FOCI FIBER OPTIC COMMUNICATIONS, INC.
Procedures for Acquisition or Disposal of Assets
(Translation)

Amended by the General Shareholders' Meeting on May 28, 2026

Article 1: Purpose

These Procedures are established to safeguard the Company's assets and ensure proper information disclosure.

Article 2: Legal Basis

These Procedures are established in accordance with Article 36-1 of the "Securities and Exchange Act" and the relevant provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."

Article 3: Scope of Assets

I. Securities: including 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.

II. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.

III. Memberships certificates.

IV. Intangible assets: including patents, copyrights, trademarks, franchise rights, and other intangible assets.

V. Right-of-use assets.

VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).

VII. Derivatives.

VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.

IX. Other material assets.

Article 4: Definitions of terms

I. 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.

II. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed 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.

III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

IV. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.

V. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Board of Directors resolutions, or 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.

VI. Mainland China area investment: Refers to investments 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.

VII. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.

VIII. Securities Exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.

IX. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 5: Limits on Investments in Non-operating Real Property and Right-of-Use Assets Thereof or Securities

The limits on the acquisition of the above assets by the Company and its subsidiaries are set as follows:

I. The total amount of the Company’s investments in long-term and short-term securities shall not exceed 70% of its net worth; the total amount of such investments by each subsidiary shall not exceed 30% of the Company’s net worth.

II. The amount invested by the Company in any individual security shall not exceed 30% of its net worth; the amount invested by each subsidiary in any individual security shall not exceed 20% of the Company’s net worth.

III. The total amount of the Company’s acquisitions of non-operating real property and right-of-use assets thereof shall not exceed 15% of its net worth; the total amount of such acquisitions by each subsidiary shall not exceed 5% of the Company’s net worth.

Article 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:

I. 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.

II. May not be a related party or de facto related party of any party to the transaction.

III. 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 the industry associations to which they belong and with the following provisions:

I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.

II. When conducting 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.

III. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.

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

Article 7: Related Party Transactions

I. Where the Company acquires or disposes of assets from or to a related party, in addition to complying with the relevant Regulations Governing the Acquisition and Disposal of Assets, it shall also follow the procedures for obtaining approvals and assessing the reasonableness of the transaction terms as set forth below. Where the transaction amount reaches 10% or more of the Company's total assets, an appraisal report issued by a professional appraiser or an opinion issued by a certified public accountant shall also be obtained. In determining whether a counterparty is a related party, consideration shall be given not only to its legal form but also to its substantive relationship.

The calculation of the transaction amount referred to in the preceding paragraph shall be conducted in accordance with Article 8-1.

II. Assessment and Operating Procedures

Where the Company acquires or disposes of real property or right-of-use assets from or to a related party, or engages in the acquisition or disposal of assets other than real property or right-of-use assets with a related party, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of total assets, or NT$300 million or more, except for the trading of domestic government bonds, bonds with repurchase or resale agreements, or subscription to or redemption of money market funds issued by domestic securities investment trust enterprises, the following information shall be submitted to the Audit Committee and the Board of Directors for approval before entering into the transaction contract or making any payment:

(I) The purpose, necessity, and expected benefits of the acquisition or disposal of assets.

(II) The reasons for selecting the related party as the transaction counterparty.

(III) In the case of acquiring real property or right-of-use assets from a related party, relevant information for assessing the reasonableness of the proposed transaction terms in accordance with Subparagraphs (I) and (IV), Paragraph III of this Article.

(IV) The original acquisition date and price by the related party, the transaction counterparty, and their relationship with the Company and the related party.

(V) A monthly cash flow projection for the one-year period commencing from the anticipated contract month, together with an assessment of the necessity of the transaction and the reasonableness of the use of funds.

(VI) An appraisal report issued by a professional appraiser obtained in accordance with applicable regulations, or an opinion issued by a certified public accountant.

(VII) The restrictions and other material terms and conditions of the transaction.

Where the Company or a subsidiary that is not a domestic public company engages in the aforementioned transactions, and the transaction amount reaches 10% or more of the Company's total assets, the Company shall submit the information set forth in the preceding paragraph to the shareholders' meeting for approval before entering into the transaction contract or making any payment. This requirement shall not apply to transactions between the Company and its parent or subsidiaries, or among its subsidiaries.

