

# The Operational procedures for Acquisition and Disposal of Assets

## Article 1: Purpose

These Procedures are especially provided for the protection of investors' interests, effective control of risk, and compliance to openness of information for the public.

## Article 2: Source of law

These Procedures are in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" stipulated by the Financial Supervisory Commission, R.O.C., where financial laws or regulations provide otherwise, such provisions shall govern.

## Article 3: Scope of assets

The term "scope of assets" as used in these Procedures includes the following:

1. Negotiable securities: including long- and short-term investment in stock, bond, corporate bond, financial debenture, securities of outstanding fund, depositary receipt, call (put) warrant, beneficiary securities, and asset backed securities.
2. Real estate property (including land, house, building, investment property and construction business inventory) and equipment.
3. Membership certificate.
4. Intangible asset: including patency, copyright, trade mark right, and franchise.
5. Right-of-use assets.
6. Financial institutes' debentures (including account receivable, foreign exchange buying discount, loan, and non-accrual debt).
7. Financial derivatives.
8. Asset acquired or disposed due to legal merger, division, acquisition, or receiving shares.
9. Other major assets.

## Article 4: Definitions

Terms used in these Procedures are defined as follows:

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 rates, 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 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.

3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. 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.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards 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.
6. 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.
7. 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.
8. 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.
9. 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: Unless otherwise provided by laws and regulations, the Company shall handle the total amount of real estate and right-of-use assets or securities acquired by the Company for non-business use, as well as the limit of individual securities, in accordance with the following provisions:

1. The total amount of non-business use real estate and right-of-use assets thereof shall not be higher than 20% of the Company's net value.
2. The total investment in long-term and short-term securities shall not be higher than 40% of the Company's net value.
3. The amount of investment in individual securities shall not be higher than 30% of the Company's net value.

Except as otherwise provided by laws and regulations, the total amount of non-business use real estate, right-of-use assets, or securities acquired by the Company's subsidiaries, as well as the

limits of individual securities, shall be handled in accordance with the following provisions:

- 1.The total amount of non-business use real estate and right-of-use assets thereof shall not be higher than 5% of its net value.
- 2.The total investment in long-term and short-term securities shall not be higher than 40% of its net value.
- 3.The amount of investment in individual securities shall not be higher than 30% of its net value.

Article 6: The professional appraiser responsible for our Company's appraisal report and the CPA, attorney, or security underwriter responsible for opinion statement regarding to our Company, and their associated appraisers, accountants, lawyers, security underwriters, 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 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 each industrial association which they join 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.
4. 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 adequate and reasonable, and that they have complied with applicable laws and regulations.

Article 7: Appraisal report or CPA opinion statement may be replaced with a certificate issued by the court if asset is acquired or disposed by way of court-administered foreclosure.

Article 8: Procedure for acquiring or disposing real estate property or equipment or right-of-use assets  
Procedure for acquiring or disposing real estate property or equipment or right-of-use assets, shall be handled in accordance with the following provisions:

1. Appraisal and operational procedure

Our Company's acquisition or disposal of real estate property or equipment or right-of-use assets shall comply with our Company's internal control system and equipment rules.

2. Trade terms and conditions and credit limit decision-making procedure

- (1) Acquisition or disposal of asset shall first refer to announced present value, assessed value, actual transaction prices of the neighboring area to determine transaction terms and conditions and price. An analysis report is to be delivered to the decision-maker and the amount shall comply with our Company's hierarchical authorization system.
- (2) Acquisition or disposal of other equipment or right-of-use assets shall choose one method among price inquiry, price competition, price negotiation, or bidding, and the amount shall comply with our Company's hierarchical authorization system.

3. Execution unit

When our Company acquires or disposes real estate property or equipment or right-of-use assets, the user unit and the Administration Department shall be responsible for execution after approval is obtained through the due process stipulated in the previous paragraph.

