

Advanced Analog Technology, Inc.

Procedures for the Acquisition or Disposal of Assets

Article 1	<p>Purpose</p> <p>This procedure is established to safeguard assets and ensure information disclosure.</p>
Article 2	<p>Legal Basis</p> <p>This procedure is established in accordance with Article 36-1 of the Securities and Exchange Act (hereinafter referred to as the “Act”) and the Regulations Governing the Acquisition or Disposal of Assets by Public Companies (hereinafter referred to as the “Regulations”).</p>
Article 3	<p>Scope of Assets</p> <ol style="list-style-type: none">1. Investments in marketable securities such as stocks, government bonds, corporate bonds, financial bonds, fund-based securities, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.2. Real estate (including land, houses and buildings, investment property, land use rights, and construction industry inventories) and equipment.3. Membership certificates.4. Intangible assets, including patent rights, copyrights, trademark rights, franchise rights, and other intangible assets.5. Right-of-use assets.6. Claims of financial institutions (including accounts receivable, discounted export bills, loans, and delinquent receivables).7. Derivatives.8. Assets acquired or disposed of through mergers, demergers, acquisitions, or share transfers pursuant to law.9. Other significant assets.
Article 4	<p>Definitions</p> <ol style="list-style-type: none">1. Derivatives: Forward contracts, options, futures, margin trading contracts, swap contracts, combinations of the foregoing, or hybrid contracts or structured products embedded with derivatives whose value is derived from a specific interest rate, financial instrument price, commodity price, exchange rate, price or rate index, credit rating or credit index, or other variables. The term “forward contract” does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, or long-term purchase (sales) contracts.2. Assets acquired or disposed of through mergers, demergers, acquisitions, or share transfers pursuant to law: Assets acquired or disposed of under the Business Mergers and Acquisitions Act, the Financial Holding Company Act, the Financial Institutions Merger Act, or other applicable laws; or assets acquired through a share transfer by issuing new shares in accordance with Article 156-3 of the Company Act.3. Related parties and subsidiaries: Shall be identified in accordance with the

	<p>Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <ol style="list-style-type: none"> 4. Professional appraisers: Real estate appraisers or other persons legally authorized to engage in real estate or equipment valuation. 5. Date of occurrence: The earlier of the contract signing date, payment date, transaction execution date, transfer date, board of directors' resolution date, or any other date sufficient to confirm the counterparty and transaction amount. For investments requiring competent authority approval, the date of occurrence is the earlier of the above dates or the date of receiving such approval. 6. Investments in Mainland China: Investments or technical cooperation conducted in Mainland China pursuant to the "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area" of the Ministry of Economic Affairs Investment Commission. 7. Professional investors: Financial holding companies, banks, insurance companies, bills finance companies, trust enterprises, securities firms engaged in proprietary trading or underwriting, futures commission merchants engaged in proprietary trading, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies established in accordance with the law and supervised by the local financial competent authority. 8. Securities exchange: <ul style="list-style-type: none"> • Domestic securities exchange: Taiwan Stock Exchange Corporation. • Foreign securities exchange: Any organized securities trading market under the supervision of the competent securities authority of that country. 9. Securities firm business premises: <ul style="list-style-type: none"> • Domestic: Business premises of securities firms where securities are traded at dedicated counters in accordance with the Regulations Governing the Establishment of Securities Firms' Business Premises. • Foreign: Business premises of financial institutions supervised by the competent securities authority of the foreign country and permitted to engage in securities business. 10. Most recent financial statements: Financial statements that have been made public in accordance with the law and audited, certified, or reviewed by a certified public accountant prior to the acquisition or disposal of assets. 11. Bond funds: Mutual funds that primarily invest in bonds, with specific investment targets such as government bonds, corporate bonds, short-term bills, financial bonds, bond repurchase transactions, and time deposits. 12. Money market funds: Funds primarily investing in highly liquid money market instruments with an average maturity of less than 180 days, such as short-term bills, certificates of deposit, bankers' acceptances, commercial paper (CP), negotiable certificates of deposit, bank deposits, government bonds, and corporate bonds rated A or above. 13. Quasi-money market funds: Funds with a bond holding ratio of no more than 30%, in which bond holdings must be held to maturity, and with bond durations of less than 3 years.
Article 5	<p>Limits on the Acquisition of Non-Operating Real Estate, Related Right-of-Use Assets, and Marketable Securities</p> <p>The acquisition limits for the above-mentioned assets by the Company and each of its subsidiaries shall be as follows:</p>