The calculation of the transaction amount referred to above shall be conducted in accordance with Subparagraph VII, Paragraph I, Article 12, and the term "within one year" shall be calculated retrospectively for a one-year period based on the date of occurrence of the current transaction. Any portion that has already been submitted to and approved by the Audit Committee, the Board of Directors, and the shareholders' meeting in accordance with these Regulations shall be excluded from the calculation.

Where the Company engages in the following transactions with its subsidiaries, or between subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or total capital, the Board of Directors authorizes the Chairman to make decisions within an amount not exceeding NT$100 million, with such decisions to be subsequently submitted to the most recent Board meeting for ratification:

1. Acquisition or disposal of equipment or right-of-use assets for operating use.
2. Acquisition or disposal of right-of-use assets of real property for operating use.

When matters are submitted to the Board of Directors for discussion pursuant to the preceding paragraph, full consideration shall be given to the opinions of the Independent Directors. Any objection or qualified opinion expressed by an Independent Director shall be recorded in the minutes of the Board meeting.

III. Assessment of the Reasonableness of Transaction Costs

(I) The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the

period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

(II) Where land and buildings of the same property are jointly purchased or leased, the transaction cost may be evaluated separately for the land and the buildings using any of the methods set forth in the preceding paragraph.

(III) Where the Company acquires real property or right-of-use assets from a related party, it shall evaluate the cost of such real property or right-of-use assets in accordance with Subparagraphs (I) and (II) of Paragraph III of this Article, and shall engage a certified public accountant to review and express a specific opinion thereon.

(IV) Where the Company acquires real property or right-of-use assets from a related party and the results of the evaluation conducted in accordance with Subparagraphs (I) and (II) of Paragraph III of this Article are both lower than the transaction price, the provisions of Subparagraph (V) of Paragraph III of this Article shall apply. However, this shall not apply where the following circumstances exist and objective evidence is provided, together with specific opinions on reasonableness issued by a professional real property appraiser and a certified public accountant:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

   (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

   (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or

closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

(V) Where the Company acquires real property or right-of-use assets from a related party and the results of the evaluation conducted in accordance with Subparagraphs (I), (II), (III), and (IV) of Paragraph III of this Article are all lower than the transaction price, the following actions shall be taken:

1. The Company shall appropriate a special reserve for the difference between the transaction price of the real property or right-of-use assets and the assessed cost in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act, and such reserve shall not be distributed or capitalized by issuing new shares. If an investor adopting the equity method to account for its investment in the Company is a public company, it shall also appropriate a special reserve in proportion to its shareholding in accordance with Paragraph I, Article 41 of the Securities and Exchange Act.

2. The Independent Director members of the Audit Committee shall act in accordance with Article 218 of the Company Act.

3. The handling status of Subparagraph (V), Items 1 and 2 of Paragraph III of this Article shall be submitted to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and the prospectus.

   Where the Company or a public company that accounts for its investment in the Company using the equity method has appropriated a special reserve in accordance with the foregoing provisions, such special reserve shall not be utilized unless the asset acquired or leased at a higher price has been recognized for impairment loss, disposed of, or the lease has been terminated, or appropriate compensation has been made or the original condition has been restored, or other evidence confirms that there is no unreasonableness, and such utilization has been approved by the Financial Supervisory Commission, Executive Yuan.

   Where the Company acquires real property or right-of-use assets from a related party, and there is other evidence indicating that the transaction does not conform to normal business practices, the provisions of this Subparagraph shall also apply.

(VI) Where the Company acquires real property or right-of-use assets from a related party under any of the following circumstances, it shall comply with the evaluation and operating procedures set forth in Paragraphs I and II of this Article, and the provisions of Subparagraphs (I), (II), and (III) of Paragraph III of this Article regarding the assessment of the reasonableness of transaction costs shall not apply:

1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
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.
4. Where the Company and its subsidiaries, or among subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or total capital, acquire right-of-use assets of real property for operating use.

Article 8: Procedures for acquiring or disposing of real property, equipment or their right-to-use assets, securities, intangible assets or their right-to-use assets, or membership certificates

I. Assessment and Operating Procedures

The Company's acquisition or disposal of real property, equipment or right-of-use assets thereof, securities, intangible assets or right-of-use assets thereof, or membership certificates shall be conducted in accordance with the Company's internal control system.

