



Giant Heavy Machinery Service Corporation

Procedures for Acquisition or Disposal of Assets

Article 1 Giant Heavy Machinery Service Corporation (hereinafter referred to as this Corporation)'s acquisition or disposal of assets shall be made in accordance with these Procedures. Any other matters not set forth in these Procedures shall be governed by applicable laws, rules, and regulations.

Article 2 "Assets" used herein means:

- (1) securities investments (including equities, bonds, corporate bonds, bank indentures, security interest in funds, depository receipts, warrants, beneficiary securities, asset-based securities, etc.);
 - (2) real estate (including lands, plants and buildings and investment property) and equipment;
 - (3) memberships;
 - (4) patents, copyrights, trademarks, franchise rights as intangible assets;
 - (5) right-of-use assets;
 - (6) derivatives products;
 - (7) assets that are acquired or disposed through mergers, spin-offs, acquisitions or share transfers, and other major assets.
1. "Date of the Event" used herein means, in principle, the contract date, the payment date, the transaction date, the title transfer date, the date of relevant board resolutions or other dates in which the transaction parties and the transaction amount(s) can be ascertained (whichever is earlier). For investments required to be approved by relevant government authorities, the Date of the Event means any of the above-mentioned dates or the date on which the government approval letter is received, whichever is earlier.
 2. "Professional Appraiser" used herein means any appraisers/appraisal institutions specializing in real estate or other lawful appraisers/appraisal institutions of real estate and equipment.
 3. "Related Parties" and "Subsidiaries" used herein mean those companies

satisfying the relevant standards stipulated in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4. "Latest Financial Statements" used herein means the financial statements of this Corporation audited or examined by a certified public accountant which has been disclosed in accordance with applicable regulation before the subject acquisition or disposal of assets.

The term "10% of this Corporation's total asset" used herein shall be calculated based on the total asset stated in the most recent standalone financial report prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Any unspecified terms in these Procedures shall be subject to the "Guidelines for Handling Acquisition or Disposal of Assets by Public Companies" announced by the regulatory authority.

Article 3 The procedures for acquiring or disposing assets by this Corporation and the amount limitations are specified as follows:

1. The acquisition or disposal of security investments classified as non-current assets shall be reviewed and evaluated by the department responsible therefor and implemented after approval by the board of directors, while the board of directors can authorize the chairman to handle the matter and report to the board of directors for ratification on an after-the-event basis.
2. The acquisition or disposal of security investments classified as current assets shall be reviewed and evaluated by the department responsible therefor and implemented within the limits of amount set forth in Item 6 of this Article.
3. The acquisition or disposal of real estate or related right-of-use assets shall be reviewed and evaluated by the department responsible therefor and implemented after approval by the board of directors, while the board of directors can authorize the chairman to handle the matter and report to the board of directors for ratification on an after-the-event basis.

4. The acquisition of equipment or related right-of-use assets shall be handled by the department responsible therefor in accordance with relevant internal rules of this Corporation after approval by the board of directors. The disposal of equipment shall be directly handled by the department responsible therefor in accordance with relevant internal rules of this Corporation.
5. Responsible Departments
 - For acquisition or disposal of security investments, the departments responsible therefor shall be the Finance Division or other related department.
 - For acquisition or disposal of real estate, equipment or related right-of-use assets, the departments responsible therefor shall be the Procurement Division, Accounting Division or other related department.
6. Limits of Amounts
 - The acquisition of real estate and related right-of-use assets by this Corporation for nonbusiness use shall not exceed 15% of this Corporation's net worth. The acquisition of real estate and related right-of-use assets for non-business use by each of its subsidiaries shall not exceed 5% of this Corporation's net worth.
 - The total amount of all security investments of this Corporation shall not exceed 70% of this Corporation's net worth. The total amount of all security investments of each of its Subsidiaries shall not exceed 60% of this Corporation's net worth.
 - The amount of investment of this Corporation in each individual security shall not exceed 40% of this Corporation's net worth. The amount of investment of each of its subsidiaries in each individual security shall not exceed 40% of this Corporation's net worth.
7. Material asset transactions must be approved by the Audit Committee in accordance with relevant regulations and be approved by the board of

directors.