	<ol style="list-style-type: none"> 1. The total amount of non-operating real estate or related right-of-use assets shall not exceed 20% of net worth. 2. The total amount invested in marketable securities shall not exceed 40% of net worth. However, investments in domestic and foreign money market funds and quasi-money market funds approved by the competent authority may be up to 100% of net worth. 3. The amount invested in any single marketable security shall not exceed 20% of net worth. However, for investments in the domestic and foreign money market funds and quasi-money market funds described in Item 2 above, the amount invested in any single security may be up to 30% of net worth. <p>For Items 1 to 3 above, “net worth” shall be based on the most recent financial statements of the Company that have been made public in accordance with the law and audited, certified, or reviewed by a certified public accountant.</p>
Article 6	<p>For appraisal reports or opinion letters issued by professional appraisers, certified public accountants, lawyers, or securities underwriters obtained by the Company, the professional appraiser and its appraisers, the certified public accountant, lawyer, or securities underwriter shall meet the following requirements:</p> <ol style="list-style-type: none"> 1. They must not have been convicted of a sentence of imprisonment of one year or more for violations of the Securities and Exchange Act, Company Act, Banking Act, Insurance Act, Financial Holding Company Act, Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery, or crimes committed in the course of professional practice. This restriction does not apply if three years have passed since completion of the sentence, expiration of the probation period, or a pardon. 2. They must not be related parties or have a substantive relationship with any of the transacting parties. 3. Where the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisers’ personnel must not be related parties or have a substantive relationship with one another. <p>When issuing an appraisal report or opinion letter, the aforementioned personnel shall follow the self-regulatory rules of their respective professional associations and comply with the following:</p> <ol style="list-style-type: none"> 1. Before accepting an engagement, they shall prudently assess their own professional competence, practical experience, and independence. 2. During the engagement, they shall properly plan and execute appropriate work procedures to reach a conclusion and prepare the report or opinion letter accordingly; the procedures performed, information gathered, and conclusions reached shall be thoroughly documented in the working papers for the case. 3. They shall individually evaluate the completeness, accuracy, and reasonableness of the data sources, parameters, and information used as the basis for issuing the appraisal report or opinion letter. 4. The statement shall include declarations that the personnel involved possess the necessary professional competence and independence, that the information used has been evaluated as reasonable and accurate, and that relevant laws and regulations have been complied with.

Article 7	Where assets are acquired or disposed of through a court auction process, the certification documents issued by the court may be used in place of an appraisal report or a CPA's opinion.
Article 8	<p>Procedures for Acquisition or Disposal of Real Estate, Equipment, or Their Right-of-Use Assets</p> <p>1. Evaluation and Operational Procedures</p> <p>The Company shall handle the acquisition or disposal of real estate, equipment, or their right-of-use assets in accordance with its internal control system and relevant management regulations.</p> <p>2. Determination Procedures for Transaction Terms and Authorization Limits</p> <p>(1) For acquiring or disposing of real estate, reference should be made to announced current values, assessed values, and actual transaction prices of nearby properties. A transaction analysis report shall be submitted to the General Manager and Chairman for approval. Transactions of NT\$10 million or less require only the Chairman's approval before execution by the relevant department, with subsequent reporting to the Board of Directors for record. Transactions exceeding NT\$10 million require approval according to Company procedures and must be approved by the Board of Directors before execution.</p> <p>(2) For acquiring or disposing of equipment, right-of-use assets of real estate, or right-of-use assets of equipment, the transaction shall be conducted through inquiry, comparison, negotiation, or tender. Transactions of NT\$30 million or less shall be approved stepwise according to the authorization procedures. Transactions exceeding NT\$30 million require approval according to Company procedures and must be approved by the Board of Directors before execution.</p> <p>(3) If the acquisition or disposal of the above two types of assets constitutes a "significant matter" under Article 185 of the Company Act, a resolution of the Board of Directors is required first, followed by shareholder approval before proceeding.</p> <p>3. Execution Units</p> <p>Upon approval in accordance with the preceding authorization procedures, the responsible execution shall be carried out by the relevant user department and management office.</p> <p>4. Appraisal Report for Real Estate, Equipment, or Right-of-Use Assets</p> <p>Except for transactions with domestic government agencies, self-construction on owned or leased land, or acquisition/disposal of equipment or their right-of-use assets for business use, transactions reaching 20% of the Company's paid-in capital or NT\$300 million or more require an appraisal report issued by a professional appraiser before the transaction occurs (appraisal reports shall include the details specified in Attachment 1) and must meet the following requirements:</p> <p>(1) If a special, fixed, or designated price is used as a reference for the transaction, prior Board approval is required. Any future changes to transaction terms must follow the same procedure.</p> <p>(2) For transactions exceeding NT\$1 billion, at least two professional appraisers shall be engaged for valuation.</p> <p>(3) If the professional appraisers' valuation results meet any of the following conditions, except when acquisition valuations are all higher than the transaction price or disposal valuations are all lower than the transaction price, a CPA must provide a specific opinion on the cause of differences and the appropriateness of the transaction price:</p>

