

Procedures for the Acquisition and Disposal of Assets Walsin Lihwa Corporation

Last amended and passed by shareholders' meeting on May 13, 2022

Article 1 Objective

The Asset Acquisition and Disposal Procedures (hereafter referred to as the Procedures) set forth herein serve as the guidelines for Walsin Lihwa (hereafter referred to as the Company) to acquire or dispose of assets.

Article 2 Basis

The Procedures are formulated in accordance with Article 36-1 of the Securities and Exchange Act and the Regulations Governing the Acquisition and Disposal of Assets by Public Companies (hereinafter referred to as the Asset Regulations) announced by the Financial Supervisory Committee.

Article 3 Applicability

1. The Procedures shall be applicable to the Company and its subsidiaries, including non-public subsidiaries.
2. The term assets as used in the Procedures include:
 - (1) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
 - (2) Real property including land, houses and buildings, investment property, and construction enterprise inventory and equipment.
 - (3) Membership;
 - (4) Patents, copyrights, trademarks, franchise rights, and other intangible assets.
 - (5) Right-of-use assets.
 - (6) Derivatives.
 - (7) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
 - (8) Other major assets.

Article 4 Definition

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts

- combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed of through mergers, demergers, acquisitions, or transfer of shares in accordance with law, i.e., assets acquired or disposed of through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
 3. Related parties: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
 4. Professional appraiser: Real estate appraisers or other appraisers who carry out appraisals of real estate or equipment in accordance with law.
 5. Date of occurrence: The date of contract signing, date of payment, date of consignment trade, date of transfer, date of resolutions made by directors of the board, or any other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
 6. Mainland area investment: The investment in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
 7. Implementation unit: The business unit that carries out the affairs of the Company according to the nature of its business.

Article 5 Appraisal

1. When acquiring or disposing the negotiable securities that are not traded at stock exchanges or securities dealers, the Company shall factor in the net value per share, profitability, and future potential of such securities as well as the market interest rate, coupon rate, debt credit rating, and transaction price upon acquisition or disposal.

2. When acquiring or disposing the negotiable securities that are traded at stock exchanges or securities dealers, the Company shall factor in the equity or bond price upon acquisition or disposal.
3. When acquiring or disposing the assets not covered by Article 5-1 and Article 5-2, the Company shall resort to price inquiry, comparison, negotiation, or an open invitation to bid.
4. For any real property transaction, the Company shall factor in the publicly announced value and the appraised value of the property as well as property transaction prices in the vicinity of the property. The Company shall refer to professional appraisal reports if any transaction should be disclosed and announced as prescribed by the Procedures.

Article 6 Procedures for Acquisition or Disposal of Assets

1. Acquisition or disposal of securities of an amount not reaching NT\$300 million shall, upon appraisal by the implementation unit, be carried out in the discretion of the Chairman of the Board. Where any transaction reaching an amount of NT\$300 million or above, it shall be submitted to the Audit Committee and carried out only upon the approval by the Board of Directors.
2. The acquisition or disposal of short-term bills, repo/reverse repo bills and bonds, bond funds, money market funds, and structured/linked principal protected deposits shall be carried out under the authority of each level of the Company's officers.
3. Acquisition and disposal of derivatives shall be pursuant to the Company's Derivatives Trading Procedures.
4. Acquisition or disposal of real estate of an amount not exceeding NT\$300 million as appraised by the implementation unit shall be carried out in the discretion of the Chairman of the Board. Where any transaction reaching an amount of NT\$300 million or above, it shall be submitted to the Audit Committee and carried out only upon the approval by the Board of Directors.
5. Acquisition or disposal of equipment of an amount not exceeding NT\$300 million as appraised by the implementation unit shall be carried out in the discretion of the Chairman of the Board. Where any transaction reaching an amount of NT\$300 million or above, it shall be submitted to the Audit Committee and carried out only upon the approval by the Board of Directors.

6. Acquisition or disposal of memberships, intangible assets or right-of-use assets, and other major assets of an amount not exceeding NT\$300 million as appraised by the implementation unit shall be carried out in the discretion of the Chairman of the Board. Where any transaction reaching an amount of NT\$300 million or above, it shall be submitted to the Audit Committee and carried out only upon the approval by the Board of Directors.
7. Related-party transactions shall be conducted in accordance with Article 10 herein.

Article 7 Penalties for Relevant Personnel

When carrying out acquisitions or disposals of the Company's assets, relevant personnel shall comply with the Procedures as well as relevant laws and regulations to prevent the Company from incurring losses resulting from improper operation. Any such personnel found breaching the aforementioned shall be dealt with in accordance with the Company's personnel penalty rules.