II. Procedure for Determining Transaction Terms and Authorized Limits

(I) In the acquisition or disposal of real property, equipment, or right-of-use assets, the transaction terms and price shall be determined with reference to publicly announced current values, appraised values, and actual transaction prices of neighboring properties, and shall be conducted by means of price inquiry, comparison, negotiation, or tendering, as applicable. The acquisition or disposal of real estate, equipment, or right-of-use assets shall be assessed by the implementing unit. Transactions amounting to NT$30 million (inclusive) or more shall be submitted to the Board of Directors for approval before implementation. However, the Chairman is authorized to make a decision in advance within a limit of NT$300 million (inclusive), and shall subsequently submit the decision to the most recent Board meeting for ratification.

(II) In the acquisition or disposal of securities conducted on a centralized securities exchange or at the business premises of a securities firm, the responsible unit shall determine the transaction based on prevailing market conditions. For securities not traded on a centralized securities exchange or at the business premises of a securities firm, the most recent financial statements of the target company, audited or reviewed by a certified public accountant, shall be obtained as a reference for evaluating the transaction price.

The acquisition or disposal of real estate, equipment, or right-of-use assets shall be assessed by the implementing unit. Transactions amounting to NT$30 million (inclusive) or more shall be submitted to the Board of Directors for approval before implementation. However, the Chairman is authorized to make a decision in advance within a limit of NT$300 million (inclusive), and shall subsequently submit the decision to the most recent Board of Directors for ratification.

(III) In the acquisition or disposal of membership certificates, the transaction terms and price shall be determined with reference to fair market value, and an analysis report shall be prepared and submitted to the President for approval. The transaction amount shall not exceed NT$30 million.

(IV) In the acquisition or disposal of intangible assets or right-of-use assets, the transaction terms and price shall be determined with reference to an expert appraisal report or fair market value, and an analysis report shall be prepared and submitted to the Chairman for approval. The transaction amount shall not exceed 15% of the Company’s net worth or NT$300 million. Where the transaction amount exceeds NT$30 million (inclusive), it shall be approved by the Chairman and reported to the next Board meeting for recordation.

(V) Where the Company’s acquisition or disposal of assets is required to be approved by the Board of Directors in accordance with the prescribed procedures or applicable laws and regulations, and the Company has established Independent Directors pursuant to the Securities and Exchange Act, when such transactions are submitted to the Board of Directors for discussion, full consideration shall be given to the opinions of the Independent Directors. Any objection or qualified opinion expressed by an Independent Director shall be recorded in the minutes of the Board meeting.

III. Responsible Unit

When the Company acquires or disposes of real property, equipment or right-of-use assets thereof, securities, intangible assets or right-of-use assets thereof, or membership certificates, such transactions shall, after approval in accordance with the authorization limits set forth in the preceding paragraph, be carried out by the following responsible units:

Acquisition or disposal of securities: Finance Department or other relevant units.

Acquisition or disposal of real property, equipment or right-of-use assets thereof: Administration Department or other relevant units.

Acquisition or disposal of intangible assets or right-of-use assets thereof, or membership certificates: Finance Department or Administration Department.

IV. Expert Appraisal Reports for Real Property, Equipment or Right-of-Use Assets Thereof, Securities, Intangible Assets or Right-of-Use Assets Thereof, or Membership Certificates

Where the Company acquires or disposes of real property, equipment or right-of-use assets thereof, except for transactions with domestic government agencies, self-constructed projects on owned land, construction on leased land, or the acquisition or disposal of equipment or right-of-use assets for operating use, and the transaction amount reaches 20% or more of the Company's paid-in capital or NT$300 million or more, the Company shall obtain an appraisal report issued by a professional appraiser prior to the date of occurrence of the event, and such report shall comply with the following requirements:

(I) Where, due to special circumstances, a limited price, specific price, or special price is used as the reference basis for determining the transaction price, such transaction shall be submitted to the Board of Directors for approval in advance; the same shall apply to any subsequent changes to the transaction terms.

(II) Where the transaction amount reaches NT$1 billion or more, appraisals shall be obtained from two or more professional appraisers.

(III) Where the appraisal results of a professional appraiser fall under any of the following circumstances, except where the appraisal results for the acquisition of assets are all higher than the transaction amount, or where the appraisal results for the disposal of assets are all lower than the transaction amount, a certified public accountant shall be engaged to express a specific opinion on the reasons for the differences and the appropriateness of the transaction price:

1. Where the difference between the appraisal result and the transaction amount reaches 20% or more of the transaction amount.