	<div>1. The valuation result differs from the transaction price by 20% or more.</div> <div>2. The difference between valuations from two or more appraisers reaches 10% or more of the transaction price.</div> <div>(4) The date of the appraisal report must not exceed three months from the contract date. However, if the same period’s announced current value applies and does not exceed six months, an opinion letter from the original professional appraiser is acceptable.</div>																	
Article 9	<div>Procedures for Acquisition or Disposal of Securities Investments</div> <div>1. Evaluation and Operational Procedures</div> <div>The Company shall handle the purchase and sale of securities in accordance with its internal control system and relevant management regulations.</div> <div>2. Determination Procedures for Transaction Terms and Authorization Limits</div> <div>(1) For securities transactions conducted on centralized trading markets or at securities firm business offices, the responsible unit shall determine the transaction terms based on market conditions. Prior to the transaction, the most recent audited or reviewed financial statements of the target company shall be obtained as a reference for evaluating the transaction price. Approval authority shall be handled in accordance with Article 9-1 of these procedures.</div> <div>(2) For securities transactions not conducted on centralized trading markets or at securities firm business offices, the most recent audited or reviewed financial statements of the target company shall be obtained before the transaction as a reference for evaluating the transaction price, considering factors such as book value per share, profitability, and future growth potential. For domestic or foreign funds, the net asset value (NAV) of the target fund prior to the transaction shall be obtained as a reference for evaluating the transaction price. Approval authority shall be handled in accordance with Article 9-1 of these procedures.</div> <div>3. Execution Unit</div> <div>Upon approval according to the authorization limits described above, the Finance Department shall be responsible for executing securities investment transactions.</div> <div>4. Obtaining CPA Opinion</div> <div>For transactions reaching 20% of the Company’s paid-in capital or NT\$300 million or more, a CPA shall be consulted prior to the transaction to provide an opinion on the reasonableness of the transaction price. However, this does not apply if the securities have a liquid market with publicly quoted prices or if otherwise specified by the Financial Supervisory Commission.</div>																	
Article 9-1	<div>Approval authority at each level for securities-related items:</div> <table><tr><th>Securities-related items</th><th>Approver</th><th>Approval authority</th></tr><tr><td rowspan="3">Currency and money market funds</td><td>Approver</td><td>NT\$100 million or below</td></tr><tr><td>Chairperson of the Board</td><td>NT\$200 million or below</td></tr><tr><td>Board of Directors</td><td>NT\$200 million or above</td></tr><tr><td rowspan="3">Other securities</td><td>General Manager</td><td>NT\$10 million or below</td></tr><tr><td>Chairperson of the Board</td><td>NT\$30 million or below</td></tr><tr><td>Board of Directors</td><td>NT\$30 million or above</td></tr></table>	Securities-related items	Approver	Approval authority	Currency and money market funds	Approver	NT\$100 million or below	Chairperson of the Board	NT\$200 million or below	Board of Directors	NT\$200 million or above	Other securities	General Manager	NT\$10 million or below	Chairperson of the Board	NT\$30 million or below	Board of Directors	NT\$30 million or above
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Article 10	<p>Procedures for Handling Related Party Transactions</p> <p>1. General Provisions</p> <p>When the Company acquires or disposes of assets with related parties, in addition to complying with Articles 8, 9, 11, and the following provisions regarding relevant resolution procedures and assessment of transaction fairness, if the transaction amount reaches 10% or more of the Company's total assets, a valuation report issued by a professional appraiser or an accountant's opinion must be obtained in accordance with the aforementioned articles. The calculation of transaction amounts shall follow Article 17. When determining whether a counterparty is a related party, both legal form and substantive relationship should be considered.</p> <p>2. Evaluation and Operational Procedures</p> <p>If the Company acquires or disposes of real estate or its usage rights with a related party, or other assets where the transaction amount reaches 20% of the Company's paid-in capital, 10% of total assets, or NT\$300 million or more, excluding domestic government bonds, repurchase or resale bonds, and money market funds issued by domestic securities investment trust enterprises, the following materials must be submitted to the Audit Committee. Approval by at least half of all Audit Committee members is required, followed by Board of Directors approval, before entering into the contract or making payment. The provisions of Article 18, paragraphs 2 and 3, shall apply mutatis mutandis:</p> <ol style="list-style-type: none"> 1. Purpose, necessity, and expected benefits of acquiring or disposing of assets. 2. Reason for selecting the related party as the transaction counterparty. 3. Materials assessing the reasonableness of transaction terms for acquiring real estate or its usage rights from a related party, as required under paragraph 3, subparagraphs (1) and (4). 4. Original acquisition date and price by the related party, identity of the counterparty, and its relationship with the Company and the related party. 5. Cash flow projections for each month over the upcoming year from the expected contract month, and evaluation of the necessity and reasonableness of funds usage. 6. Valuation report issued by a professional appraiser or accountant's opinion obtained under paragraph 1. 7. Transaction restrictions and other material agreements. <p>If the Company or its subsidiaries that are not publicly listed have transactions under the above paragraph reaching 10% or more of total assets, the above materials must also be submitted to the Shareholders' Meeting for approval before signing the contract or making payment. However, transactions between the Company and its parent or subsidiaries, or between such subsidiaries, are exempt.</p> <p>The calculation of transaction amounts under the above paragraphs shall follow Article 15, paragraph 1, subparagraph 7. "Within one year" is calculated retroactively from the date the transaction occurs. Transactions already approved by the Shareholders' Meeting, Board, and Audit Committee under these Rules are exempt from re-inclusion.</p> <p>For transactions between the Company and its parent company, subsidiaries, or wholly-owned subsidiaries, if acquiring or disposing of the following, the Chairperson may approve transactions of NT\$10 million or below, subject to subsequent ratification at the next Board meeting:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of equipment or its usage rights for business operations. 2. Acquisition or disposal of real estate usage rights for business operations.
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When submitting to the Board, the Company must fully consider opinions of independent directors, and any opposing or reserved opinions must be recorded in the Board minutes.

