Procedures for Engaging in Derivatives Trading

Article 1 Purpose

1. In order to effectively manage the Company's revenues and expenditures, assets and liabilities, reduce the risks caused by changes in foreign exchange and interest rates, and thus increase the competitiveness of the Company, this procedure is hereby formulated as the basis for the accurate management of the Company's financial asset transactions.
2. This procedure is established in accordance with the "Operating Procedure for Acquisition and Disposal of Assets". If there is anything not covered herein, it shall be handled in accordance with relevant laws and regulations.

Article 2: Principles and Approach of Transaction

1. Transaction Type
   (1) The term "derivative" used by the Company refers to the contract (such as forward contract, option, futures, interest rate or exchange rate, exchange, and the compound contract of the above commodity combination, etc.) in which the value of the derivative is derived from such commodities as assets, interest rate, exchange rate, index or other interests.
   (2) Matters relating to margin trade shall be handled in accordance with the relevant provisions of this procedure. The provisions of this procedure may not apply to bond transactions subject to redemption conditions.
2. Operation (Hedging) Strategy
   Derivatives trading shall be conducted for the purpose of hedging, and commodities trading shall be selected to avoid risks arising from the business operation of the Company. The currency held must conform to the foreign currency demand of the actual import and export transactions of the Company, and the Company's overall internal position (foreign currency income and expenditure) should be squared off by itself, so as to reduce the Company's overall foreign exchange risk and save foreign exchange operating costs. Transactions for other specific purposes shall be carefully evaluated and submitted to the Board of Directors for approval before proceeding.
3. Division of Rights and Responsibilities
   (1) The Financial Department
      1. Responsible for the strategy formulation of the whole company's financial trading.
      2. Trading personnel shall regularly calculate positions, collect market information, make trend judgment and risk assessment, formulate operational strategies, prepare internal documents and obtain approval from the director of the power of decision for trading purposes.

3. Execute transactions according to delegation of authority and established policies.
4. When there are major changes in the financial market and the trading personnel judge that the established strategies are no longer applicable, they shall put forward an evaluation statement at any time, sign an internal document, reformulate the strategies, and take them as the basis for trading upon the approval of the General Manager.

(2) The Accounting Department

1. Provide information on risk exposure positions.
2. Accounting and preparation of financial statements based on International Financial Reporting Standards.
3. Declare and announce according to the regulations of FSC.

(3) Derivative Approval Authority

1. Hedging Transaction Approval Authority

Approver	Daily Approval Authority	Net Cumulative Position Trading Authority
Financial Officer	US$500,000 or below	US$1,500,000 (inclusive) or below
General Manager	US$500,000-US$2,000,000 (inclusive)	US$1,500,000-US$5,000,00 (inclusive) or below
Chairman of the Board	US$2,000,000 or above	US$5,000,000-US$10,000,000 (inclusive) or below

2. Other special-purpose transactions shall not be carried out until they are submitted to the Board of Directors for approval.
3. Where the Company engages in derivative transactions in accordance with the prescribed procedures or other legislative requirements that shall be approved by the Board of Directors, the Company shall submit the directors' objection information to the supervisors if there is any objection from the directors and there is a record or written statement. In addition, in case that the Company has set up independent directors. When submitting the acquisition or disposal of assets to the Board of Directors for discussion, the opinions of the independent directors shall be fully considered. If the independent directors have objections or reservations, they shall be stated in the minute book of the Board of Directors.

(4) The Audit Department

Responsible for understanding the licensure of internal control of derivative transactions and checking the compliance of trading departments with operational procedures, analyzing trading cycles, preparing audit reports and reporting to the Board of Directors in case of major deficiencies.

(5) Performance Evaluation

1. Hedging Transactions

(1) The performance evaluation is based on the gain or loss between the exchange rate cost on the Company's books and the transaction of derivatives.

(2) The Financial Department shall provide the foreign exchange position evaluation and the foreign exchange market trend and the market analysis to the General Manager as the management reference and instruction.

2. Specific-Purpose Transactions: the performance evaluation is based on the actual gain or loss, and the accountants shall regularly prepare the position statements for the reference of the management.

(6) Total Contract Amount and Establishment of Upper Limit of Loss

1. Total Contract Amount

(1) Transaction Limit for Hedging Transactions: The financial department shall master the overall position of the Company to avoid transaction risks. The amount of hedging transactions shall not exceed two thirds of the overall net position of the Company. If the amount exceeds two thirds, it shall be reported to the General Manager for approval.

(2) Specific-Purpose Transactions: Based on the prediction of market changes, the financial department may formulate strategies as required and submit them to the Board of Directors for approval before proceeding. The total contract amount of the Company's net accumulated position for the Company's specific transaction shall be limited to US$ 5 million.

2. Establishment of Upper Limit of Loss

(1) Hedging transactions are not subject to an additional loss limit because the loss or gain of the hedging position is offset against each other.

(2) For a specific purpose, a stop loss point shall be established after the position is established to prevent excess loss. The stop loss shall be limited to 10% of the contract value of the trade. If the loss exceeds 10% of the contract value, the stop loss shall be reported to the General Manager immediately and shall be reported to the Board of Directors for taking necessary measures.

(3) The maximum amount of loss for an individual contract shall not exceed 5% of the transaction contract amount.

(4) The maximum annual loss of the trading operation for the specific purpose of the Company is US$ 300,000.

Article 3 Accounting Treatment

The accounting treatment of the relevant transactions of the Company shall be handled in accordance with the relevant provisions of the accounting system except as provided in this procedure.