2. Where the difference between the appraisal results of two or more professional appraisers reaches 10% or more of the transaction amount.

(IV) The date of the appraisal report issued by a professional appraiser shall not be more than three months prior to the date of contract formation. However, where the same publicly announced current value is applied and the period does not exceed six months, an opinion letter may be issued by the original professional appraiser.

Where the Company acquires or disposes of securities, it shall, prior to the date of occurrence of the event, obtain the most recent financial statements of the target company, audited or reviewed by a certified public accountant, as a reference for evaluating the transaction price. Where the transaction amount reaches 20% or more of the Company's paid-in capital or NT$300 million or more, the Company shall, prior to the date of occurrence of the event, engage a certified public accountant to express an opinion on the reasonableness of the transaction price. However, this requirement shall not apply where the securities have publicly quoted prices in an active market or where otherwise provided by the Financial Supervisory Commission, Executive Yuan.

Where the Company acquires or disposes of intangible assets, right-of-use assets thereof, or membership certificates, and the transaction amount reaches 20% or more of the Company's paid-in capital or NT$300 million or more, except for transactions with domestic government agencies, the Company shall, prior to the date of occurrence of the event, engage a certified public accountant to express an opinion on the reasonableness of the transaction price.

Article 8-1: The calculation of the transaction amount referred to in the preceding Article shall be conducted in accordance with Subparagraph VII, Paragraph I of Article 12 of these Procedures. The term "within one year" shall be calculated retrospectively for a one-year period based on the date of occurrence of the current transaction. Any portion for which an appraisal report issued by a professional appraiser or an opinion issued by a certified public accountant has already been obtained in accordance with applicable regulations shall be excluded from the calculation.

Article 9: Procedures for Acquisition or Disposal of Claims of Financial Institutions

In principle, the Company does not engage in the acquisition or disposal of claims of financial institutions. Should the Company intend to engage in such transactions in the future, it shall first obtain approval from the Board of Directors and subsequently establish the relevant evaluation and operating procedures.

Article 10: Procedures for acquiring or disposing of derivatives

I. Trading Principles and Policies

(I) Types of Transactions

1. The derivatives financial instruments engaged in by the Company refer to 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.

2. Matters relating to bond margin trading shall be handled mutatis mutandis in accordance with the relevant provisions of these Procedures. Transactions involving bonds with repurchase agreements shall not be subject to the provisions of these Procedures.

(II) Operating (Hedging) Strategy

The Company shall engage in derivative financial product trading primarily for hedging purposes. The instruments selected shall be those that effectively mitigate risks arising from the Company's business operations.

The currencies of the positions held must correspond to the Company's actual foreign currency needs arising from import and export transactions. As a general principle, the Company shall internally offset its overall positions (i.e., foreign currency inflows and outflows) in order to reduce overall foreign exchange risk and minimize foreign exchange transaction costs. Transactions undertaken for other specific purposes shall be subject to prudent evaluation and may only be carried out upon approval by the President and the Chairman. Any transactions exceeding the prescribed limits shall require approval by the Board of Directors and shall be conducted in accordance with policy directives.

(III) Allocation of Duties and Responsibilities

1. Finance Department

(1) Trading Personnel

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

B. Trading personnel shall calculate positions on a biweekly basis, collect market information, conduct trend analysis and risk assessment, and formulate trading strategies, which shall serve as the basis for transactions upon approval in accordance with the prescribed authorization limits.

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

D. In the event of significant changes in the financial markets, or where the trading personnel determine that the established strategies are no longer applicable, an evaluation report shall be submitted at any time to formulate revised strategies, which shall serve as the basis for transactions upon approval by the President.

(2) Accounting Personnel

A. Perform transaction confirmations.

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

C. Conduct monthly valuations, with valuation reports submitted to the President for approval.

D. Handle accounting entries and related accounting matters.

E. Make filings and public disclosures in accordance with the regulations of the Financial Supervisory Commission.

2. Audit Department

Responsible for assessing the adequacy of internal controls over derivatives transactions, auditing the trading department's compliance with the operating procedures, and analyzing the transaction cycle. Audit reports shall be prepared, and any material deficiencies shall be reported to the Board of Directors.