Article 4 This Corporation shall report and publicly disclose the following acquisition or disposal of assets in accordance with the relevant regulations within two days commencing immediately from the date of the event:

1. the acquisition or disposal of real estate or related right-of-use assets from or to a related party, or acquisition or disposal of assets other than real estate or related right-of-use assets from or to a related party where the transaction amount reaches 20% of this Corporation's paid-in capital, 10% of this Corporation's total assets, or NT\$300 million; provided, this shall not apply to buying or selling of domestic government bonds or bonds under repurchase and resale agreements, nor to subscription or redemption of money market funds issued by domestic securities investment trusts;
2. mergers, spin-offs, acquisitions or shares transfer;
3. the loss from derivative transactions reaches the loss limit specified in the relevant handling procedures for individual or all contracts.
4. For asset transactions other than those specified in the previous three items, if the transaction amount reaches 20% of the company's paid-in capital or NT\$ 300 million or more. However, the following situations are not subject to this limit:
 - (1) buying or selling domestic government bonds or foreign government bonds with credit ratings not lower than R.O.C. sovereign credit rating;
 - (2) buying or selling bonds under repurchase and resale agreements, or subscribing or redeeming money market funds issued by domestic securities investment trusts;
 - (3) acquisition or disposal of equipment or related right-of-use assets for business use with non-related parties in an amount not exceeding NT\$ 500 million;
 - (4) acquisition of real estate by way of contracting third parties to construct on land owned or leased by this Corporation, distribution of building under joint construction project, distribution of profit under

joint construction project, or selling building under joint construction project with non-related parties, and the amount of transaction not exceeding NT\$ 500 million (based on the amount this Corporation intends to contribute).

The “transaction amount” referred to above shall be calculated as follows:

1. the amount of each single transaction for acquisition or disposal of assets;
2. the cumulative amount of several transactions with the same party for the acquisition or disposal of the same kind of assets within one year;
3. the cumulative amount for acquisition or disposal (acquisition and disposal shall be accumulated separately) of real estate or related right-of-use assets under the same development project within one year; or
4. the cumulative amount for acquisition or disposal (acquisition and disposal shall be accumulated separately) of the same security within one year.

“Within one year” as used in the preceding paragraph refers to one year preceding the Date of the Event of the subject acquisition or disposal of assets. Transactions that have been previously disclosed in accordance with the Procedures shall be excluded.

This Corporation shall submit information on the status of derivative transactions engaged in by the company and its subsidiaries that are not publicly listed in Taiwan as of the end of the previous month in the prescribed format to the designated information reporting website by the 10th day of each month.

All items shall be amended and disclosed in full again within two days from the date this Corporation becomes aware of any error or incompleteness therein.

Should any of the following conditions occur after the reporting and public disclosure of the relevant transactions, this Corporation needs to make an amended report and public disclosure within two days commencing immediately from the date of the event:

1. any amendment, termination or cancellation of the original agreement;
2. failure to complete the proposed merger, spin-off, acquisition or share

transfer as scheduled in the relevant agreement;

3. any changes to the original publicly disclosed and reported information.

Article 5 The contents of reporting and public disclosure of asset acquisition or disposal as required in Article 4 shall be in compliance with the relevant regulations.

Article 6 The evaluation procedures of this Corporation's asset acquisition or disposal are as follows:

1. Except for transactions with domestic government institutions, contracting third parties to construct on land owned or leased by this Corporation, or acquisition of equipment or related right-of-use assets for business use, an appraisal report issued by a professional appraiser shall be obtained prior to the date of the event for any acquisition or disposal of real estate, equipment or related right-of-use assets by this Corporation the amount for which is 20% of this Corporation's paid-in capital or NT\$300 million, and the following provisions shall be complied with:

(1) If for any special reason, restricted price, specific price, or special price must be used as a reference for the transaction price, the transaction shall be approved by the board of directors in advance. The above procedures shall also be followed in case the transaction terms are changed subsequently.

(2) If the discrepancy between the result of the appraisal report of the professional appraiser and the transaction price exceeds 20% of the transaction price, (unless all the appraisal results for the assets to be acquired exceed the transaction price, or all the appraisal results for the assets to be disposed are less than the transaction price), this Corporation shall request a certified public accountant to issue a statement on the reasons for such discrepancy and the fairness of the transaction price.

(3) If the transaction price is over NT\$1 billion, this Corporation shall retain at least two professional appraisers to perform the appraisal. In case the discrepancy between the two appraisal reports is over 10% of

the transaction price, (unless all the appraisal results for the assets to be acquired exceed the transaction price, or all the appraisal results for the assets to be disposed are less than the transaction price), this Corporation shall request a certified public accountant to issue a statement on the reasons for such discrepancy and the fairness of the transaction price.