4. Appraisal report for real estate property or other equipment or right-of-use assets

The transaction amount of our Company's acquisition or disposal of real estate property or equipment or right-of-use assets exceeding 20% of our Company's paid-up capital or TWD 300 million shall require a price appraisal report issued by a professional appraiser and compliance to the followings:

- (1) If a limited price, specific price, or special price is used as a reference for the Transaction price, the same transaction shall require approval from the board meeting in advance. The same shall apply to future change of terms and conditions for transaction.
- (2) Appraisals from two or more professional appraisers are required for transaction with amount exceeding TWD 1 billion.
- (3) Unless otherwise the appraisal for asset acquisition is higher than transaction amount or the appraisal result of asset disposal is lower than transaction amount, if the professional appraiser's appraisal result applies to any of the following situation, the accountant shall present opinion regarding to the cause of difference and the adequacy of the transaction price:
  - i. The difference between appraisal result and transaction amount is 20% or more of the transaction price;
  - ii. The difference between/among two or more professional appraisers' appraisal results is 10% or more of the transaction price.
- (4) The time between the date of appraisal report issued by a professional appraiser and the date of contract execution should not exceed 3 months. However, if the applicable announced present value for the same period does not exceed 6 months, the original professional appraiser may present opinion statement.

Article 9: Procedure for acquiring or disposing securities investment

Procedure for acquiring or disposing securities investment, shall be handled in accordance with

the following provisions:

1. Assessment and operational procedure

Our Company's purchase and sale of both long- and short-term securities shall comply with our Company's internal control system and investment rules.

2. Decision-making procedure for transaction terms and conditions and credit authorization

(1) Trade of securities conducted at the stock exchange market or through a business site of a securities dealer shall be determined by the responsible unit with reference to the market status. The transaction amount shall comply with internal authorization rules.

(2) Trade of securities conducted not at the stock exchange market or not through a business site of a securities dealer shall use the target company's latest financial statements audited, attested, or scrutinized by a CPA as reference for transaction assessment with considerations of net value per share, profitability, and future potential of the target company. The amount concerned shall also comply with internal authorization system.

3. Execution unit

When our Company acquires or disposes securities investment, the respective execution unit shall be responsible for execution.

4. Obtaining accountant's opinion

A transaction with amount exceeding 20% of our Company's paid-up capital or TWD 300 million shall require the accountant to present opinion regarding to the reasonability of the transaction price prior to the actual occurrence date. However, if the said securities may enhance the public price quotations in the market or comply with the Financial Supervisory Commission regulations in any of the following situations:

(1) Acquiring securities with cash through IPO or fund raising.

(2) The company partaking in the buying of the target increases capital by cash in accordance with the governing laws and issues securities at par value.

(3) The company being invested and partaking direct or indirect in a 100% divestment increases capital by cash and issues securities, or 100% of the subsidiaries are involved in the subscription of cash to increase the issuance of securities.

(4) Listed, OTC, emerging market securities traded at the stock exchange market or securities dealer's business site.

(5) Bonds that are callable or puttable public bonds.

(6) Public Offering of Fund

(7) Listed (OTC) company shares acquired or disposed in accordance with the listed (OTC) securities subscription rules or auction rules stipulated by the Stock Exchange Market or GreTai Securities Market.

(8) Securities acquired through stock warrant as a result of a listed company increasing capital by cash, or subscribe for corporate bonds in Taiwan (including financial bonds), and the said securities acquired are not privately raised securities.

(9) Subscription of mutual fund prior to the establishment of the same fund as stipulated by Article 11-1 of the Securities Investment Trust and Consulting Act and the FSC Mandate

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- (10) Subscription or buy-back of offshore and onshore private fund, of which scope of investment is the same as public fund, except securities margin transactions and open position of securities, if the trust agreement already prescribed the investment strategy.

Article 10: Procedure for transaction with stakeholder

Procedure for transaction with stakeholder, shall be handled in accordance with the following provisions:

1. Our Company's acquisition or disposal of asset from or with stakeholders shall comply with, in addition to Article 8、9 and 11 pertaining to the procedure for real estate property acquisition and disposal, the following rules for the decision-making procedure and reasonability of the transaction's terms and conditions. If the amount reaches amount of 20% of our Company's paid-up capital or TWD 300 million or 10% of our Company's total asset, then an appraisal report issued by a professional appraiser or opinion stated by an accountant is required according to Article 8、9 and 11 for real estate property acquisition and disposal. In addition, when identifying the counterparty's identity as a stakeholder shall take into account not only the legal formality, but also de facto relation.
2. Assessment and operational procedure
  - (1) Our Company's intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of 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 information have been approved by the audit committee and resolved by the board of directors:
    - i. The purpose, necessity, and expected benefit of the asset acquisition or disposal.
    - ii. The reason for choosing a stakeholder as transaction counterparty.
    - iii. The information regarding to assessing the reasonability of the intended transaction's terms and conditions in accordance with Paragraph 3, Subparagraph (1) to (4) of this Article.
    - iv. The date and price of the property originally acquired by the stakeholder, and the counterparty's relation with our Company and the stakeholder.
    - v. Monthly cash flow forecasts for the 12 months from the month when the agreement is expected to be executed. The necessity of the transaction and the reasonability of the capital maneuver shall be assessed as well.
    - vi. Appraisal report issued by a professional appraiser or opinion presented by accountant shall be obtained in accordance with Paragraph 1 of this Article.
    - vii. Restrictions or other important considerations applicable to the transaction in concern.

- (2) The president is authorized by the board of directors to make decision with discretion for acquisition or disposal of business machine and equipment of a certain value between our Company and subsidiary, provided the transaction is reported afterwards to the board for approval.
  - (3) If independent directors are already in place, their opinions as the previous Paragraph may concern shall be thoroughly considered. Any objection or reserve opinion raised by an independent director shall be recorded in the meeting record of the board meeting.
  - (4) The Company and its subsidiary that is not itself a public company in Taiwan involving the transaction in item (1), subparagraph 2, paragraph 1 of this article where the transaction amount reaches 10 percent or more of the Company's total assets, the Company may not proceed to enter into a transaction contract or make a payment until the matters referred to in item (1), subparagraph, paragraph 1 have been submitted to a shareholders' meeting for approval; provided, this shall not apply to transactions between the Company and its subsidiaries, or between subsidiaries
  - (5) The calculation of the transaction amounts referred to in item (1) and (4), subparagraph 2, paragraph 1 shall be done in accordance with item (7), subparagraph 1, paragraph 1, Article 15, 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 shareholders' meeting, reviewed by the audit committee, and reported to the board of directors for a resolution need not be counted toward the transaction amount
3. Assessment of the reasonability of the transaction
- (1) Our Company's acquisition or disposal of real estate from or with stakeholder shall require assessment on the reasonability of transaction cost pursuant to the following methods:
    - i. Adding necessary capital interest and costs to be carried by the buyer as the laws may require to the stakeholder's transaction price. The term of necessary capital interest cost shall be the weighted average interest of the fiscal year for the loan borrowed by the Company for the purchase of asset, and may not exceed the maximum loan interest rate for non-financial business announced by the Ministry of Finance.
    - ii. If the stakeholder has ever pledged the target with a financial institute, then assess the total value of the target appraised by the same financial institute for the mortgage. The total accumulated loan granted by the same financial institute on the same target shall be 70% or more of the assessed value of the target and the loan has been made for longer than one year. However, if the financial institute is a stakeholder to either party of the transaction, then this rule does not apply.
  - (2) For joint acquisition of a same land and house, the separate assessments for the transaction cost of the land and the house shall be made pursuant to any of the above methods.
  - (3) Our Company's acquisition of real estate property from a stakeholder shall require

assessment on the real estate property cost pursuant to Subparagraphs (1) and (2), Paragraph 3 of this Article, and a secondary review and opinion from accountant are required.