3. Performance Evaluation

(1) The Board of Directors shall authorize the President to regularly supervise and evaluate whether derivatives transactions are conducted in accordance with the Company's prescribed procedures and whether the risks assumed are within acceptable limits. In the event of any abnormality in the mark-to-market valuation report (e.g., where the position held exceeds the loss limit), the matter shall be immediately reported to the Board of Directors and appropriate response measures shall be taken.

(2) Positions held in derivatives transactions shall be evaluated at least on a weekly basis; provided, however, that hedging transactions undertaken for business purposes shall be evaluated at least twice a month. The evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors.

4. Determination of Total Contract Amount and Loss Limits

(1) Total Contract Amount

A. Hedging Transactions

The finance department shall monitor the Company's overall positions to mitigate trading risks. The amount of hedging transactions shall not exceed the Company's total actual foreign currency requirements arising from import and export activities or its outstanding loan balance. Any excess shall be subject to approval by the President.

B. Transactions for Specific Purposes

Based on forecasts of market conditions, the finance department may formulate strategies as necessary, which may only be implemented upon approval by the President and the Chairman. The total contract amount for the Company's net cumulative positions in transactions for specific purposes shall not exceed NT$100 million. Any amount exceeding the above limit shall require approval by the Board of Directors and shall be conducted in accordance with policy directives.

(2) Determination of Loss Limits

A. As hedging transactions are intended to mitigate risks, it is not necessary to establish a loss limit for such transactions.

B. For transactions undertaken for specific purposes, the loss for each individual contract shall not exceed 20% of the contract amount, and the maximum annual loss shall not exceed 1% of the Company's paid-in capital. Where the loss exceeds the aforementioned limits, it shall be immediately reported to the President and subsequently to the Board of Directors for consideration of necessary response measures.

5. Authorization Limits and Levels

(1) Chairman: Each transaction with a value exceeding US$3 million (or its equivalent).

(2) President: Each transaction with a value exceeding US$1 million and up to US$3 million (inclusive) (or its equivalent).

(3) (3) Head of Finance: Each transaction with a value of US$1 million (inclusive) or less (or its equivalent).

II. Risk Management Measures

(I) Credit Risk Management: Counterparties shall, in principle, be limited to domestic and foreign financial institutions.

(II) Market Risk Management: Transactions shall be conducted primarily through the publicly available foreign exchange markets provided by banks.

(III) Liquidity Risk Management:

To ensure market liquidity, financial products with higher liquidity (i.e., those that can be readily offset in the market) shall be selected. Financial institutions engaged for transactions must have sufficient information and the capability to execute transactions in any market at any time.

(IV) Cash Flow Risk Management:

To ensure the stability of the Company's working capital, funds used for derivatives transactions shall be limited to the Company's own funds, and the transaction amount shall take into account the funding requirements based on the projected cash inflows and outflows for the next three months.

(V) Operational Risk Management:

The Company shall strictly adhere to its authorization limits and operating procedures and incorporate such activities into its internal audit framework to mitigate operational risks.

(VI) Product Risk Management:

Internal trading personnel shall possess complete and accurate professional knowledge of financial instruments, and banks shall be required to fully disclose risks to prevent improper use of such instruments.

(VII) Legal Risk Management:

Documents executed with financial institutions shall be reviewed by personnel specialized in foreign exchange matters, legal affairs, or external legal advisors prior to execution to mitigate legal risks.

III. Internal Audit System

I. Internal auditors shall regularly assess the adequacy of internal controls over derivatives transactions. They shall also conduct monthly audits of the trading department's compliance with the Company's Procedures for Acquisition or Disposal of Derivative Products, analyze the transaction cycle, and prepare audit reports. In the event of any material violation, a written notice shall be submitted to the Audit Committee.

II. Internal auditors shall, by the end of February of the following year, report the audit reports together with the annual internal audit results to the Securities and Futures Institute, and shall, by no later than the end of May of the following year, report the status of improvements on any irregularities to the Securities and Futures Institute for recordation.

IV. Principles for supervision and management by the Board of Directors in engaging in derivatives transactions

(I) The Board of Directors shall designate senior management personnel to continuously monitor and control the risks associated with derivatives transactions. The management principles are as follows:

1. Regularly assess whether the current risk management measures are appropriate and ensure that they are implemented in accordance with these Regulations and the Company's Procedures for Acquisition or Disposal of Derivative Products.