- (4) The appraisal report shall be issued within 3 months before the contract date; provided that if the asset's publicly declared value remains the same and the appraisal report was issued no longer than 6 months, the original professional appraiser may present supplemental opinions.
2. Before the date of the event of the acquisition or disposal of securities, the latest financial statements of the target company audited or reviewed by a certified public accountant shall be obtained for the assessment and reference of the transaction price. Should the transaction price reach 20% of this Corporation's paid-in capital or NT\$300 million, a fairness opinion issued by a certified public accountant shall be obtained before the date of the event of such acquisition or disposal of securities. These requirements are not applicable if such securities have a publicly quoted price from an active market or if the regulatory authorities require otherwise.
3. If this Corporation's acquisition or disposal of memberships, intangible assets or related right-of-use assets reaches 20% of this Corporation's paid-in capital or NT\$300 million, excluding transactions with domestic government agency(ies), the opinions of the fairness of the transaction price shall be obtained from a certified public accountant prior to the date of the event of the subject acquisition or disposal of assets.
4. For acquisition or disposal of assets through court auction procedures, the appraisal report or certified public accountant's opinion can be replaced by documents issued by the courts.
5. Any professional appraiser and its appraisal personnel, certified public

accountants, lawyers, or securities underwriters from whom this Corporation has acquired appraisal reports and opinions, shall satisfy the requirements as set forth in the relevant regulations.

The transaction price referred to in the preceding paragraph shall be calculated in accordance with Article 4, paragraph 2 herein, and “within one year” refers to one year preceding the date of event of the current transaction. Items for which an appraisal report from a professional appraiser or an opinion from a certified public accountant has been obtained need not be counted toward the transaction price.

Article 7

1. Acquisition or disposal of assets by this Corporation’s Subsidiaries shall follow the procedures of Article 6 hereof.
2. If the acquisition or disposal of assets by this Corporation’s subsidiaries reaches the reporting standard specified in Article 4 hereof and such subsidiary is not a domestic public company, this Corporation shall disclose and report same for such subsidiary. The same shall apply if there is any change or supplementation to the originally publicly disclosed and reported information.
3. This Corporation shall supervise its subsidiaries to establish relevant procedures for acquisition or disposal of assets. Such procedures shall be approved by the subsidiaries’ audit committee and/or boards of directors and/or shareholders meetings. Information relating to any acquisition or disposal of assets by the subsidiaries shall be provided periodically to this Corporation for examination and audit.

Article 8

The procedures for acquisition or disposal of assets by this Corporation from or to a related party are as follows:

1. When this Corporation engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring the compliance with the provision of Article 6, if the transaction amount reaches 10% of this Corporation’s total assets, this Corporation shall also obtain an appraisal

report from a professional appraiser or an opinion from a certified public accountant in accordance with Article 6.

2. If this Corporation intends to acquire or dispose of real estate or related right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real estate or related right-of-use assets from or to a related party and the transaction amount reaches 20% of this Corporation's paid-in capital, 10% of this Corporation's total assets, or NT\$300 million, (except for buying or selling domestic government bonds, bonds under repurchase and resale agreements and subscribing or redeeming money market funds issued by domestic securities investment trusts), this Corporation may not enter into any transaction contract or make a payment until the following matters have been approved by the audit committee and then submitted to the board of directors for approval:
 - (1) The purpose, necessity and anticipated benefit of the proposed acquisition or disposal of assets.
 - (2) The reason for choosing the related party as a trading counterparty.
 - (3) With respect to the acquisition of real estate or related right-of-use assets from a related party, information regarding the evaluation of the reasonableness of the preliminary transaction terms in accordance with applicable regulations.
 - (4) The date and price at which the related party originally acquired the real estate, the original trading counterparty, and such trading counterparty's relationship to this Corporation and such related party.
 - (5) Monthly cash flow forecasts for the year commencing from the anticipated month of the signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
 - (6) An appraisal report from a professional appraiser or an opinion by a certified public accountant obtained in compliance with the preceding subparagraph 1.

