

# NOVA TECHNOLOGY CORP.

## Procedure for Acquisition or Disposal of Assets

### **Article 1** Purpose and source of Act

The Company has established this operating procedure in accordance with Article 36 of the Securities and Exchange Act and " Regulations Governing the Acquisition and Disposal of Assets by Public Companies " for the purpose of strengthening asset management, safeguarding investment, and implementing information disclosure. Acquiring or disposing of assets is performed in accordance with the provisions of this procedure.

### **Article 2** Asset scope

The scope of the assets referred to in this procedure is as follows:

- 2.1 Stocks, public debts, corporate bonds, financial bonds, recognition of the fund's securities, depository receipts, subscriptions (sales) warrants, beneficiary securities, and asset-based securities.
- 2.2 Real estate (including land, housing and construction, investment property, and construction industry inventory) and equipment.
- 2.3 Membership Card.
- 2.4 Intangible assets such as patents, copyrights, trademark rights, franchise rights, etc.
- 2.5 Right-of-use assets
- 2.6 Claims of financial institutions (including accounts receivable, purchase discounts, lending, and collection payments).
- 2.7 Derived goods.
- 2.8 Assets acquired or dispositioned by merger, division, acquisition or transfer of shares pursuant to law.
- 2.9 Other important assets.

### **Article 3** Glossary

#### 3.1 Derivative Products:

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.

#### 3.2 Assets acquired or dispositioned in accordance with law mergers, divisions, acquisitions or share transfers:

Refers to assets acquired or discontinued pursuant to the Mergers and Acquisitions Act, the Company Act, the Merger Act of the Financial Institutions, or other laws, mergers, divisions, or acquisitions, or the issuance of new shares pursuant to Article 156-3 of the Company Act Received shares of other companies (hereinafter referred to as shares).

#### 3.3 Relationships, Subsidiaries:

It shall be determined in accordance with Regulations Governing the Preparation of

### Financial Reports by Securities Issuers.

- 3.4 The real estate appraiser:  
Refers to real estate appraisers or other persons who may engage in the evaluation of real estate and equipment according to law.
- 3.5 The date of the facts:  
Refers to the date of the transaction contract date, payment date, commission transaction date, transfer date, Board of Directors resolution day or other sufficient amount to determine the date of transaction and the transaction amount, and other dates. However, investors who are required to be approved by the competent authority shall be subject to the above date or the date of approval of the competent authority.
- 3.6 Investment in the Mainland:  
Refers to investments in mainland China engaged in regulations concerning investment or technical cooperation licensing in the mainland by the Investment Review Commission of the Ministry of Economic Affairs.
- 3.7 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.
- 3.8 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.
- 3.9 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.
- 3.10 The so-called "The latest financial statement" means that the company publicly audits the financial statements audited or certified by the certified public accountant before obtaining or disposing of the assets.

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

- 4.1 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.

- 4.2 May not be a related party or de facto related party of any party to the transaction.
- 4.3 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 their respective trade council and the following:

- 4.3.1 Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- 4.3.2 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.
- 4.3.3 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.
- 4.3.4 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** Limits for acquisition of real estate or securities not for business use

- 5.1 The company and its subsidiaries individually obtain the following limits for real estate or securities not used for business use:
  - 5.1.1 The total amount of real estate not purchased for business use must not exceed 50% of the company's latest net financial statement.
  - 5.1.2 The total amount of portfolio investment may not exceed 50% of the company's latest financial statement's net value; the amount of individual portfolio investment may not exceed 30% of the company's latest financial statement's net value. The calculation of the value of securities investment does not include guaranteed securities.
- 5.2 The Company's re-investment is subject to the Board of Directors resolution authorizing the company's Articles of Association to do so. It is not subject to the thirteenth article of the Company Act and must not exceed the limit of forty percent of paid-in capital.

#### **Article 6** Obtain or Dispose of Evaluation and Operating Procedures for Securities

- 6.1 Price Determination Method and Reference

In order to obtain or dispose of securities, the latest company's financial statements audited by an certified public accountant or verified by a certified public accountant should be used as a reference for evaluating the transaction price before the factual occurrence date.
- 6.2 Ask the experts to issue opinions
  - 6.2.1 To obtain or dispose of securities, and if the transaction amount reaches 20 percent of the company's paid-in capital or more than NT\$300 million, they should contact the certified public accountant to express their opinion on the reasonableness of the transaction price before the factual occurrence date.