2. Supervise transaction activities and profit and loss conditions. In the event of any abnormality, necessary response measures shall be taken and immediately reported to the Board of Directors. The Company has established Independent Directors, such matters shall be attended by Independent Directors at the Board meeting and their opinions shall be expressed

(II) Regularly evaluate whether the performance of derivatives transactions is consistent with the Company's established operating strategies and whether the associated risks are within the Company's acceptable risk tolerance.

(III) Where the Company engages in derivatives transactions and authorizes relevant personnel to handle such transactions in accordance with the prescribed Procedures for Acquisition or Disposal of Derivative Products, such transactions shall be subsequently reported to the most recent Board meeting.

(IV) When engaging in derivatives transactions, the Company shall maintain a register for recordation, in which the types and amounts of derivatives transactions, the dates of approval by the Board of Directors, and the matters required to be carefully evaluated under this Article shall be duly recorded for reference.

Article 11: Procedures for Mergers, Demergers, Acquisitions, or Transfers of Shares

I. Assessment and Operating Procedures

(I) When the Company conducts a merger, demerger, acquisition, or transfer of shares, it shall engage attorneys, certified public accountants, and securities underwriters to jointly establish a proposed timetable for the statutory procedures, and form a project team to carry out such procedures in accordance with applicable laws. Prior to convening the Board of Directors for resolution, the Company shall engage a certified public accountant, attorney, or securities underwriter to express an opinion on the reasonableness of the share exchange ratio, acquisition price, or the cash or other property to be distributed to shareholders, and submit such opinion to the Board of Directors for deliberation and approval.

However, this requirement shall not apply to a merger between the Company and a subsidiary in which it directly or indirectly holds 100% of the issued shares or total capital, or to a merger between subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or total capital.

(II) The Company shall prepare a public document for shareholders prior to the shareholders' meeting, setting forth the material terms of the merger, demerger, or acquisition and other relevant matters, and shall deliver such document together with the expert opinion referred to in Subparagraph (I) of Paragraph I of this Article and the notice of the shareholders' meeting to the shareholders as a reference for determining whether to approve the proposed merger, demerger, or acquisition. However, this requirement shall not apply where, in accordance with other applicable laws, a shareholders' meeting is not required to approve the merger, demerger, or acquisition. In addition, where any of the participating companies in the merger, demerger, or acquisition is unable to convene a shareholders' meeting or pass a resolution due to insufficient attendance, insufficient voting rights, or other legal restrictions, or where the proposal is rejected by the shareholders' meeting, the participating companies shall immediately make a public disclosure explaining the reasons, subsequent handling procedures, and the expected date of convening the shareholders' meeting.

II. Other Matters to Be Noted

(I) Date of Board Meetings: Unless otherwise provided by applicable laws or unless special circumstances have been approved in advance by the Financial Supervisory Commission, Executive Yuan, companies participating in a merger, demerger, or acquisition shall convene their Board meetings and shareholders' meetings on the same day to resolve matters relating to the merger, demerger, or acquisition. Companies participating in a share transfer shall, unless otherwise provided by applicable laws or approved in advance by the Financial Supervisory Commission due to special circumstances, convene their Board meetings on the same day.

Companies participating in a merger, demerger, acquisition, or transfer of shares that are listed or whose shares are traded on securities firms' business premises shall prepare complete written records of the following information and retain them for five years for inspection:

1. Basic information of personnel: including the titles, names, and identification numbers (or passport numbers for foreign nationals) of all persons involved in the planning or execution of the merger, demerger, acquisition, or share transfer prior to public disclosure of the information.
2. Dates of material events: including the dates of execution of letters of intent or memoranda of understanding, engagement of financial or legal consultants, execution of contracts, and Board meetings.
3. Important documents and minutes: including documents relating to the merger, demerger, acquisition, or share transfer plans, letters of intent or memoranda of understanding, material contracts, and minutes of Board meetings.

Where the Company participates in a merger, demerger, acquisition, or transfer of shares, it shall, within two days from the date of approval by the Board of Directors, file the information specified in Subparagraphs I and II of the preceding paragraph with the Financial Supervisory Commission, Executive Yuan, through the Internet information reporting system in the prescribed format for recordation.

Where any of the participating companies in a merger, demerger, acquisition, or share transfer is not a listed company or a company whose shares are traded on securities firms' business premises, the Company shall enter into an agreement with such company and proceed in accordance with the provisions of Paragraphs III and IV.