- (4) If the assessment on the real estate property that our Company is to acquire from a stakeholder pursuant to Subparagraphs (1) and (2), Paragraph 3 of this Article suggests the cost is lower than the transaction cost, then follow Subparagraph (5), Paragraph 3 of this Article. However, this rule does not apply to the following situations, provided objective evidence, real estate professional appraiser's and accountant's opinions on reasonability are obtained:
- i. The stakeholder builds building on the raw land acquired or leased shall prove any of the following qualification:
    - (i) The raw land is appraised pursuant to the methods provided in the previous Article, while the cost of the house shall be the stakeholder's construction cost plus reasonable construction profit, and the sum of the two exceeds the actual transaction price. The term reasonable construction profit shall be the average gross profit from operation of the construction department of the stakeholder over the past 3 years, or the construction industry gross profit ratio announced by the Ministry of Finance, whichever is lower.
    - (ii) The assessment on the transaction of other property having comparable acreage on other floor or in adjacent area to the property in concern traded by other non-stakeholders, with terms and conditions complying with common practice in real estate transactions, suggests similar terms and conditions.
    - (iii) The assessment on other property on other floor leased to a non-stakeholder in the past one year, with terms and conditions complying with common practice in real estate transactions and referencing to price difference due to floor number, suggests similar terms and conditions.
  - ii. Our Company presents evidence that proves the transaction terms and conditions for the acquisition of property from a stakeholder are comparable to other transactions property of comparable acreage in adjacent area made between other non-stakeholders. The term transactions in adjacent area shall mean, principally, a property locating on the same or neighboring block with a distance to the target property in concern does not exceed 500 meters and the announced present values are comparable. The term comparable acreage shall mean the transactions of property, having acreage no less than 50% of the target property's acreage, made between other non-stakeholders. The term one year shall be the past year before the actual occurrence date of the property acquisition.
- (5) Our Company's acquisition of real estate property from a stakeholder shall require completing the following tasks if the assessment made in accordance with Subparagraphs (1) to (4) Paragraph 3 of this Article suggests a price lower than transaction price:
- i. Regarding to the recognition of special reserve, pursuant to Paragraph 1, Article 40

of the Securities Exchange Act, our Company may not distribute or transfer as common stock for distribution the difference of the real estate transaction's transaction price and assessed cost. A listed company investing in our Company and adopting equity method for assessment shall recognize the special reserve at the shareholding ratio in accordance with Paragraph 1, Article 41 of the Securities Exchange Act.

- ii. The audit committee shall observe Article 218 of the Company Act.
- iii. According to this subparagraphs i and ii, should be reported to the shareholders' meeting and disclose the details of the transaction in the annual report and the prospectus.

In addition, our Company and the listed company investing in our Company adopting equity method for investment assessment and having recognized the special reserve abovementioned may not use the said special reserve until the asset purchased at a high price has been recognized as loss or disposal due to price fall or adequately compensated or redeemed, or there is other evidence confirming that there was nothing unreasonable about the transaction, and approved by the FSC.

- (6) Our Company acquiring real estate property from a stakeholder having any of the following situations shall comply with Paragraphs 1 and 2 of this Article regarding to the assessment and operation procedures, and Subparagraphs (1), (2), and (3), Paragraph 3 of this Article concerning the assessment on transaction reasonability do not apply:
  - i. The stakeholder acquires the real estate property through heritage or gift.
  - ii. The stakeholder's acquisition date of the real estate property has been more than 5 years from the current transaction's agreement execution date.
  - iii. The real estate property is acquired by executing a joint property development agreement with a stakeholder or a construction project commissioned to the stakeholder on own land or leased land.
- (7) Subparagraph (5), Paragraph 3 of this Article shall be also observed if other evidence is in place proving that the transaction in which our Company acquires real estate property from a stakeholder does not conform to common practice.

#### Article 11: Procedure for Acquisition or Disposal of intangible assets or right-of-use assets thereof or memberships

Procedure for Acquisition or Disposal of intangible assets or right-of-use assets thereof or memberships, shall be handled in accordance with the following provisions:

##### 1. Assessment and operational procedure

Our Company's acquisition or disposal of intangible assets or right-of-use assets thereof or memberships shall comply with our Company's internal control system for fixed asset cyclical procedure.

##### 2. Transaction terms and conditions and authorization granting procedure

The procedure provided by our Company or other procedures require by the laws for asset acquisition and disposal shall require approval by the board. An objection raised by a

director, whether documented or in the form of written affidavit, shall be presented to the audit committee. In addition, if our Company already has independent directors in place, their opinions and reasoning shall be thoroughly considered and documented in the meeting record, whether for or against, regarding to asset acquisition or disposal.

3. Execution unit

Our Company acquiring or disposing intangible assets or right-of-use assets thereof or memberships shall obtain approval according to the authorization level abovementioned and the user unit and finance or administration department shall be responsible for execution.