However, unless the Financial Supervisory Commission has otherwise provided a stipulation in the open market price quoted by the active trading market, it shall not be so limited.

6.2.2 Calculation of the transaction amount shall be handled in accordance with the provisions of 13.2, and within one year of the alleged period, based on the date of the occurrence of the transaction, and retrospectively calculated for one year, which has been issued by professional appraisers according to the provisions of this procedure. The valuation report or certified public accountant's comments are not counted back.

### 6.3 Authorized Credits and Tiers

6.3.1 For the purpose of the operation, the transfer of equity shall be subject to equity disposal. If the amount of each transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, it shall be submitted to the Board of Directors, if not more than 20 percent of the company's paid-in capital or NT\$300 million, authorized by the chairman to approve and reported to the nearest Board of Directors for review.

6.3.2 Obtain or dispose of public debts, corporate bonds, financial bonds, domestic and foreign bond funds, and domestic and foreign currency funds for the purpose of financial dispatch. If the amount of each transaction exceeds NT\$100 million, it shall be submitted via the Board of Directors. Passed by Directors, who had not reached NT\$100 million, authorized the directors to approve the transaction. The transaction amounted to more than 70 million yuan, and was subsequently reported to the nearest Board of Directors for review.

6.3.3 For other securities that are acquired or dispositioned for the purpose of financial dispatch, each transaction amounting to more than NT\$70 million should be submitted by the Board of Directors, which is less than NT\$70 million. Authorize the directors to approve the transaction, and the transaction amount exceeds 50 million yuan. Afterwards, report to the nearest Board of Directors for verification.

6.3.4 Other securities not obtained or disbursed for business or financial purposes, with a transaction value of NT\$30 million or more, should be submitted by the Board of Directors, which is less than NT\$30 million. , authorized directors long approval.

6.3.5 The negotiable certificates of deposit, short-term commercial and bank acceptance bills, and the purchase and sale of bonds with the conditions for repurchasing and selling shall not be limited to this, but shall be approved by the directors.

### 6.4 Implementation Unit

The company's acquisition and disposal of long-term and short-term securities investment should be performed by the financial unit after the nuclear authority has been submitted for verification.

### 6.5 Trading Process

The Company obtains or disposes of the transaction process of securities, which is handled in accordance with the provisions of the company's internal control system investment cycle related operations.

## **Article 7** Obtaining or Disposing of Evaluation and Operating Procedures of Real Estate , Equipment or Right-of-use Assets

### 7.1 Price Determination Method and Reference

To obtain or dispose of real estate, equipment or right-of-use assets, reference shall be made to the present value of the announcement, the assessed value, and the actual transaction price of the nearby real estate. The transaction conditions, transaction price, and analysis report shall be prepared through procedures such as inquiry, price comparison, bargaining, or public tendering. Reporters are long.

### 7.2 Asked experts to issue a valuation report

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:

7.2.1 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.

7.2.2 When the transaction amount exceeds NT\$1 billion, more than two professional appraisers should be evaluated.

7.2.3 The professional appraiser's valuation result has one of the following circumstances, except that the valuation result of the acquired asset is higher than the transaction amount, or the valuation result of the disposition asset is lower than the additional transaction amount, and the certified public accountant should be consulted according to the accounting research and development fund., and render a specific opinions shall be expressed on the reasons for the discrepancy and the rationality of the transaction price:

- (1) The difference between the valuation result and the transaction amount is more than 20% of the transaction amount.
- (2) The gap between the valuation results of two or more professional appraisers is more than 10% of the transaction amount.

7.2.4 The date of a professional appraiser and the contractor's pre-declaration date, the date of issue of the report and the date of the contract shall not exceed three months. However, if it applies to the present value of the same period of announcement and does not exceed six months, the original real estate appraiser may issue a written opinion.

7.2.5 A person who obtains or disposes of assets through a court auction procedure may replace the valuation report with a certificate issued by the court.