- (7) Restrictive covenants and other important stipulations associated with the transaction.
3. With respect to the acquisition or disposal of equipment or related right-of-use assets for business use, or the right-of-use assets of real estate for business use between this Corporation and its Subsidiaries, or between Subsidiaries whose shares or capital are 100% owned, directly or indirectly, by this Corporation, the board of directors may delegate the chairman to decide such matters when the transaction is within 20% of the company's paid-in capital and submit such transaction for ratification by the board of directors in its next meeting.
 4. When a matter is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. When this Corporation or this Corporation's subsidiary that is not a domestic public company engages in a transaction stipulated in paragraph 1, item 2, and the transaction amount reaches 10% of this Corporation's total assets, this Corporation is required to submit the transaction information stipulated in paragraph 1, item 2, to the shareholders meeting for approval before entering into agreements and making payments. However, this requirement is not applicable to transactions between this Corporation and its subsidiary, or transactions between subsidiaries.

The calculation of the transaction amounts referred to in paragraph 1, item 2, and the preceding paragraph shall be made in accordance with Article 4, paragraph 2 herein, and "within one year" refers to one year preceding the date of event of the current transaction. Items that have been previously approved by the shareholders meeting or the Board need not be counted toward the transaction amount.

Article 9 Any acquisition or disposal of assets through mergers, spin-offs, acquisitions or

shares transfer by this Corporation shall comply with the Procedures and the “Guidelines for Handling Acquisition or Disposal of Assets by Public Companies” announced by the regulatory authority.

Article 10 This Corporation’s financial derivatives transactions shall be in compliance with this Corporation’s procedures for financial derivatives transactions. The procedures are as follows:

1. Principles and Guidelines

(1) Instruments

“Financial derivatives” referred herein are broadly defined as instruments that derive their value from the performance of interest rates, foreign exchange rates, prices of financial instruments, indexes, credit ratings, or other variables. Such instruments include swaps, options, futures, forwards, various combinations thereof, embedded derivatives contracts, or structured products. “Forwards” referred herein exclude insurance, performance, after-sale service, long-term lease and long-term purchase (sales) agreements. This Corporation shall be prohibited from conducting or entering into transactions involving instruments that are not specified herein. Derivative products can be divided into those for financial purposes and those for hedging purposes. Those for financial purposes refer to the establishment of positions composed of assets, liabilities, or investment portfolios, with the expectation of profiting from future market fluctuations. Those for hedging purposes refer to transactions aimed at eliminating or reducing exchange rate or interest rate risks, without the purpose of creating profits.

(2) Strategy

This Corporation's derivative product transactions should primarily aim at hedging purposes. The hedging strategy should be based on natural hedging principles and should be based on the net position after offsetting the amount and currency of foreign currency

receivables and payables generated by the business operations.

(3) Authorization / Delegation

- i. Financial Unit: The financial unit is the core of the derivative product trading management system and is responsible for managing this Corporation's derivative product operations and positions. It should collect relevant information and communicate with project business departments to obtain information. The unit should always be up-to-date with market information, trend and risk judgment, financial products, rules and regulations, and operational techniques to support its own and other related departments' operations. The personnel responsible for trading, confirming, and settling derivative product transactions should be independent of each other. The appointment and removal of trading and confirming personnel should be notified to the trading bank to protect this Corporation's interests.
- ii. Accounting Unit: The accounting unit is responsible for recording the accounting entries based on the relevant trading documents.
- iii. Audit Unit: The audit unit should regularly evaluate whether the derivative product trading is in compliance with the established trading process and whether the risk is within this Corporation's acceptable range.

(4) Authorization / Delegation

The authorized trading personnel should not exceed USD 1,000,000 per transaction.

(5) Contract Amount and Loss Control

Hedging

Contract Amount: The total contract amount of the transaction shall not exceed this Corporation's most recent quarterly operating revenue.

Loss Limit: As hedging transactions are conducted based on this Corporation's actual needs, the individual contract loss limit shall not exceed 10% of the individual contract amount, and the total contract loss limit should not exceed 10% of the total contract amount. If there are special circumstances, approval from the chairman of the board is required.

Trading

This Corporation shall not engage in any transactions for trading purposes.

(6) Performance Evaluation

The financial unit shall regularly evaluate the net profit and loss and provide a position evaluation report to the responsible manager for management reference and performance evaluation purposes, in order to adjust and improve the operational strategy.

