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company. The paid-in capital or total assets of the public company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under rules.
- 5.11.7 For the calculation of 10 percent of total assets under these Regulations, 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—for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.
- 5.12 Limit amount regulations: The Company and its subsidiaries may acquire, dispose of, or continue to hold the various assets referred to in these Management Regulations in accordance with regulations; however, the amounts held in long-term and short-term securities investments, non-business real estate and its right to use assets shall be subject to the limits set by the Company.
- 5.12.1 The total amount of long-term and short-term securities investments, non-business real estate and its right-to-use assets held shall not exceed 2.5 times the total equity of the company's owners.
 - 5.12.2 The limit for single long-term securities investment is twice the total equity of the company's owners.
 - 5.12.3 An investment in a single short-term security shall be limited to 20% of the total equity of the company's owners.
 - 5.12.4 The calculation of the subsidiary limit shall be carried out in accordance with the provisions of Articles 5.12.1 to 5.12.3. The total amount of owners' equity referred to shall be based on the most recent financial statements of the Company audited or certified by CPA.
- 5.13 Matters when acquiring or disposing of assets:
- 5.13.1 The Company's internal auditors shall regularly understand the appropriateness of the internal control of asset acquisition or disposal procedures, audit compliance, and prepare audit reports. If major violations are found, they shall notify each supervisor in writing.
 - 5.13.2 Processing of exceeding the limit: If the Company acquires or disposes of assets in excess of the prescribed limit, the acquisition shall be reported to the Board of Directors for approval and then processed. Or if the changes in the figures of the most recent financial statements audited

or reviewed by CPA exceed the limit stipulated herein, the changes shall be reported to the most recent board of directors for subsequent ratification.

5.14 Control procedures for the acquisition or disposal of assets by subsidiaries:

5.14.1 When a subsidiary of the Company intends to acquire or dispose of assets, it shall do so in accordance with these operating procedures.

5.14.2 Any acquisition or disposal of assets by a subsidiary that requires approval by the board of directors in accordance with these operating procedures or other legal provisions shall be reported to the Company before the fact occurs. The relevant responsible units of the company shall evaluate the feasibility, necessity and rationality of the acquisition or disposal of assets, and subsequently track the implementation status and conduct analysis and review.

5.15 Pursuant to TPEx issued on August 30, 2007 by Zheng-Guan-Zhen Letter No. 0960101295, the following matters should be handled:

5.15.1 The Company shall not abandon the capital increase of A-LIST INTERNATIONAL LTD. in future years. In the event that the Company abandons the capital increase or disposition of the aforementioned company in the future, it must be approved by a special resolution of the Company's board of directors.

5.15.2 A-LIST INTERNATIONAL LTD. shall not abandon the capital increase of TOPWISE TECHNOLOGY LTD. and ALLTOP HOLDING LTD. (Hong Kong) in future years. In the event that A-LIST INTERNATIONAL LTD. abandons the of capital increase or disposition of aforementioned company in the future, it must be approved by a special resolution of the Company's board of directors.

5.15.3 ALLTOP HOLDING LTD. (Hong Kong) shall not abandon the capital increase of ALLTOP Tech. (Suzhou) in future years. In the event that ALLTOP HOLDING LTD. (Hong Kong) abandons the capital increase or disposition of aforementioned company in the future, it must be approved by a special resolution of the Company's board of directors.

5.16 Penalty: If the acquisition or disposal of assets by relevant personnel violates the " Regulations Governing the Acquisition and Disposal of Assets by Public Companies" or the provisions of these operating procedures, the manager and the main person in charge will be punished according to the violation.

Article 6 (Related documents)

No.	title	no
1	Guidelines for Derivatives Trading	FS013

Article 7 (Attachments and 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.