7.2.6 The calculation of the transaction amount shall be handled in accordance with the provisions of 13.2.

### 7.3 Authorized Credits and Tiers

The acquisition or disposal of real estate, equipment or right-of-use assets with a transaction amount of NT\$80 thousands to NT\$30 million (inclusive) shall be submitted to the chairman for approval; if the transaction amount exceeds NT\$30 million (inclusive), it must be approved by the Board of Directors. .

#### 7.4 Implementation Unit

When the company acquires or disposes of immovable property, equipment or right-of-use assets, it shall be subject to the approval of the nuclear authority of the foregoing paragraph, and the use department and related power and responsibility units shall be responsible for the execution.

#### 7.5 Trading Process

The Company obtains or disposes of transaction procedures for real estate, equipment or right-of-use assets, and is required to comply with the Company's internal control system for real estate, plant and equipment cycle-related operations.

### **Article 8** Obtaining or Disposing of Assets from Related Persons and Procedures

8.1 The Company obtains or divests assets from a related party. If the transaction amounted to more than 10% of the company's total assets, it shall also obtain the valuation report or opinion of the certified public accountant issued by the real estate appraiser according to the provisions of the preceding article. The calculation of the transaction amount shall be handled in accordance with the provisions of 13.2. When judging whether the transaction partner is a related person, he should consider the substantive relationship in addition to his legal form.

8.2 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:

8.2.1 The purpose, necessity and expected benefits of acquiring or arranging assets.

8.2.2 The reasons why the selected person is the subject of the transaction.

8.2.3 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 8.3 and Article 8.4.

8.2.4 The date and price of the original acquisition of the related party, the transaction object and its relationship with the company and its related parties.

8.2.5 It is expected that the monthly cash income and expenditure forecast table for the coming one month of the future of the contract month will be reviewed and the necessity of the transaction and the rationality of the use of funds will be assessed.

8.2.6 The valuation report issued by a real estate appraiser obtained pursuant to 8.1, or the opinion of the certified public accountant.

8.2.7 Restrictions and other important commitments of this transaction.

8.2.8 With respect to the types of transactions listed below, when to be conducted between the company and its parent or 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 Article 7.3 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:

(1) Acquisition or disposal of equipment or right-of-use assets thereof held for



business use.

(2) Acquisition or disposal of real property right-of-use assets held for business use.

8.2.9 The Company shall fully consider the opinions of independent directors when obtaining or disposing of assets to Board members of the Board of Directors. If an independent director has any objections or reservations, he shall state in the Minutes of Meeting of Board of Directors.

8.2.10 Where the Company or its subsidiaries that are not public companies in Taiwan are engaged in the transaction as described in the 8.2.1 to 8.2.7, and the transaction amount reaches 10% or more of the Company's total assets, the Company shall submit the information listed in the 8.2.1 to 8.2.7 to the shareholders' meeting for approval prior to entering into a transaction contract and making a payment. However, this restriction does not apply to transactions between the Company with its parent and subsidiaries, or between subsidiaries.

8.2.11 Calculation of the transaction amount shall be handled in accordance with the provisions of 13.2, and within one year of the alleged period, based on the date of the occurrence of the transaction, and retroactively calculated for one year in advance. All members of the Audit Committee shall have been regulated in accordance with the provisions of this procedure. More than half agree and submit to the shareholders' meeting and the Board of Directors to waive the recognition again.

### 8.3 Evaluation of the Rationale of Transaction Costs

8.3.1 To obtain real estate or right-of-use assets from a related party, the following methods should be used to assess the reasonableness of transaction costs:

(1) Add the necessary funds interest and the buyer's legal cost to the transaction price of the related party. The so-called necessary capital interest cost is calculated based on the weighted average interest rate of the borrowed items of the company's purchased assets, but it must not be higher than the highest non-financial industry borrowing rate announced by the Ministry of Finance.

(2) If the related party once set the mortgage borrower to the financial institution with the subject matter, the financial institution assesses the total value of the loan against the subject matter, but the cumulative value of the actual lending of the subject matter by the financial institution should reach the loan and loan assessment More than 70% of the total value and more than one year during the loan period. However, it is not applicable if the financial institution and one of the parties to the transaction are related to each other.

8.3.2 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 8.3.1.

8.3.3 To acquire real estate or right-of-use assets from a connected person, the cost of the real property or right-of-use assets should be assessed in accordance with 8.3.1 and 8.3.2, and certified public accountant should review and express specific opinions.