3. Reasonableness Assessment of Transaction Costs

1. When acquiring real estate or its usage rights from a related party, the Company shall assess transaction costs as follows:
2. Transaction cost = related party's price + necessary financing interest + buyer's legally required costs. Necessary financing interest shall be calculated using the weighted average interest rate of loans in the year the asset is acquired, but shall not exceed the maximum interest rate for non-financial industries announced by the Ministry of Finance.
3. If the related party has mortgaged the property to a financial institution, the financial institution's total assessed loan value must be considered, with actual cumulative lending $\geq 70\%$ of the assessed value and the loan period ≥ 1 year. If the financial institution is a related party, this does not apply.
4. If land and buildings are acquired or leased together, they may be separately evaluated using any of the above methods.
5. The cost evaluation results must be reviewed and specifically commented on by an accountant.
6. If the evaluated cost is lower than the transaction price, the following applies unless objective evidence and professional appraisal/accountant opinions justify otherwise:
 - Related party obtained bare land or leased land and then constructed buildings, with proof of reasonable construction costs and profits.
 - Comparable transactions with non-related parties within the same year and nearby area, adjusted for floor or regional differences.
7. If the evaluated cost is lower than the transaction price:
 1. The difference shall be allocated to special surplus reserves in accordance with Article 41, paragraph 1 of the Securities and Exchange Act and cannot be distributed. Equity-method investors who are public companies must also allocate special surplus reserves proportionally.
 2. The Audit Committee shall handle the matter in accordance with Article 218 of the Company Act.
 3. The handling and transaction details must be reported to the Shareholders' Meeting and disclosed in the annual report and prospectus.

The use of such special surplus reserves is permitted only after asset impairment, disposal, termination of lease, appropriate compensation, restoration, or other evidence confirming no unreasonable conditions, with approval from the Financial Supervisory Commission.

8. Exceptions to the cost reasonableness assessment:
 1. Assets obtained by inheritance or gift.
 2. Assets acquired more than five years before the current transaction.
 3. Assets obtained through joint construction or commissioned construction agreements with a related party.
 4. Acquisition of business-use real estate usage rights between the Company and its parent, subsidiaries, or wholly-owned subsidiaries.
9. If other evidence indicates a transaction is not in accordance with business norms, paragraph 3(5) shall apply.

Article 11	<p>The procedures for acquiring or disposing of membership cards, intangible assets, or rights to use such assets.</p> <ol style="list-style-type: none"> 1. Evaluation and Operational Procedures The acquisition or disposal of membership cards, intangible assets, or rights to use such assets by the company shall be conducted in accordance with the company's internal control system and relevant management procedures. 2. Decision-Making Process for Transaction Terms and Authorization Limits The acquisition or disposal of assets by the company must be approved by the board of directors in accordance with the established procedures or other legal requirements. If any director expresses disagreement and there is a record or written statement, the company must submit the director's objections to the audit committee for review. Additionally, when the company submits asset acquisition or disposal transactions for discussion at the board of directors, it must fully consider the opinions of independent directors and include their agreement or disagreement, along with the reasons, in the meeting minutes. 3. Executing Unit When the company acquires or disposes of membership cards, intangible assets, or rights to use such assets, it must follow the approval authority outlined in the previous section. After approval, the respective department and the finance department or management office will be responsible for execution. 4. Expert Evaluation Report on Membership Cards or Intangible Assets For transactions involving the acquisition or disposal of membership cards, intangible assets, or rights to use such assets, if the transaction amount exceeds 20% of the company's paid-in capital or NT\$300 million, except for transactions with domestic government agencies, the company must engage an accountant to provide an opinion on the reasonableness of the transaction price before the transaction occurs.
Article 12	<p>Procedures for Acquiring or Disposing of Claims Against Financial Institutions</p> <p>The company generally does not engage in the acquisition or disposal of claims against financial institutions. In the future, if the company intends to engage in such transactions, it will submit the matter to the board of directors for approval and subsequently establish the evaluation and operational procedures.</p>
Article 13	<p>Procedures for the Acquisition or Disposal of Derivative Instruments</p> <p>I. Transaction Principles and Policies</p> <p>(1) Types of Transactions</p> <ol style="list-style-type: none"> 1. The derivative financial instruments engaged by the Company refer to trading contracts whose value is derived from assets, interest rates, exchange rates, indices, or other benefits (such as forward contracts, options, futures, interest rate or exchange rate swaps, as well as structured contracts composed of the aforementioned instruments). 2. Matters related to bond margin transactions shall be handled in accordance with the relevant provisions of this procedure. Bond transactions with repurchase conditions may be exempt from the provisions of this procedure. <p>(2) Operating (Hedging) Strategies</p> <p>The Company's transactions in derivative financial instruments shall be conducted for</p>

hedging purposes. The selected instruments should primarily be used to mitigate risks arising from the Company's business operations. The currencies held must correspond to the Company's actual foreign currency requirements for import and export transactions. Internal netting of the Company's overall positions (referring to foreign currency income and expenditures) shall be the guiding principle, in order to reduce the Company's overall foreign exchange risk and save on foreign exchange operating costs. Transactions for other specific purposes must undergo careful evaluation and be submitted to the Board of Directors for approval before execution.