2. Operating Procedures

- (1) This Corporation's major derivative product transactions shall be approved by the supervisor and then submitted to the board of directors for resolution, and the provisions of Article 4, Paragraph 5 and Paragraph 6 of this Procedure shall apply mutatis mutandis. The board of directors may authorize the chairman to sign derivative product trading contracts with various financial institutions.
- (2) Authorized trading personnel shall place orders with banks within the authorized limit and submit trading slips indicating the name of the transaction, the amount of purchase/sale, the period, the trading fees, the counterparty, and noting whether it is a hedging operation to the financial unit supervisor for approval.
- (3) Upon receipt of the trading certificate from the bank, the confirming personnel shall immediately confirm the contents of the transaction. If any defects or errors are found, they shall immediately clarify with the trading personnel.

- (4) After confirmation by the confirming personnel, the delivery personnel shall execute the delivery matters according to the details of the trading slip.
- (5) The accounting personnel shall prepare accounting entries and record accounting transactions based on the relevant trading certificates.

3. Risk Management Measures

(1) Risk Management Scope

Credit Risk: The counterparty of the transaction should be a well-known international bank with good credit.

Market Price Risk: The financial products traded should be widely traded internationally, and the use of specially designed products should be reduced.

Liquidity Risk: The bank selected for the transaction should have a large trading volume and strong pricing ability.

Cash Flow Risk: When entering into a transaction, consideration should be given to whether it will affect this Corporation's cash flow.

Operational Risk: The transaction should be processed strictly in accordance with the transaction processing procedure to avoid operational risk.

Legal Risk: The documents signed with the counterparty should be based on the commonly used contracts in the market, and any special contracts should be reviewed by the legal department or a lawyer.

- (2) The personnel involved in derivative product transactions and the personnel responsible for confirmation and delivery operations should not hold concurrent positions.
- (3) The personnel responsible for measuring, supervising, and controlling risks should belong to a different department from the personnel mentioned in the previous item and should report to the board of directors.

- (4) The financial unit should evaluate hedging transactions at least twice a month for business needs, and the evaluation report should be submitted to the chairman or his/her designated person.
- (5) The confirming personnel are responsible for registering the trading certificates or contracts, regularly reconciling or verifying with the correspondent bank, and checking whether the trading amount complies with the limit on the trading amount.

4. Internal Audit

Internal auditors should regularly review the appropriateness of the internal control system for derivative product transactions and conduct monthly audits of the trading department's compliance with the procedures for handling derivative product transactions. They should prepare an audit report and submit it to the securities regulatory authority through the internet information system by the end of February of the following year, together with the execution status of the annual internal audit plan. They should also submit the improvement status of any abnormalities through the internet information system by the end of May of the following year. If any major violations are found, they should notify the supervisors in writing.

5. Periodic Evaluation Methods and Handling of Exceptional Circumstances

- (1) The board of directors shall designate the chairman or his/her designated person to continuously monitor and control the risks of derivative product transactions and evaluate the performance of derivative product transactions to ensure that they are in line with the established business strategies and that the risks undertaken are within an acceptable range.
- (2) The board of directors shall authorize the chairman or his/her designated person to regularly evaluate the appropriateness and effectiveness of the current risk management measures and to handle matters in accordance with this procedure.

- (3) The financial supervisor shall monitor the trading and profit and loss situation and take necessary measures and immediately report to the board of directors if any abnormalities are found.
- (4) If this Corporation engages in derivative product transactions in accordance with the authorization of relevant personnel under this procedure, it shall report to the most recent board of directors afterwards.

6. Record Book

- (1) This Corporation shall establish a record book for derivative product transactions, which shall record in detail the categories, amounts, dates of board approval, and other items that require careful evaluation for this Corporation's derivative product transactions.
- (2) This Corporation shall submit information on the status of derivative product transactions of this Corporation and its subsidiaries that are not publicly listed in Taiwan as of the end of the previous month to the information reporting website designated by the competent securities authority in the prescribed format by the 10th day of each month.

Article 11 The contracts, memorandum, appraisal reports, and opinions of certified public accountants, lawyers or securities underwriters in connection with this Corporation's acquisition or disposal of assets shall, except as otherwise specified by relevant laws, be retained in this Corporation for at least five years.

Article 12 This Corporation's managers and persons-in-charge shall follow the Procedures in order to prevent this Corporation from incurring any losses. Any violation of related regulations or these Procedures shall be subject to discipline in accordance with the relevant human resources articles or rules of this Corporation.

Article 13 These Procedures shall be approved by the supervisor, the board of directors, and the shareholders meeting. Any amendment hereof is subject to the same procedures.