8.3.4 The acquisition of immovable property or right-of-use assets from a connected person is subject to the provisions of 8.2 related assessments and operating procedures, and does not apply the assessment requirements for the reasonableness of transaction costs specified in 8.3.1 to 8.3.3.

- (1) A person in a relationship acquires immovable property or right-of-use assets because of inheritance or gift.
- (2) The time for the contractor to obtain immovable property or right-of-use assets was more than five years before the contract date of the transaction.
- (3) Signing a co-construction contract with a affiliated person, or requesting the affiliated person to build an immovable property and obtaining real estate from the committee of the Party committee or the building committee of the prefecture.
- (4) The real property right-of-use assets for business use are acquired by the company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

8.4 When the evaluation results are lower than the transaction price according to 8.3.1 and 8.3.2, they shall be handled in accordance with 8.5. However, if due to the following circumstances, the objective evidence and the specific rationality opinions of the real estate appraiser and the certified public accountant shall be provided, this shall not apply:

8.4.1 If the affiliate obtains the redevelopment of the original land or rented land, he or she must produce evidence that meets one of the following conditions:

- (1) As assessed by the method prescribed in 8.3, prime real estate is calculated based on the construction cost of the related party plus a reasonable construction profit, which is the aggregate of the actual transaction price. The so-called reasonable construction profits shall be based on the average operating gross margin of the related party's construction department in the recent three years or the lowest gross profit margin of the construction industry announced by the Ministry of Finance.
- (2) Other non-relationship transactions within one year in other floors of the same subject premises or in adjacent areas are similar in area, and the conditions are comparable if the transaction conditions are assessed on the basis of reasonable floor or regional spreads in accordance with the conventions governing the sale of real estate or lease.

8.4.2 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.

8.5 To acquire real estate or right-of-use assets from a related party, if the evaluation results are lower than the transaction price as stipulated in 8.3 and 8.4, the following matters shall be handled:



- 8.5.1 Special surplus reserves shall be provided in accordance with the Articles of Incorporation and the relevant laws and regulations for the difference between the price of the real property or right-of-use assets transaction and the evaluation cost, and shall not be distributed or transferred for capital allocation. Investors who evaluate the equity of the company's investment in the equity method, if they are publicly-issued companies, shall also set aside a special surplus reserve in accordance with relevant laws and regulations in proportion to the amount of such an offer.
- 8.5.2 Independent director members of the Audit Committee shall comply with Article 218 of the Company Act.
- 8.5.3 The former 8.5.1 and 8.5.2 cases should be submitted to Shareholders' meeting and the details of the transaction should be disclosed in the annual report and the public statement.

The company and the public offering 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 Financial Supervisory Commission has given its consent.

- 8.6 The Company obtains real estate or right-of-use assets from related parties. If there is any other evidence showing that the transaction is inconsistent with business practices, it shall comply with the provisions of 8.5.
- 8.7 The provisions of this Article relating to 10% of the total assets shall be calculated on the basis of the total amount of assets in the most recent individual financial report as stipulated in the standard for the preparation of the financial report of the securities issuer.

**Article 9** The Company acquires or disposes of evaluation and operating procedures of intangible assets or right-of-use assets thereof or memberships.

- 9.1 Price Determination Method and Reference  
To obtain or dispose of intangible assets or right-of-use assets thereof or memberships, it is necessary to consider the potential benefits and market-determined value of the assets in the future, and if necessary, refer to expert opinions and negotiate with the transaction counterparts.
- 9.2 Ask experts to issue opinions  
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. The calculation of the aforementioned transaction amounts shall be handled in accordance with the provisions of 13.2.
- 9.3 Authorized Credits and Tiers
- 9.3.1 Obtaining or disposing of a membership card, if the transaction amount is less than NT\$5 million (inclusive), it shall be submitted through the company's own

internal signing and submitted to the chairman for approval; if the transaction amount exceeds NT\$5 million, it must be approved by the Board of Directors..

9.3.2 Obtaining or disposing of intangible assets or right-of-use assets, if the transaction amount is less than NT\$5 million (inclusive) submitted to the chairman for approval. If the transaction amount exceeds NT\$5 million, it must be approved by the Board of Directors.