Article 8 Investment Amount

Except for the assets acquired for the Company's business purposes, all the investments in and purchases of real estate and securities for non-business purposes are subject to the following restrictions:

1. The total amount of real estate stated in the consolidated financial statements of the Company and its subsidiaries for non-business purposes shall not exceed 40% of the Company's owners' equity.
2. The total amount of securities investments stated in the consolidated financial statements of the Company and its subsidiaries for non-business purposes shall not exceed 100% of the Company's owner's equity.
3. The total amount of individual securities investments stated in the consolidated financial statements of the Company and its subsidiaries shall not exceed 50% of the Company's owner's equity.

Article 9 Engagement of Independent Expert for Objective and Fair Report

1. Acquisition or disposal of securities by the Company shall first obtain the issuing companies' latest audited financial statements before the date of such acquisition or disposal as reference for assessment of the transaction prices. If the transaction amount reaches 20% of the Company's paid-up capital or NT\$300 million or more, the Company shall, before the date of such acquisition or disposal, consult a certified public accountant on the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by

- regulations of the Financial Supervisory Commission. The aforesaid shall not apply with the securities concerned are publicly quoted in active markets or are subject to other regulations of the Financial Supervisory Committee.
2. When the Company acquires or disposes of memberships intangible assets or right-of-use assets and the transaction amount reaches 20% or more of its paid-up capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall, before the date of such acquisition or disposal, consult a certified public accountant on the reasonableness of the transaction price.
 3. In acquiring or disposing of real property, equipment, or right-of-use assets where the transaction amount reaches 20% of the Company's paid-up capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing equipment or right-of-use assets for business purposes, shall obtain an appraisal report prior to the date of such acquisition or disposal from a professional appraiser and shall further comply with Article 9 of the Asset Regulations.
 4. The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 31, paragraph 2 of the Asset Regulations, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a certified public accountant's opinion has been obtained need not be counted toward the transaction amount.
 5. When the Company acquires or disposes of assets from any court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.
 6. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:
 - (1) May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of the Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if

3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

- (2) May not be a related party or de facto related party of any party to the transaction.
- (3) If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of their respective association and the following:

- (1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- (2) When executing a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
- (3) They shall undertake an item-by-item evaluation of the adequacy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.

They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and adequate, and that they have complied with applicable laws and regulations.

Article 10 Related-party Transactions

1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to complying with the requirements as set forth in Article 9 as well as this Article to ensure the transaction terms are reasonable, if the transaction amount reaches 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or an accountant's opinion in accordance with Article 9. When determining whether transaction counterparty is a related party, the Company shall take into consideration of the substance of the relationship with the transaction party in addition to legal formalities. . When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to complying with the

requirements as set forth in Article 9 as well as the procedures of this Article to ensure the transaction terms are reasonable, if the transaction amount reaches 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or an accountant's opinion in accordance with Article 9.

When determining whether transaction counterparty is a related party, the Company shall take into consideration of the substance of the relationship with the transaction party in addition to legal formalities.

2. When the Company intends to acquire or dispose of real property or right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets from or to a related party and the transaction amount reaches 20% or more of the Company's paid-up capital, 10 % or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been submitted to the Audit Committee and approved by the board of directors:
 - (1) The purpose, necessity and estimated benefits of the acquisition or disposal of assets,
 - (2) The reason for choosing the related party as a transaction counterparty,
 - (3) With respect to the acquisition of real property or right-of-use assets from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 16 and Article 17 of the Asset Regulations,
 - (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party,
 - (5) Monthly cash flow forecasts for the year beginning from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the use of funds,
 - (6) An appraisal report from a professional appraiser or an accountant's opinion obtained in accordance with the preceding article, and
 - (7) Restrictive covenants and other important stipulations associated with the transaction.

If the Company or its subsidiaries have such a transaction in the amount reaching 10% or more of the Company's total assets, the Company shall submit the information listed in each subparagraph of this Paragraph to the shareholders' meeting for approval before signing the transaction contract and making the payment. However, transactions between the Company and its subsidiaries or those between its subsidiaries are not subject to the foregoing limitation. Calculation of the transaction amount referred to in Paragraph 1 and this Paragraph shall be made in accordance with Article 31, paragraph 2 of the Asset Regulations, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to the Audit Committee and approved by the board of directors and the shareholders' meeting need not be counted toward the transaction amount.

For acquisition or disposal of real property right-of-use assets for business purposes between the Company and its subsidiaries, or between Company and its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the Board of Directors may authorize the Chairman of the Board to act in his discretion for any transaction below NT\$300 million before subsequently submitting to the Audit Committee and the Board of Directors for retroactive confirmation.

