

AOPEN Incorporated
Regulations for Financial Derivatives Transactions

A. Purpose

According to the Company's "Procedures of Asset Acquisition and Disposal", these Procedures are hereby specified to manage foreign currency and the risks arising from business operations; to hedge the risk due to FX and interest rate fluctuation.

B. Scope

1. AOPEN Incorporated
2. A company who is controlled by the Company with 100% of outstanding voting shares
3. A company who is controlled by the Company with more than 50% of outstanding voting shares

C. Principal

1. Principal and Guideline

1-1. Products:

The products limit to Forward, Option, FX Swap, Future and various combinations thereof. Any exception needs the approval from audit committee and Board of Directors.

1-2. Strategy:

Financial derivatives are strictly used for hedging purpose and shall be operated through financial institutions.

1-3. Responsibility:

- a. Business: Exposure forecast.
- b. Finance: Market update 、 judgment for FX trend & risk, FX product knowledge, regulations, exposure, confirmation, reports, and information providing.

1-4. Amount:

The hedge amount cannot exceed the net FX position and raw material position generated by the Company's business for coming three months forecast. Any hedge amount exceeds three months forecast shall be approved by CFO and Chairman. The authorization table was set up and approved by audit committee and Board of Directors, and so shall any revisions made.

1-5. Loss Limit:

The losses limit authorization table of Financial derivatives on aggregate and individual contract was set up according to the exposure.

Authorization	Losses limit % on aggregate or individual contract
Chairman	20%

President	15%
CFO	10%
Finance Director	5%

If the loss amount reaches the above limit, should report to the person with authority promptly and the authorized manager should give competent instruction; if the loss amount reaches 25% and company should publicly announce by regulations and submit the relevant information to audit committee and Board of Directors.

2. Procedure

2-1. Authorization:

The authorization table was set up and approved by audit committee and Board of Directors, according to the turnover growth and the exposure changes, and so shall any revisions made.

2-2. Execution:

The trading and risk management require professional knowledge so it should be responsible by Financial Management Department.

3. Declaration Procedure:

3-1. For declaration, each subsidiary should submit previous month end all FX contract details to the Company by the third business day of each month.

3-2. For declaration, the Company should collect and verify the details of all and disclose those details by the tenth day of each month.

4. Accounting Policy:

The accounting policy is based on the current financial accounting standard and regulation. The Company also provides necessary reports periodically and calculates realized and unrealized profit or loss for management's review.

5. Internal Control

5-1. Risk Management

Dealing counterparties are limited to those banks that are selected after risk evaluation.

5-2. Internal Control

- a. The persons in charge of dealing, settlement (Finance Dept.) and confirmation (Accounting Dept.) should be different.
- b. The dealing person (Finance Dept.) should submit the FX slip and contract to the person in charge of confirmation (Accounting Dept.) for record.
- c. The person in charge of confirmation (Accounting Dept.) should check the details with counterparty banks periodically.

5-3. Evaluation

CFO should review the strategy and performance with relevant persons periodically. The hedge status and performance should be submitted to Head of Treasury Department weekly, and to CFO monthly and to President quarterly.

6. Audit

Internal auditors should understand the appropriateness of the internal control, investigate whether the dealing procedure follow the “Procedures of acquiring or disposing of assets” or not and generate the auditing report. The report in writing should be submitted to audit committee if any violation.

D. Others

The Policy shall be approved by the audit committee, the Board of Directors, and the Shareholders’ Meeting. Any amendment hereof is subject to the same procedures.

The Policy was enacted on June 12, 2014.