#### 9.4 Implementation Unit

The company's obtaining and disposing of intangible assets or right-of-use assets thereof or memberships shall be performed by the user unit and the relevant power and responsibility unit after the nuclear authority has been submitted for verification.

#### 9.5 Trading Process

The Company obtains or disposes of intangible assets or right-of-use assets thereof or memberships, which is handled in accordance with the Company's approval list and internal control system procurement and payment cycle procedures.

### **Article 10** Evaluation and Operation Procedures for Obtaining or Disposing Derivative Products

In order to effectively manage the company's income and expenditure, assets and liabilities due to changes in foreign exchange, interest rates, etc., and the company's exposure to derivative commodity transactions.

### **Article 11** Acquire or dispose of derivative products for assessment

In order to effectively manage the company's income and expenditure, assets and liabilities due to changes in foreign exchange, interest rates, etc., engaged in derivative commodity trading risks.

#### 11.1 Transaction type

Derivative products that the Company can buy or sell are referred to in Article 3.1

#### 11.2 Business or hedging strategy

The Company engages in the derivative transactions should mainly be conducted for the purpose to ensure profit of the Company's business and avoid risks associated with fluctuation in exchange rate, interest rate and/ or value of assets.

#### 11.3 Division of powers and responsibilities

The person to whom the financial unit may conduct derivative commodity transactions and the confirmation must be assigned by the treasurer.

Set up transaction confirmation and Settlement Officer. The confirmation staff is responsible for confirming the transaction with the counterparty. The Settlement Officer is responsible for arranging due settlements, and the transaction confirmation must not be the same as the Settlement Officer.

#### 11.4 Determination of the total amount of the transaction deed and the maximum loss limit

##### 11.4.1 The total amount of the transaction contract

##### (1) Hedging Operations

The total amount of the company's total safe-haven contract shall not exceed the foreign currency position of receivables/payables arising from the company's business within the next six months.

##### (2) Trading Operations

The total amount of the transaction contract for trading purpose shall not exceed 20% of the company's latest financial statement's net value. Any amount exceeding 100 million shall be approved by the board of directors

and shall be subject to policy instructions.

#### 11.4.2 Maximum Loss Limit

##### (1) Hedging Operations

If the company's individual (all) contract loss is more than 5% of the market price, the company will need to report whether the director's approval will be settled.

The maximum individual (all) contract loss limit shall not exceed the limit of 10% of the individual (all) transaction contract amount. If the maximum loss limit is exceeded, the announcement shall be made in accordance with the "13 Announcement Declaration Procedure".

##### (2) Trading Operations

If the individual (all) contract losses of the company are at a loss of more than 5% of the market price, they shall report to the chairman for approval whether or not the position will be settled.

The maximum individual (all) contract loss limit shall not exceed the limit of 10% of the individual (all) transaction contract amount. If the maximum loss limit is exceeded, the announcement shall be made in accordance with the "13 Announcement Declaration Procedure".

#### 11.5 Performance Evaluation

The position of derivative instruments shall be weekly evaluated; transactions for hedging purposes shall be biweekly evaluated. The evaluation report shall be proved to manager authorized by the Board of Directors.

#### 11.6 Delegation Lines and Levels

The authorization limits and hierarchies are as follows:

The company's authorized trader must be able to enter into the transaction only after the amount of the transaction contract specified in 11.4.1 has been approved by the chief financial officer and approved by the treasurer.

Each transaction must be internally signed in accordance with the amount of credit, and its authorization limit, transaction approval and hierarchy are as follows:

Amount (NT\$)	Department heads	General manager	Chairman	Board of Directors
Below 100 million	Review	Review	Approved	Recognize
100 million or more	Review	Review	Review	Resolution

In order to enable the transaction partner to cooperate with the supervision and management of the Company, the transaction authorization amount and level specified in this section should be notified in writing to the transaction target. However, the written confirmation with the transaction object, regardless of the amount of money, is signed by the treasurer.

#### 11.7 Major Derivative Commodity Trading

Major derivatives transactions should be dealt with in accordance with relevant regulations and provide Board of Directors for resolutions.

#### 11.8 Implementation Unit and Process

##### 11.8.1 Confirming the Transaction Section.

11.8.2 Related trend analysis and judgment.

11.8.3 Determining practices:

- (1) The subject of the transaction
- (2) Trading position
- (3) Target price and range
- (4) Trading Strategies and Patterns
- (5) The price reference is based on the open quotation system.