(3) Division of Responsibilities

1. Finance Department

(1) Trading Personnel

A. Responsible for formulating the overall strategy for the Company's financial instrument transactions.

B. Trading personnel shall calculate positions on a bi-weekly basis, collect market information, conduct trend analysis and risk assessments, and formulate operating strategies. After obtaining approval within the authorized limits, such strategies shall serve as the basis for transactions.

C. Execute transactions in accordance with the authorized limits and established strategies.

D. In the event of significant changes in the financial markets, or when trading personnel determine that existing strategies are no longer applicable, an evaluation report shall be submitted promptly. New strategies shall be formulated and, upon approval by the General Manager, shall serve as the basis for subsequent transactions.

(2) Accounting Personnel

A. Execute transaction confirmation.

B. Review whether transactions are conducted in accordance with authorized limits and established strategies.

C. Conduct valuations on a monthly basis and submit valuation reports to the General Manager.

D. Handle accounting records.

E. File reports and make public disclosures in accordance with the regulations of the Securities and Futures Commission.

(3) Settlement Personnel: Responsible for executing settlement tasks, and settlement personnel shall not concurrently serve as trading personnel.

(4) Authorization Limits for Derivative Instruments

A. Authorization Limits for Hedging Transactions

Authorized Approver	Daily Transaction Limit	Net Cumulative Position Limit
General Manager	USD 1,000,000 (inclusive) or below	USD 3,000,000 (inclusive) or below
Chairman	USD 2,000,000 (inclusive) or below	USD 5,000,000 (inclusive) or below
Board of Directors	Above USD 2,000,000 (exclusive)	Above USD 5,000,000 (exclusive)

B. Other transactions for specific purposes shall be conducted only after obtaining the consent of the Audit Committee and subsequent approval by the Board of Directors.

C. Where the Company's acquisition or disposal of assets is required by the established procedures or other legal provisions to be approved by the Board of Directors, if any director expresses dissent and such dissent is recorded or submitted in writing, the Company shall deliver the director's dissenting opinion to the Audit Committee. In

addition, when the Company submits an asset acquisition or disposal transaction to the Board of Directors for discussion pursuant to regulations, it shall give full consideration to the opinions of the independent directors, and the opinions and reasons of their consent or dissent shall be included in the meeting minutes.

2. Audit Department

Responsible for understanding the adequacy of internal controls over derivative financial instrument transactions and for examining whether the trading department complies with operating procedures. It shall analyze the transaction cycle, prepare audit reports, and report to the Board of Directors in the event of significant deficiencies.

3. Performance Evaluation

(1) Hedging Transactions

A. Performance evaluation shall be based on the gains or losses arising from the difference between the Company's book exchange rate costs and the results of derivative financial transactions.

B. To fully capture and reflect the valuation risks of transactions, the Company shall adopt a monthly valuation method to assess gains and losses.

C. The Finance Department shall provide foreign exchange position valuations, market trends, and market analysis to the General Manager as a reference for management and instructions.

(2) Transactions for Specific Purposes

Performance evaluation shall be based on actual gains or losses. Accounting personnel must regularly prepare position reports to provide management with reference information.

4. Establishment of Contract Totals and Loss Limits

(1) Contract Totals

A. Hedging Transaction Limits

(a) Foreign exchange transactions: The notional amounts shall be based on positions arising from the Company's business activities for the purpose of risk hedging. The total contract amount shall be limited to the Company's operating revenue for the most recent four months.

(b) Other hedging transactions, such as those conducted to hedge risks in exchange rates or interest rates related to bond issuance or other financial instruments, shall be limited to the outstanding balance of such instruments.

B. Transactions for Specific Purposes

The Company's total net cumulative position for transactions conducted for specific purposes shall be limited to USD 1,000,000. Any amount exceeding this limit must be approved by the Board of Directors and conducted in accordance with policy directives.

(2) Loss Limits

A. Since hedging transactions are intended to mitigate risks, there is no need to set loss limits.

B. For transactions conducted for specific purposes, stop-loss points shall be established once positions are taken in order to prevent excessive losses. Stop-loss levels shall be set at no more than 10% of the total transaction amount, and losses for individual contracts shall be limited to no more than 5% of the contract amount. If losses exceed the aforementioned limits, they must be reported immediately to the General Manager and the Board of Directors, which shall deliberate on necessary countermeasures.

II. Risk Management Measures

(1) Credit Risk Management

Given that market fluctuations caused by various factors may easily lead to operational risks in derivative financial instruments, market risk management shall be conducted in accordance with the following principles:

1. Counterparties: Transactions shall primarily be conducted with well-known domestic and international financial institutions.
2. Products: Only products provided by reputable domestic and international financial institutions may be traded.
3. Transaction Amounts: The outstanding transaction amount with any single counterparty shall not exceed 10% of the total authorized amount, except where otherwise approved by the General Manager.