4. The Company shall not waive its rights to participate in future capital increases of FIOPTEC INC. (hereinafter "FIOPTEC-KY"). FIOPTEC-KY shall not waive its rights to participate in future capital increases of FOCI Shanghai. In the event that, for strategic alliance considerations or other reasons approved by the relevant authority, the Company intends to waive its participation in the capital increase of the aforementioned companies or dispose of its equity interests therein, such actions shall be subject to approval by a special resolution of the Board of Directors of FOCI Fiber Optic Communications, Inc.

(II) Prior Confidentiality Undertakings: All persons participating in or having knowledge of the Company's merger, demerger, acquisition, or share transfer plan shall execute written confidentiality undertakings. Prior to public disclosure of such information, they shall not disclose the content of the plan to any external party, nor shall they, either directly or through others, trade in the shares or other equity securities of any companies involved in the merger, demerger, acquisition, or share transfer.

(III) Principles for Determination and Adjustment of Share Exchange Ratios or Acquisition Prices: Companies participating in a merger, demerger, acquisition, or transfer of shares shall, prior to their respective Board meetings, engage a certified public accountant, attorney, or securities underwriter to express an opinion on the reasonableness of the share exchange ratio, acquisition price, or the cash or other property to be distributed to shareholders, and submit such opinion to the shareholders' meeting. In principle, the share exchange ratio or acquisition price shall not be arbitrarily changed. However, this restriction shall not apply where the conditions for such changes have been specified in the contract and publicly disclosed. The circumstances under which the share exchange ratio or acquisition price may be adjusted are as follows:

1. Capital increases by cash injection, issuance of convertible corporate bonds, bonus share distributions, issuance of corporate bonds with warrants, preferred shares with warrants, warrants, or other equity securities.
2. Disposal of major assets or other actions affecting the Company's financial or business operations.
3. Occurrence of major disasters, significant technological changes, or other events affecting shareholders' equity or securities prices.
4. Adjustments to the repurchase of treasury shares by any party involved in a merger, division, acquisition, or share transfer in accordance with the law.
5. Changes in the number or number of entities involved in a merger, division, acquisition, or share transfer.
6. Other conditions for adjustment as specified in the contract and publicly disclosed.

(IV) Required Contents of the Agreement: In addition to the requirements set forth in Article 317-1 of the Company Act and Article 22 of the Business Mergers and Acquisitions Act, the agreement for a merger, demerger, acquisition, or share transfer shall also include the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.

4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders' meeting if the plan exceeds the deadline without completion, and relevant procedures.

(V) Changes in the Number of Participating Companies in a Merger, Demerger, Acquisition, or Share Transfer: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another shareholders' meeting to resolve on the matter anew.

(VI) Where any of the companies participating in a merger, demerger, acquisition, or share transfer is not a public company, the Company shall enter into an agreement with such company and proceed in accordance with Subparagraph (I) (Date of Board Meetings), Subparagraph (II) (Prior Confidentiality Undertakings), and Subparagraph (V) (Changes in the Number of Participating Companies) of Paragraph II of this Article.

Article 12: Procedures for Information Disclosure

I. Items Subject to Public Announcement and Filing and Applicable Thresholds

(I) Acquisition or disposal of real property or right-of-use assets from a related party, or acquisition or disposal of assets other than real property or right-of-use assets with a related party, where the transaction amount reaches 20% of the Company’s paid-in capital, 10% of total assets, or NT$300 million or more. However, this shall not apply to the trading of domestic government bonds, bonds with repurchase or resale agreements, or the subscription to or redemption of money market funds issued by domestic securities investment trust enterprises.

(II) Mergers, demergers, acquisitions, or transfers of shares.

(III) Losses from derivatives transactions reaching the maximum limit on total or individual contract losses as specified in the relevant procedures.

(IV) Where the asset acquired or disposed of is equipment or right-of-use assets for operating use, the counterparty is not a related party, and the transaction amount meets any of the following thresholds:

1. Where the Company's paid-in capital is less than NT$10 billion, the transaction amount reaches NT$500 million or more.

2. Where the Company's paid-in capital is NT$10 billion or more but less than NT$50 billion, the transaction amount reaches NT$1 billion or more.

3. Where the Company's paid-in capital is NT$50 billion or more, the transaction amount reaches 5% or more of the Company's paid-in capital.

(V) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT$500 million.

(VI) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT$300 million. However, this shall not apply to the following circumstances:

1. Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.