11.8.4 Obtaining Approval of a Transaction.

11.8.5 Executing a Transaction

(1) Transaction object:

When selecting trading partners, they must first consider the consideration of credit risk.

(2) Traders:

The company's personnel who perform derivative commodity transactions should first sign the agreement with the top decision-making director, general manager, and directors of the finance department to inform the company's current financial institutions that the non-mentioned personnel should not engage in transactions.

11.9 Risk Management

11.9.1 Credit Risk:

The company is limited to the principle that the company trades with the company's banks or well-known financial institutions, and can provide professional information, otherwise it should sign the highest decision-making director of the finance department to agree.

11.9.2 Market risk:

Market risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled.

11.9.3 Liquidity Risk:

In order to ensure liquidity, it is necessary to confirm with the capital personnel before the transaction that the transaction amount will not result in insufficient liquidity.

11.9.4 Cash Flow:

The Company should maintain sufficient liquid assets and financing facilities to meet the demand for delivery funds.

11.9.5 Operational Risk:

The Company determines the authorization limit and operation process to avoid operational risks.

11.9.6 Legal Risk:

Documents signed by the company and counterparties must be reviewed by internal legal personnel or legal advisors before they can be formally signed to avoid legal risks.

11.10 Internal Control

11.10.1 The Company's trading staff and confirmation and delivery personnel shall not hold concurrent positions.

11.10.2 When a transaction occurs, the trader should fill out the transaction slip and

submit it to the confirmation person for confirmation. Confirmation personnel should confirm and count the statistics in the part master table according to the transaction slip and the transaction object.

11.10.3 Personnel for measurement, supervision and control of risks shall be assigned to different departments with the personnel of the preceding paragraph and shall report to the Board of Directors or Chairman.

#### 11.11 Regular Evaluation Methods and Handling of Abnormal Situations

The position of derivative instruments shall be weekly evaluated; transactions for hedging purposes shall be biweekly evaluated by the finance department. The evaluation report shall be proved to manager authorized by the Board of Directors, if there is an abnormal situation, and take the necessary measures for response.

The assessment items should include the following items:

11.11.1 Regularly assess whether the performance of engaging in derivative commodity transactions meets established business strategies.

11.11.2 Whether the risk assumed is within the scope of the company's tolerance.

11.11.3 Assessment of risk management measures on a monthly basis: Regularly assess whether the risk management measures currently in use are appropriate and do in accordance with the Company's procedures for dealing with derivative commodity transactions.

11.11.4 The Ministry of Finance shall deal with the provisions of the Business Accounting Law, the Financial Accounting Standards Communique and the relevant competent authority's letter of order. If there are no relevant regulations, the details shall be logged in and the monthly realized and unrealized profit and loss statements shall be calculated.

11.12 The Company is engaged in derivative commodity transactions. The Board of Directors does supervise and manage according to the following principles:

11.12.1 Designated senior executives should always be aware of the supervision and control of the risk of derivative commodity transactions.

11.12.2 Regularly assess whether the performance of the derivative commodity transaction is in line with the established business strategy and whether the risk assumed is within the scope of the company's tolerance.

11.13 High-level executives authorized by the Board of Directors shall manage the transactions of derivative commodities in accordance with the following principles:

11.13.1 Regularly evaluate the appropriateness of the risk management measures currently in use, and do so in accordance with this Act and the company's procedures for dealing with derivative commodity transactions.

11.13.2 When supervising transactions and gains and losses and discovering unusual circumstances, they shall take necessary measures and report to the Board of Directors immediately. Board of Directors shall have independent director to attend and express opinions.

11.14 Internal auditors should regularly understand the permissibility of the internal control of derivative commodity transactions, and check monthly the compliance of relevant trading departments with the relevant provisions of this process, analyze the trading cycle, and prepare audit reports. If major violations are found, Written notice to the audit committee member.