(2) Market Risk Management

Transactions shall primarily be based on the open foreign exchange markets provided by banks, without consideration of the futures market.

(3) Liquidity Risk Management

To ensure market liquidity, financial products shall be selected based on their high liquidity (i.e., the ability to be closed out at any time in the market). Entrusted financial institutions must possess sufficient information and the ability to conduct transactions in any market at any time.

(4) Cash Flow Risk Management

To ensure the stability of the Company's working capital, the funds used for derivative transactions shall be limited to the Company's own funds, and the transaction amounts shall take into consideration projected funding needs based on cash flow forecasts for the next three months.

(5) Operational Risk Management

1. Company authorization limits, operating procedures, and internal audit requirements must be strictly followed to avoid operational risk.
2. Personnel engaged in derivative trading may not concurrently serve in confirmation or settlement functions.
3. Risk measurement, supervision, and control personnel must belong to different departments from those engaged in trading or settlement, and shall report to the Board of Directors or senior management not responsible for trading or position decisions.
4. Positions held in derivative transactions shall be evaluated at least once per week. However, for hedging transactions conducted for business needs, evaluations shall be performed at least twice per month. Evaluation reports shall be submitted to senior management authorized by the Board of Directors.

(6) Product Risk Management

Internal trading personnel shall possess complete and accurate professional knowledge of financial products, and banks shall be required to fully disclose risks, in order to avoid misuse of financial products.

(7) Legal Risk Management

Documents signed with financial institutions shall be reviewed by specialists in foreign exchange and legal affairs, or by legal counsel, before formal execution, so as to avoid legal risks.

	<p>III. Internal Audit System</p> <p>(1) Internal audit personnel shall regularly assess the adequacy of internal controls over derivative transactions, and conduct monthly audits to verify the trading department's compliance with procedures for engaging in derivative financial transactions. They shall analyze the transaction cycle and prepare audit reports. If any significant violations are discovered, the Audit Committee shall be notified in writing.</p> <p>(2) Internal audit personnel shall, by the end of February of the following year, submit the audit report along with the annual internal audit findings in the prescribed format to the Financial Supervisory Commission via the Internet. Any corrective actions for abnormal matters shall be submitted in the same manner for record by no later than the end of May of the following year.</p> <p>IV. Regular Evaluation Methods</p> <p>(1) The Board of Directors shall authorize senior management to regularly monitor and evaluate whether derivative financial transactions are conducted in accordance with the Company's prescribed procedures, whether the assumed risks remain within acceptable limits, and whether there are any anomalies in market valuation reports (e.g., positions exceeding loss limits). In such cases, senior management shall immediately report to the Board and take appropriate remedial measures.</p> <p>(2) Positions held in derivative transactions shall be evaluated at least once per week. However, for hedging transactions conducted for business needs, evaluations shall be performed at least twice per month. Evaluation reports shall be submitted to senior management authorized by the Board of Directors.</p> <p>V. Principles for Board Supervision and Management of Derivative Transactions</p> <p>(1) The Board of Directors shall designate senior management to continuously monitor and control risks associated with derivative financial transactions. The management principles are as follows:</p> <ol style="list-style-type: none"> 1. Regularly evaluate whether current risk management measures are appropriate and are being implemented in accordance with this procedure. 2. Supervise transactions and profit/loss status. If any anomalies are detected, necessary remedial measures shall be taken and reported immediately to the Board. If the Company has independent directors, they shall attend the Board meeting and express their opinions. <p>(2) Regularly evaluate whether the performance of derivative transactions aligns with established business strategies and whether the risks assumed remain within the Company's permissible limits.</p> <p>(3) When derivative transactions are conducted by authorized personnel pursuant to this procedure, the results shall be reported to the most recent Board of Directors meeting.</p> <p>(4) The Company shall establish a reference ledger for derivative transactions. The ledger shall record details of the types and amounts of derivative transactions, the date of Board approval, and matters requiring careful evaluation pursuant to Section IV(2) and Section V(1) and (2) of this procedure, for inspection and record-keeping purposes.</p>
Article 14	Procedures for Handling Mergers, Demergers, Acquisitions, or Share Transfers

I. Evaluation and Operational Procedures

1. When the Company handles mergers, demergers, acquisitions, or share transfers, it should engage lawyers, accountants, and underwriters to jointly discuss a statutory timetable, and establish a project team to execute according to legal procedures. Before convening the Board of Directors for a resolution, the Company shall seek opinions from accountants, lawyers, or underwriters on the fairness of share exchange ratios, acquisition prices, or the distribution of cash or other assets to shareholders, and submit these for Board discussion and approval. However, if the merger involves a wholly-owned subsidiary (directly or indirectly) or a merger between wholly-owned subsidiaries, obtaining such expert opinions is not required.
2. The Company shall prepare a public document for shareholders before the shareholders' meeting, including the key terms of the merger, demerger, or acquisition, expert opinions as described in Paragraph 1, Item 1, and the notice of the shareholders' meeting, to serve as a reference for shareholders' approval. This does not apply if other laws exempt the need for a shareholders' meeting for the merger, demerger, or acquisition. If a shareholders' meeting cannot be convened or passed due to insufficient attendance, voting rights, or other legal restrictions, or if the proposal is rejected, the participating companies must immediately disclose the reason, follow-up actions, and the expected date of the shareholders' meeting.