3. When the Company acquires real property or right-of-use assets from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Articles 15 and 16 of the Asset Regulations to assess the reasonableness of the transaction to assess the reasonableness of the transaction cost. Except in any of the following circumstances, certified public accountants should be engaged to review and express an opinion with respect to such a transaction:
 - (1) The related party acquired the real property or right-of-use assets through inheritance or as a gift,
 - (2) More than five years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction, and
 - (3) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land, and
 - (4) The real property right-of-use assets for business use are acquired by the

Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% percent of the issued shares or authorized capital.

4. Where with respect to an acquisition of real estate by the Company from any related party, if the appraisal result is lower than the transaction price, the following shall be carried out:
 - (1) A special reserve shall be accordingly set aside against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. When the Company uses the equity method to account for its investment in another public company, the special reserve shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in that company.
 - (2) Independent directors on the Audit Committee Supervisors shall comply with the provisions of Article 218 of the Company Act, and
 - (3) Actions taken pursuant to the preceding two subparagraphs shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. The Company has set aside a special reserve under the preceding paragraph and may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Financial Supervisory Commission has given its consent.

When the Company obtains real property or right-of-use assets from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition is not an arms-length transaction.

Article 11 Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

1. The Company shall conduct mergers, demergers, acquisitions and transfers of shares in accordance with the provisions of Section V of Chapter II of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
2. Domestic companies shall do so in accordance with relevant provisions of the Company Act and the Business Mergers and Acquisitions Act, in addition to the

provision of the foregoing paragraph; offshore subsidiaries shall do so in accordance with local laws and regulations.

Article 12 Disclosure of Information

1. Disclosure of material information is required pursuant to Article 3 of the Asset Regulations and Chapter II of the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities.
 2. Disclosure procedure: Whenever the requirement for public disclosure of asset acquisition and disposal is applicable to the Company and its subsidiaries, the Company and its subsidiaries shall inform the accounting department of the Company of such acquisition and disposal on the day of the occurrence in accordance with the preceding paragraph of this article.
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Article 13 Acquisition or Disposal of Assets by Subsidiaries

1. The Company shall require its subsidiaries to establish their asset acquisition and disposal procedures, which shall become effective after approval by the Company. The subsidiaries without their asset acquisition and disposal procedures shall abide by these Procedures, relevant procedures and regulations of the Company and in accordance with the Company's rules governing authorizations and hierarchical delegation of responsibilities.
 2. The audit committee, the board of directors and the shareholders' meeting referred to herein shall be the Audit Committee, the Board of Directors and the shareholders' meeting of the Company; as for the requirement in respect of 20% of the paid-in capital or 10% of the total assets, the paid-in capital or the total assets of the Company shall serve as the base of such calculation.
 3. The Company shall disclose on behalf of any subsidiary that is a Taiwan public company acquiring or disposing of assets in accordance with Article 12 of the Procedures.
 4. If a domestic public subsidiary of the Company meets the announcement and reporting standards set forth in Paragraph 1, Article 12 hereof of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, it shall do so on its own; if the announcement and reporting involves material information, the Company shall do so in accordance with the law.
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Article 14 Other Provisions

1. The 10% of the Company's total assets in Article 13-2 of the Procedures shall be calculated based on the total assets stated in the latest individual or respective financial reports compiled in accordance with Regulations Governing the

Preparation of Financial Reports by Securities Issuers. °

2. Where the Company's shares do not have any face value or their face value is not NT\$10, the Procedures pertaining to calculation of transaction amounts of 20% of the Company's paid-up capital shall have 10% of equity attributable to owners of the parent company be substituted.

Article 15 Effectiveness and Amendment

1. The Procedures shall be passed by the Audit Committee and Board of Directors and submitted to the Shareholders' Meeting for approval to become effective. The same shall apply to amendments thereto. The Company shall forward any objections from the Board of Directors to the Audit Committee for discussion.
2. Any asset acquisition or disposal in accordance with the Procedures shall be subject to prior consent of one-half or more of the entire membership of the Audit Committee and be submitted to the Board of Directors for a resolution. The Board of Directors' discussion 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.
3. If a matter set out in the preceding paragraph has not been consented to by one-half or more of the entire membership of the Audit Committee, it may be adopted with the consent of two-thirds or more of the entire Board of Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.
4. The entire membership of the Audit Committee as referred to in the 2nd paragraph of this article and the entire Board of Directors as referred to in the 3rd paragraph of this article shall mean the actual number of persons currently holding those positions.

Article 16 (Deleted)

Article 17 History

Enacted and effective on September 14, 1991

Amended and effective on February 10, 1992

Amended and effective on March 31, 1994

Amended and effective on June 30, 1995

Amended and effective on February 12, 1996

Amended on April 12, 2005 and effective on June 15, 2006

Amended on March 23, 2012 and effective on June 12, 2012

Amended on April 29, 2013 and effective on June 11, 2013

Amended on March 5, 2014 and effective on June 11m 2014

Amended on January 15, 2016 and effective on May 25, 2016

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