- 11.15 The Company engages in derivative commodity transactions and should prepare a reference book. The details of the types, amounts, dates of the Board of Directors adoption, and those that should be carefully assessed in accordance with 11.10 for engaging in derivative commodity transactions are detailed in the Reference Book for future reference.
- 11.16 The company managers and sponsors who engage in derivative commodity transactions shall follow the provisions of this process to protect the company from unfair losses. If any violation of the relevant laws or regulations of this procedure is involved, its punishment shall be handled in accordance with the provisions of the company's relevant personnel regulations.
- 11.17 The Company's subsidiary is intended to engage in derivative commodity trading. The company should urge it to establish procedures for the processing of derivative commodity transactions and implement it in accordance with relevant regulations before implementing the Board of Directors resolution. If the subsidiary of the Company engages in derivative commodity transactions, it should periodically provide relevant information to the company for verification.

**Article 12** Process of merger, split, acquisition or share transfer evaluation and operating procedures

- 12.1 The Company acquires or disposes of assets in accordance with legal mergers, divisions, acquisitions or transfer of shares. It is governed by the relevant provisions of the "Crete for Handling Acquisition and Disposal of Assets by Public Companies" and "Business Mergers and Acquisitions Act".
- 12.2 The Company is required to obtain an agreement, merger, division, acquisition or share transfer to the certified public accountants, lawyers or securities underwriters before the Board of Directors resolution is convened to justify the conversion ratio, the purchase price, or the allotment of cash or other assets of shareholders. Express opinions and submit to the Board of Directors for discussion and adoption. However, if the company merges directly or indirectly subsidiaries that hold 100% of the issued shares or total capital, or if they directly or indirectly hold 100% of the issued shares or the total amount of capital in the merger of subsidiaries, they may avoid obtaining reasonable opinions from the former experts.

**Article 13** Announcement procedure

- 13.1 When the company acquires or disposes of assets, it shall, in accordance with the nature, submit the relevant information to the designated website of the Financial Supervisory Commission within 2 days from the date of occurrence of the facts and provide the relevant information to the parent company of the group in the prescribed format according to the nature. :
- 13.1.1 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 shall not be included.
- 13.1.2 Merge, split, acquisition or transfer of shares.



- 13.1.3 Losses incurred in the trading of derivative commodities amount to the total or individual contract loss limit specified in the prescribed treatment procedures.
  - 13.1.4 Acquired or disposed of equipment or right-of-use assets for business use, and the parties to the transaction are not related parties, and the transaction amount has reached NT\$500 million or more.
  - 13.1.5 The Company has acquired or disposed of the real estate or right-of-use assets for construction use by the company in construction business and the transaction partner is not a related party, and the transaction amount has reached more than NT\$500 million.
  - 13.1.6 The real estate is obtained from the methods of the construction of the local committee, the lease of the land, the construction of the sub-houses, the construction of the sub-units, and the construction of the sub-sales. The company expects to invest more than NT\$500 million in the transaction the parties to the transaction are not related parties.
  - 13.1.7 Excluding the previous six-point asset transactions, financial institutions disposing of claims, or engaging in investment in the mainland, the transaction amount of the company's paid-in capital amounted to 20 percent or more than NT\$300 million. However, the following circumstances are not limited:
    - (1) Trading of domestic government bonds or the foreign government bonds with a credit rating not lower than our country's sovereign rating.
    - (2) Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of foreign government bond, 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 purchase or sell back 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.
- 13.2 The transaction amount in the preceding paragraph is calculated as follows:
- 13.2.1 The amount of each transaction.
  - 13.2.2 Accumulate within one year the amount of the transaction with the same nature as the person obtaining or disposing of the same nature.
  - 13.2.3 Accumulated acquisitions or dispositions (acquisition, disposition, respectively) of the amount of real estate or right-of-use assets of the same development plan within one year.
  - 13.2.4 Accumulation or disposition (acquisition, disposal separately) of the same amount of securities within one year.
  - 13.2.5 Within one year within the said period, based on the date of occurrence of

the transaction, the retrospective calculation will be made one year in advance, and the part announced in accordance with the provisions shall not be counted.