Article 4 Risk Management Measures

1. Credit risk management:

   As the market is prone to the operational risks of derivative financial assets due to the changes of various factors, the following principles shall be followed in the market risk management:

   (1) Trade counterpart: mainly well-known financial institutions at home and abroad.

   (2) Traded commodities: limited to commodities provided by well-known financial institutions at home and abroad.

2. Market risk management:

   Mainly the exchange transaction market provided by banks, and futures market is not considered for the time being.

3. Liquidity risk management:

   To ensure market liquidity, financial products should be selected with high liquidity (i.e. they can be squared off in the market at any time). Financial institutions entrusted with transactions must have sufficient information and the ability to trade in any market at any time.

4. Cash flow risk management:

   To ensure the stability of the Company's working capital turnover, the capital source of the Company engaged in the derivative transaction shall be limited to its own capital, and the operating amount shall consider the capital demand of the cash income and expenditure forecast in the next three months.

5. Operational risk management:

   (1) The company's authorized quota, operating procedures and absorbed internal audit shall be truly followed to avoid operational risks.

   (2) Trading personnel engaged in derivatives and operational personnel engaged in confirmation, delivery, etc., shall not serve concurrently.

   (3) Risk measurement, monitoring, and control personnel shall be assigned to a different department that the personnel in the preceding subparagraph and shall report to the Board of Directors or senior management personnel with no responsibility for trading or position decision-making.

   (4) The positions held in a derivatives exchange shall be evaluated at least once a week, but at least twice a month for hedging transactions required by the business, and the evaluation report shall be sent to the senior executive authorized by the Board of Directors.

6. Commodity risk management:

Insider traders shall have complete and correct professional knowledge of financial assets and require banks to fully expose risks so as to avoid risks of financial assets.

7. Legal risk management:

   Documents signed with financial institutions shall be signed with appropriate authority to avoid legal risks.

Article 5 Internal Audit System

The internal auditors shall regularly learn about the licensure of internal control of derivative transactions and analyze the trading cycle, and make audit reports on the compliance of the monthly audit and trading department with the procedures for dealing with derivative transactions, and shall inform the supervisors in writing of any major violation.

Article 6 Regular Assessment Methods and Abnormality Handling

1. The Board of Directors shall authorize high-level executives regularly to monitor and assess whether or not to engage in derivatives trading is in accordance with the Company for trade procedure, and the risk is in the allowable bearing range, the market price assessment when there is abnormal situation, such as the holding position more than loss ceiling), shall immediately report to the Board of Directors, and adopt coping measures.
2. The positions held in a derivatives exchange shall be evaluated at least once a week, but at least twice a month for hedging transactions required by the business, and the evaluation report shall be sent to the senior executive authorized by the Board of Directors.

Article 7 Supervision and Management Principles of the Board of Directors When Engaging in Derivatives Trading

1. The Board of Directors shall designate senior executives to keep the derivatives transaction risk under supervision and control. The management principles are as follows:
   (1) Regularly evaluate whether the risk management measures currently in use are appropriate and are in accordance with the "Operating Procedure for Acquisition and Disposal of Assets" and the procedures for dealing with derivatives transactions prescribed by the Company.
   (2) Supervise the trading and profit and loss situation, and take necessary measures in case of any abnormality, and immediately report to the Board of Directors. If the Company has set up independent directors, the Board of Directors shall have independent directors present and express opinions.
2. Regularly evaluate whether the performance of derivatives trading conforms to the established

business strategy and whether the undertaking risk is within the tolerance of the Company.

3. Where the Company authorizes the relevant personnel to deal with the derivatives transactions in accordance with the provisions of the derivatives transaction procedures, it shall report to the Board of Directors afterwards.

Article 8 The Company shall establish a memorandum book for the type, amount, date of approval by the Board of Directors and the matters which shall be carefully evaluated in accordance with Paragraph 2 of Article 6, Paragraphs 1 and 2 of Article 7, and the details are set out in the memorandum book for future reference.

Article 9 Public Declaration Procedure (After Public Issue)

1. The Company shall, on a monthly basis, enter into the information reporting website designated by the FSC by the 10th day of each month, in accordance with the prescribed format, the information of the Company and its non-domestic publicly listed subsidiaries engaged in derivative transactions as of the end of last month.
2. In the event that the loss of a derivative transaction reaches the maximum amount of all or any individual contract loss specified in this procedure, the relevant information shall be announced and reported on the website designated by the FSC within two days from the date of occurrence in accordance with the prescribed format.

Article 10 Penalty

The company engaged in derivative transactions shall notify the supervisors in writing of any material violation discovered by its internal auditors. Where the relevant personnel of the transaction violates the handling procedures and has specific causes and serious circumstances, he/she shall be punished according to the working rules of the Company according to the seriousness of the circumstances.

Article 11 Implementation and Revision

After the "Procedures for Engaging in Derivatives Trading" of the Company is adopted by the Board of Directors, it shall be submitted to the supervisors and submitted to the Board of shareholders for approval, and the revised procedures shall be the same. The company shall also send the directors' objection information to the supervisors if there is any objection from the directors and it is recorded or stated in writing.

In addition, in case that the Company has set up independent directors. When submitting the “Procedures for Engaging in Derivatives Trading” to the Board of Directors for discussion, the opinions of the independent directors shall be fully considered. If the independent directors have objections or reservations, they shall be stated in the minute book of the Board of Directors.