2. Transactions involving securities conducted by professional investors on a securities exchange or at the place of business of a securities firm; subscriptions in the primary market for foreign government bonds or for ordinary corporate bonds or general financial bonds issued through public offering that do not involve equity (excluding subordinated bonds); subscriptions for or redemptions of securities investment trust funds or futures trust funds; subscriptions for or repurchases of exchange-traded notes (ETNs); or securities subscribed by a securities firm as required for underwriting business or, when acting as a recommending securities firm for an emerging stock company, in accordance with the regulations of the Taipei Exchange.

3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

(VII) The transaction amount for the items set forth in Subparagraphs (I) through (VI) above shall be calculated as follows. The term "within one year" shall be calculated retrospectively for a one-year period based on the date of occurrence of the current transaction. Any portion that has already been publicly announced in accordance with applicable regulations shall be excluded from the calculation.

1. The amount of any individual transaction.

2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.

3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.

4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

II. Time Limits for Public Announcement and Filing

Where the Company acquires or disposes of assets and the transaction meets the thresholds for public announcement and filing under this Article, it shall make such announcement and filing within two days from the date of occurrence of the event.

III. Procedures and Formats for Public Announcement and Filing

(I) The Company shall make public announcements and filings of relevant information through the website designated by the Financial Supervisory Commission, Executive Yuan.

(II) The Company shall, by the 10th of each month, input into the information reporting system designated by the Financial Supervisory Commission, Executive Yuan, the status of derivatives transactions conducted by the Company and its subsidiaries that are not domestic public companies as of the end of the preceding month, in the prescribed format.

(III) Where any required disclosure contains errors or omissions that require correction, the Company shall, within two days from the date of discovery, refile and publicly announce all relevant items.

(IV) The Company shall retain at its premises the relevant contracts, minutes, registers, appraisal reports, and opinions issued by certified public accountants, attorneys, or securities underwriters in connection with the acquisition or disposal of assets for a minimum of five years, unless otherwise provided by applicable laws.

(V) After making a public announcement and filing in accordance with the preceding Article, where any of the following circumstances occurs, the Company shall, within two days from the date of occurrence, publicly announce and file the relevant information through the website designated by the Financial Supervisory Commission, Executive Yuan:

1. Any amendment, termination, or rescission of the original transaction contract.

2. Failure to complete a merger, demerger, acquisition, or share transfer in accordance with the scheduled timeline set forth in the contract.

3. Any change to the originally disclosed information.

(VI) Filings shall be made in accordance with the formats prescribed by applicable laws and regulations.

Article 13: Subsidiaries of the Company shall comply with the following provisions:

I. Each subsidiary shall establish its own “Procedures for Acquisition or Disposal of Assets” in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”. Such Procedures shall be approved by the subsidiary’s Board of Directors and submitted to its shareholders’ meeting for approval; the same shall apply to any amendments thereto.

II. When a subsidiary acquires or disposes of assets, it shall act in accordance with its own established procedures.

III. Where a subsidiary is not a public company and its acquisition or disposal of assets meets the thresholds for public announcement and filing as set forth in Articles 31 and 32 of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, the parent company shall make such announcement and filing on its behalf.

IV. For the purposes of the thresholds for public announcement and filing applicable to subsidiaries, the terms “paid-in capital” and “total assets” shall be based on the paid-in capital or total assets of the parent company(the Company).

Article 13-1 For the purposes of the provision regarding 10% of total assets under these Procedures, the calculation shall be based on the total assets as stated in the most recent parent-only or individual financial statements prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 14: Penalties

Any employee of the Company who handles the acquisition or disposal of assets in violation of these Procedures shall be subject to periodic performance evaluation and disciplinary action in accordance with the Company’s personnel management rules and employee handbook, depending on the severity of the violation.

Article 15: Implementation and Amendments

The Company’s “Procedures for Acquisition or Disposal of Assets” shall be approved by the Audit Committee and the Board of Directors and submitted to the shareholders’ meeting for approval; the same shall apply to any amendments thereto. Where the Company has established Independent Directors in accordance with the Securities and Exchange Act, when the “Procedures for Acquisition or Disposal of Assets” are submitted to the Board of Directors for discussion, full consideration shall be given to the opinions of the Independent Directors. Any objection or qualified opinion expressed by an Independent Director shall be recorded in the minutes of the Board meeting.

Article 16: Supplementary Provisions

Any matters not provided for in these Procedures shall be governed by applicable laws and regulations.