- 13.3 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 Financial Supervisory Commission by the 10th day of each month and provide relevant information on a monthly basis. Information to the parent company of the group.
- 13.4 The Company shall announce that the project should be re-announced within two days from the date of the knowledge, if there is any error or omission in the announcement and it should be corrected.
- 13.5 The Company obtains or disposes of assets, and the relevant contracts, Minutes of Meeting, reference books, valuation reports, certified public accountants, lawyers, or securities underwriters' opinions shall be kept in the Company. This information is kept for at least five years unless otherwise provided by other Acts.
- 13.6 After the Company declares a transaction in accordance with the provisions of the preceding paragraph of this Article, any one of the following circumstances shall report the relevant information on the designated website of the Financial Supervisory Commission within two days from the date of the factual occurrence:
  - 13.6.1 The relevant contract signed in the original transaction has been changed, terminated or cancelled.
  - 13.6.2 Mergers, splits, acquisitions or transfer of shares are not completed on a contractual schedule.
  - 13.6.3 The contents of the original announcement declaration have been changed.
- 13.7 If the subsidiary of the Company is not a public issuer and acquires or disposes of assets that meet the declared standards for the publication of Articles 30 and 31 of the " Regulations Governing the Acquisition and Disposal of Assets by Public Companies ", the Company shall also the subsidiary handled the notification of the announcement. The applicable reporting standards of the subsidiary company shall be related to the declared amount of the paid-in capital or the total assets, which is based on the paid-in capital of the company or the total assets.

**Article 14** The Company's subsidiary shall comply with the following provisions:

- 14.1 The Company shall urge its subsidiaries to stipulate and execute procedures for obtaining or disposing of assets in accordance with the provisions of Regulations Governing the Acquisition and Disposal of Assets by Public Companies by Financial Supervisory Commission.
- 14.2 The acquisition or disposal of assets by each subsidiary shall be reported to the Company prior to the fact that the "Procedure for Acquisition or Disposal of Assets" or other legal provisions should be approved by the Board of Directors. The Company's responsibilities and units should assess the feasibility, necessity and rationality of the acquisition or disposition of assets, and follow up the execution status afterwards to conduct an analysis review.
- 14.3 The Company's internal auditors should regularly audit the compliance status of each subsidiary's " Procedure for Acquisition or Disposal of Assets " and prepare an audit report. After the findings and recommendations of the audit report are submitted, they

should notify the affected subsidiaries to improve. It also regularly produces follow-up reports to ascertain that it has taken appropriate improvement measures in a timely manner.

**Article 15** The Company has directly or indirectly waived the capital increase of Winmax Technology Corp. (hereinafter referred to as Winmax Company) and Suzhou Winmax Technology Corp. (hereinafter referred to as Suzhou Winmax Company) in each year, either directly or indirectly. If Winmax Company and Suzhou Winmax Company hold shares, the company will lose its substantive control over Winmax Company and Suzhou Winmax Company, and it must first pass a special resolution of the board of directors of the company, and independent directors should attend and express their opinions. The contents of the resolution and the amendments to this article should be opened and public information should be entered into the major observing station information to be disclosed and a letter to the counter buying center for future reference.

**Article 16** Penalties

The Company employees undertake to obtain and dispose of assets in violation of the provisions of this process, according to the company employee handbook regularly submit assessment, according to the severity of the punishment.

**Article 17** Supplements to the Ordinance

The matter of this procedure is not exhausted and it is handled in accordance with the relevant laws and regulations. °

**Article 18** 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 Procedure, 10 percent of equity attributable to owners of the parent shall be substituted.

**Article 19** Implementation and Correction

19.1 This operating procedure is approved by more than half of all members of the Audit Committee and is subject to resolution by the Board of Directors. The resolution is then submitted to the Shareholders' meeting with consent. If there are any directors who have objections and have written or written statements, the company shall disagreeing with the Audit Committee and submitting a shareholder's meeting for discussion will also be the same.

19.2 If more than one-half of the total number of members of the Audit Committee agree, the foregoing paragraph may be agreed by more than two-thirds of all directors, and the Board of Directors shall state the resolution of the Audit Committee in the Board of Directors Minutes of Meeting.

19.3 All the members of the Audit Committee referred to 19.1 in the preceding paragraph and all directors referred to in the preceding paragraph shall be calculated based on the actual incumbent.

19.4 When submitting the procedures for obtaining or disposing of assets to the Board of Directors for discussion in accordance with the provisions of the preceding paragraph, the opinions of the independent directors shall be fully considered and the opinions and reasons for their consent or objection shall be included in the Minute of Meeting.