4. Appraisal and opinion report by expert on intangible assets or right-of-use assets thereof or memberships .Our Company acquiring or disposing intangible assets or right-of-use assets thereof or memberships with transaction amount of 20% of our Company’s paid-up capital or TWD 300 million or more, unless the said transaction is made with the government, shall have the accountant to present opinion on the reasonability of the transaction price prior to the actual occurrence date.

Article 12: Procedure for acquiring or disposing financial institute debenture

Basically our Company does not engage in transactions of acquisition or disposal of financial institute debenture. If such transaction is ever to be engaged in the future, it shall first require approval from the board, followed by respective assessment and operational procedure and governed.

Article 13: Procedure for acquiring or disposing derivatives

The company engages in derivatives trading in accordance with other laws and regulations in accordance with the securities financial franchise business, and are exempt from the provisions of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” Chapter II, Section IV herein.

Article 14: Procedure for merger, division, acquisition, or share receiving

Procedure for merger, division, acquisition, or share receiving, shall be handled in accordance with the following provisions:

1. Assessment and operational procedure

(1) Our Company handling merger, division, acquisition, or share receiving shall summon lawyers, accountants, and underwriters for meeting to determine the legal process and time schedule and organize a task force to execute in accordance with the legal process. Our Company shall also have the accountants, lawyers, and underwriters to share their opinions regarding to the reasonableness of share exchange ratio, purchase price, distribution of cash or other property among shareholders, followed by proposing the same to the board of directors for approval. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries’ issued shares or authorized capital.

(2) Prior to shareholders' meeting, our Company shall produce public document to the shareholders, stating important information pertaining to any merger, division, or acquisition and expert opinions as stipulated in Subparagraph 1 of this Article, as reference for decision on the said merger, division, or acquisition proposal, and deliver the said document together with shareholders' meeting notice to the shareholders. However, this does not apply to the merger, division, or acquisition the laws do not require decision in shareholders' meeting. The companies participating in the said merger, division, or acquisition shall immediately explain to the public about the reason, afterward handling, and intended shareholder's meeting schedule if the company's shareholders' meeting fails to proceed with the meeting or reach a resolution due to quorum problem, insufficient votes, or other legal restrictions, or proposition being vetoed.

2. Other instructions are as follows:

- (1) Board meeting date: Unless otherwise stipulated by laws or excused by FSC in advance for special reason, the companies participating in a merger, division, or acquisition shall begin their board meeting and shareholders' meeting on the same day to determine the said merger, division, and acquisition. Unless otherwise stipulated by laws or excused by FSC in advance for special reason, the company participating in receiving shares shall also begin its board meeting on the same day.
- (2) The listed companies or companies traded at securities brokers' business sites, participating in a merger, division, acquisition, or share receiving, shall keep the following information in their archive for at least 5 years for future reference:
  - i. Personnel basic information: including the names, job titles, Citizen ID (passport number for foreigner) of the persons who plan and/or execute the merger, division, acquisition, or share receiving prior to the disclose of the said transaction.
  - ii. Important dates: including the execution dates of letter of intent, memorandum, commissioning of financial or legal consultants, execution of agreements, and board meetings.
  - iii. Important document and meeting record: including the plan for merger, division, acquisition, or share receiving, letter of intent, memorandum, important agreements, and board meetings' meeting records.
- (3) The listed companies or companies traded at the securities brokers' business sites participating in the merger, division, acquisition, or share receiving shall deliver the basic identification data for personnel and dates of material events information stipulated in Subparagraphs 1 and 2 of the previous Paragraph to the Commission through internet reporting system in the form stipulated within 2 days from the approval resolution is made by the board meeting.
- (4) The listed or OTC-traded companies participating in the merger, division, acquisition, or share receiving shall make and enter into agreement with the non-listed or non-OTC-traded participating companies in accordance with Subparagraph 1.2.