II. Other Important Considerations

1. Board Meeting Date: Except as otherwise provided by law or with prior FSC approval for special circumstances, participating companies shall convene the Board and shareholders' meetings on the same day to resolve matters related to mergers, demergers, or acquisitions. For share transfer transactions, the Board shall be convened on the same day.
2. Preliminary Confidentiality Commitment: All persons involved in or aware of merger, demerger, acquisition, or share transfer plans must sign a written confidentiality agreement. Prior to public disclosure, the plan details must not be leaked, nor may any participant buy or sell shares or other equity-type securities of the companies involved, directly or indirectly.
3. Principles for Setting and Adjusting Share Exchange Ratios or Acquisition Prices: Participating companies shall obtain opinions from accountants, lawyers, or underwriters on the fairness of share exchange ratios, acquisition prices, or distribution of cash or other assets before their Board meetings, and submit these for the shareholders' meeting. Share exchange ratios or acquisition prices shall generally not be changed arbitrarily unless conditions for adjustment are stipulated in the contract and publicly disclosed. Conditions for changes include:
 1. Cash capital increase, issuance of convertible bonds, free allotment of shares, issuance of bonds with warrants, preferred stock with warrants, subscription rights, or other equity-type securities.
 2. Disposal of major assets affecting the company's financial or business operations.
 3. Major disasters or significant technological changes affecting shareholder rights or securities prices.
 4. Adjustments due to repurchase of treasury shares by any participating company.

	<ol style="list-style-type: none"> 5. Changes in the number of participating companies or entities. 6. Other conditions stipulated in the contract and publicly disclosed. <ol style="list-style-type: none"> 4. Contents of Contracts: Contracts for mergers, demergers, acquisitions, or share transfers shall comply with Article 317-1 of the Company Act and Article 22 of the Mergers and Acquisitions Act, and shall specify: <ol style="list-style-type: none"> 1. Handling of breaches of contract. 2. Principles for handling equity-type securities or repurchased treasury shares of companies dissolved or split in the merger. 3. Number of treasury shares that may be repurchased legally after the share exchange ratio calculation date and their handling principles. 4. Handling methods for changes in participating companies or entities. 5. Expected implementation schedule and completion date. 6. Procedures if the plan is delayed and the legally required date for convening a shareholders' meeting. 5. Changes in Participating Companies: After public disclosure, if any participating company intends to merge, demerge, acquire, or transfer shares with other companies, unless the number of participating companies decreases and the shareholders' meeting has authorized the Board to make changes, a new shareholders' meeting is required. Completed procedures or legal acts in the original plan must be repeated by all participating companies. 6. Non-Publicly Listed Companies: For participating companies that are not publicly listed, the Company shall sign agreements with them and follow the provisions regarding Board meeting dates, confidentiality commitments, and changes in participating companies as described above. 7. Record-Keeping for Listed Companies or Companies with Stocks Traded at Securities Firms: The following records must be maintained in writing for five years for audit purposes: <ol style="list-style-type: none"> 1. Personnel Information: Basic information of all persons involved in or executing the plan before public disclosure, including title, name, and ID number (or passport number for foreigners). 2. Important Dates: Dates of signing letters of intent or memoranda, engaging financial or legal advisors, signing contracts, and Board meetings. 3. Important Documents and Minutes: Including the merger, demerger, acquisition, or share transfer plan, letters of intent or memoranda, key contracts, and Board meeting minutes.
Article 15	<p>Information Disclosure Procedures</p> <p>I. Items Subject to Disclosure and Disclosure Standards</p> <p>For acquisitions or disposals of assets under the following circumstances, the Company shall, according to the nature of the transaction and using the prescribed format, disclose and report the relevant information on the website designated by the Financial Supervisory Commission within two days from the date the event occurs:</p> <ol style="list-style-type: none"> 1. Acquiring or disposing of real estate or its usage rights from or to a related party, or acquiring or disposing of other assets from or to a related party, with a transaction amount reaching 20% of the Company's paid-in capital, 10% of total assets, or NT\$300 million. However, the purchase or sale of government bonds, bonds with repurchase or resale conditions, or subscription or redemption of