- (5) Non-disclosure agreement: All persons participating or having the knowledge of the said merger, division, acquisition, or share receiving plan shall execute a written guarantee not to disclose the said plan before the plan is officially disclosed to the public, and may not engage in the trade under his/her own name or other people's names the shares or equity-equivalent securities of the companies participating in the merger, division, acquisition, or share receiving.
- (6) Principles for share exchange or purchase price determination and change: The companies participating in the merger, division, acquisition, or share receiving shall have their respective accountants lawyers, and securities underwriters to present their opinions regarding to the reasonability of the share exchange ratio, purchase price, cash or other property distributed among shareholders before the board meeting, and such companies shall disclose these opinions in their shareholders' meetings. Basically, share exchange ratio or purchase price may not be changed without justifiable cause unless otherwise the conditions to the said change has been agreed in the agreement and disclosed to the public. Share exchange ratio and purchase price may be changed if:
- i. Increasing capital by cash, issuing convertible bond, free-gratis, warrant bonds, preferred shares with warrants, warrants, and other equitable securities.
  - ii. Disposal of company's major asset to have impact on the company's financial standing.
  - iii. Major disaster, critical change of technology, or other incident that has impact on the company's shareholders' interest or securities prices.
  - iv. Any of the companies participating in the merger, division, acquisition, or share receiving
  - v. adjusting its treasury stocks as adjustment. The main entity or number of companies participating in the merger, division, acquisition, or share receiving has changed.
  - vi. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- (7) The companies participating in the merger, division, acquisition, or share receiving, should clearly state the following information:
- i. Measure for breaching;
  - ii. The principles for handling the equitable securities already issued by the eliminating company due to merger or division or treasury stocks already bought back;
  - iii. The quantity of treasury stocks to be bought back and the principles for handling the said stocks after the participating companies have determined the share exchange ratio and record date;
  - iv. The handling method for change of the main entity or number of participating companies;
  - v. Estimated plan execution progress and completion date;
  - vi. Handling procedure for failure to meet the plan's deadline, and estimated date of shareholders' meeting as required by the laws.

- (8) After the information of the merger, division, acquisition, or share receiving is disclosed to the public, a participating company wishes to engage in a merger, division, acquisition, or share receiving with other companies, unless otherwise the number of participating company decreases and the shareholders' meeting has determined and authorized the board of directors to change the authority, our company is not required to summon a shareholders' meeting to re-determine, and the procedure or legal action already completed for the original plan of merger, division, acquisition, or share receiving shall be re-do by our company.
- (9) Our Company shall make and enter into agreement with non-listed companies participating in the merger, division, acquisition, or share receiving and observe Paragraph 2 (1) of this Article regarding to the board meeting date, Subparagraph (5) regarding to the non-disclosure agreement, and Subparagraph (8) regarding to the change of the number of companies participating in the merger, division, acquisition, or share receiving.

#### Article 15: Procedures for Information Disclosure

The procedures for information disclosure shall be handled in accordance with the following provisions:

1. Items to be publicly announced and reported, and the standards for such announcement and reporting
  - (1) Acquisition or disposal of real property or right-of-use assets from or to a related party or acquisition or disposal of assets other than real property or right-of-use assets from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to 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.
  - (2) Merger, demerger, acquisition, or transfer of shares.
  - (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
  - (4) Acquisition or disposal of equipment for operational use or right-of-use assets thereof, where the counterparty is not a related party, and the transaction amount reaches any of the following thresholds:
    - i. For a public company with paid-in capital of less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
    - ii. For a public company with paid-in capital of NT\$10 billion or more but less than NT\$50 billion, the transaction amount reaches NT\$1 billion or more.
    - iii. For a public company with paid-in capital of NT\$50 billion or more, the transaction amount reaches 5% or more of the Company's paid-in capital.
  - (5) Acquisition of property by way of commissioned project on own land, commissioned project on leased land, joint construction and split house, joint construction and allocation

of ownership percentage, and joint construction and separate sale and furthermore the transaction counterparty is not a related party; the Company's planned committed transaction amount is more than TWD 500 million.

- (6) Asset transactions other than the ones stated in the previous 5 subparagraphs, a financial institute disposing debt or investment in Mainland China area with transaction amount exceeding 20% of paid-up capital or TWD 300 million. However, this rule does not apply to the followings:
- i. Trading of domestic government bonds or foreign government bonds with a credit rating not less than our sovereign rating level.
  - ii. Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds or offering of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of securities investment trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
  - iii. Trading of bonds under repurchase/resale agreements, or repurchase of money market funds issued by domestic securities investment trust enterprises.
- (7) The transaction amount is calculated according to the method in below, and the abovementioned within one year shall be the year before the record date of the actual happening of this transaction. The part announced in compliance with the regulations is not included.
- i. Amount per each transaction.
  - ii. Amount accumulated for acquiring or disposing a property of the same nature from the same counterparty within one year.
  - iii. Amount accumulated for acquiring or disposing (separately accumulated for acquisition and disposal) the same property development or right-of-use assets within one year.
  - iv. Amount accumulated for acquiring or disposing (separately accumulated for acquisition and disposal) the same securities.