- domestic money market funds are excluded.
2. Engaging in mergers, demergers, acquisitions, or share transfers.
 3. Derivative product trading resulting in losses reaching the individual or total contract loss limits specified in the handling procedures.
 4. Acquiring or disposing of assets classified as equipment for business operations or their usage rights, where the counterparty is not a related party, and the transaction amount meets one of the following:
 - Publicly listed companies with paid-in capital less than NT\$10 billion: transaction amount \geq NT\$500 million.
 - Publicly listed companies with paid-in capital \geq NT\$10 billion: transaction amount \geq NT\$1 billion.
 5. Acquiring real estate through self-development, leasehold development, joint development with separate units, joint development with profit sharing, or joint development with sale, where the counterparty is not a related party and the planned investment amount \geq NT\$500 million.
 6. Other asset transactions, financial institution disposals of claims, or investments in Mainland China, where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million. The following are excluded:
 - Purchase or sale of domestic government bonds or foreign government bonds rated no lower than Taiwan's sovereign rating.
 - Securities transactions conducted by professional investors at a securities exchange or securities firm, subscriptions in the primary market for foreign government bonds or publicly offered corporate bonds not involving equity, general financial bonds (excluding subordinated bonds), subscription or repurchase of securities investment trust funds or futures trust funds, subscription or redemption of index-linked securities, or securities purchased by securities firms for underwriting purposes or as recommended by GreTai Securities Market rules.
 - Bonds with repurchase or resale conditions, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises.
 7. For the transactions under item 6 above, the transaction amount shall be calculated as follows. The term "within one year" shall be based on the date the current transaction occurs and calculated retrospectively for one year. Transactions already disclosed in accordance with regulations shall not be counted again:
 1. Amount of each individual transaction.
 2. Cumulative amount within one year with the same counterparty for the same type of asset.
 3. Cumulative acquisition or disposal (separately for acquisition and disposal) of the same development project's real estate or usage rights within one year.
 4. Cumulative acquisition or disposal (separately for acquisition and disposal) of the same securities within one year.
- II. Time Limit for Disclosure and Reporting
- If the Company's acquisition or disposal of assets meets the disclosure items and thresholds specified in Paragraph I above, disclosure and reporting shall be completed within two days from the date the event occurs.
- III. Disclosure and Reporting Procedures
1. The Company shall disclose and report relevant information on the website

	<p>designated by the Financial Supervisory Commission.</p> <ol style="list-style-type: none"> 2. The Company shall, on a monthly basis, report the status of derivative product transactions conducted by itself and its non-domestically listed subsidiaries up to the end of the previous month, using the prescribed format, to the information reporting website designated by the securities authority before the 10th of each month. 3. If there are errors or omissions in the previously disclosed items that require correction, the Company shall re-disclose all items within two days from the date of awareness. 4. The Company shall keep relevant contracts, meeting minutes, reference books, appraisal reports, opinions from accountants, lawyers, or underwriters on hand. Unless otherwise specified by law, these records shall be kept for at least five years. 5. For transactions disclosed in accordance with the preceding provisions, if any of the following occur, the Company shall disclose the updated information within two days from the date of occurrence: <ol style="list-style-type: none"> 1. Changes, termination, or cancellation of the original contract. 2. Mergers, demergers, acquisitions, or share transfers are not completed according to the scheduled contractual date. 3. Changes to the originally disclosed content. <p>IV. Disclosure Format</p> <p>The format of disclosure shall comply with relevant legal regulations.</p>
Article 16	<p>The Company's subsidiaries shall handle matters in accordance with the following provisions:</p> <ol style="list-style-type: none"> 1. Subsidiaries shall also establish and implement "Procedures for the Acquisition or Disposal of Assets" in accordance with the relevant provisions of the "Guidelines for the Acquisition or Disposal of Assets by Publicly Listed Companies." 2. For subsidiaries that are not publicly listed companies, if the acquisition or disposal of assets reaches the disclosure and reporting thresholds specified in Article 15 of these Procedures, the parent company shall handle the disclosure and reporting on behalf of the subsidiary. 3. For subsidiaries, the standards for disclosure and reporting related to paid-in capital or total assets shall be based on the paid-in capital or total assets of the parent (or reporting) company.
Article 17	<p>The calculation of transaction amounts under Articles 8 to 11 above shall be conducted in accordance with the provisions of Article 15, Paragraph 1, Subparagraph 5. The term "within one year" shall be based on the date the current transaction occurs and calculated retrospectively for one year. Transactions for which a professional appraisal or accountant's opinion has already been obtained in accordance with this Guideline shall be exempt from being counted again.</p>
Article 18	Penalties

	<p>If any Company employee handling the acquisition or disposal of assets violates the provisions of this procedure, the matter shall be regularly reported for assessment in accordance with the Company's Personnel Management Regulations and Employee Handbook, and penalties shall be imposed based on the severity of the violation.</p>
Article 19	<p>Implementation and Revision</p> <p>The Company's "Procedures for the Acquisition or Disposal of Assets" shall be approved by more than half of all members of the Audit Committee, then passed by the Board of Directors, and submitted to the Shareholders' Meeting for consent. The same procedure applies to any amendments. When submitting the "Procedures for the Acquisition or Disposal of Assets" to the Board for discussion, the opinions of all independent directors shall be fully considered. If any independent director has a dissenting or reserved opinion, it shall be recorded in the minutes of the Board meeting.</p> <p>If the preceding approval by more than half of all Audit Committee members is not obtained, the procedure may be carried out with the approval of more than two-thirds of all Board members, and the resolution of the Audit Committee shall be recorded in the Board meeting minutes.</p> <p>The term "all members of the Audit Committee" and "all Board members" referred to in the preceding paragraphs shall be calculated based on those actually in office.</p>
Article 20	<p>Supplementary Provisions</p> <p>Any matters not covered in this procedure shall be handled in accordance with the relevant laws and regulations.</p>