## 2. Time limit for public disclosure and reporting

Our Company shall disclose to the public and complete reporting within 2 days from the occurrence date of property acquisition or disposal to which transaction amount the disclosure and reporting standards apply as stipulated in Paragraph 1 of this Article.

## 3. Disclosure and reporting procedure

- (1) Our Company shall disclose and report the related information at the website designated by the FSC.
- (2) Our Company shall upload the information of the derivatives transactions made by our

Company and subsidiary not domestically listed as of the end of the previous month as stipulated by the FSC, in the form stipulated, by the 10th day of each month.

- (3) When our company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.
- (4) Unless otherwise stipulated by laws, our Company shall keep the contracts, meeting records, memorandum, appraisal report, accountant/lawyer/securities broker opinion regarding to our Company's acquisition or disposal of asset in archive at our Company for at least 5 years.
- (5) Where any of the following circumstances occurs with respect to a transaction that our company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
  - i. Change, termination, or rescission of a contract signed in regard to the original transaction.
  - ii. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
  - iii. Change to the originally publicly announced and reported information.

#### 4. Disclosure format

As the competent authority may stipulate.

Article 16: The Company's control procedures for the acquisition and disposal of assets by its subsidiaries shall comply with the following:

1. The acquisition or disposition of assets by the foreign subsidiaries of the Company shall also be handled in accordance with the relevant provisions of this procedure, if subsidiary are domestic company shall set the Regulations Governing the Acquisition and Disposal of Assets by Public Companies for its Procedure for Property Acquisition and Disposal.
2. Our Company shall act on behalf of a subsidiary that is not a listed company and its acquisition or disposal of property is subject to reporting standard stipulated by the Regulations Governing the Acquisition and Disposal of Assets by Public Companies for disclosure and reporting.
3. The declaration standard to a subsidiary t base on paid-in capital or total assets of our company.
4. Subsidiaries shall self-inspect whether the adopted procedures for the acquisition and disposal of assets are in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and whether the relevant matters on a transaction involving the acquisition or disposal of assets are handled in accordance with the adopted procedures.
5. The Company's internal audit shall review the subsidiary's self-inspection report and other relevant matters.

Article 17: Penalty

Employee handling acquisition and disposal of asset who violates these Procedures shall be subject to penalty provided by our Company's Employee Management Rules depending on the severity. The said violation will be considered in the scheduled review.

**Article 18: Implementation and amendment**

Our Company's Procedures for Asset Acquisition or Disposal shall be agreed upon by the Audit Committee and approved by the board of directors with carbon copies delivered to the audit committee, and will be proposed to the shareholders' meeting for approval. Amendment shall follow the same procedure. Our Company shall deliver any objection raised by any director, documented, or made in written statement to the audit committee. If Independent directors are already in place, their opinions, for or against, shall be given thorough considerations in the board's review of the Procedures for Asset Acquisition and Disposal and recorded in the board meeting's record.

**Article 19: Miscellaneous**

Any issue not comprehensively covered in these Procedures shall be governed by the applicable laws.

**Article 20:** These Procedures shall be implemented after the approval from the board of directors and the shareholders' meeting. Amendment shall follow the same procedure. These Procedures are promulgated on May 30, 2003. The first amendment is made on June 15, 2007. The second amendment is made on June 15, 2010. The third amendment is made on June 22, 2012. The fourth amendment is made on June 20, 2014. The fifth amendment is made on June 12, 2015. The sixth amendment is made on June 16, 2016. The seventh amendment is made on June 08, 2018. The eighth amendment is made on June 06, 2019. The ninth amendment is made on June 05, 2020. The tenth amendment is made on June 08, 2022. The eleventh amendment is made on June 06, 2024. The twelfth amendment is made on June 4, 2026.