

- Article 01 These Regulations are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act") and Regulations Governing the Acquisition and Disposal of Assets by Public Companies ("the Regulations").
- Article 02 The term "assets" as used in these Regulations includes the following:
- I. 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 Memberships.
 - III. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
 - IV. Right-of-use assets.
 - V. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
 - VI. Derivatives.
 - VII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
 - VIII. Other major assets.
- Article 03 Terms used in these Regulations are defined as follows:
- 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 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.
- 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. 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.
- VIII. 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.
- IX. The most current financial statements: refer to the financial statements audited and attested or reviewed by a certified public accountant (CPA) before the Company acquires or disposes of assets.

Article 04

Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions should 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 Regulations, 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 their respective trade associations and the following:

- I. Prior to accepting a case, they should prudently assess their own professional capabilities, practical experience, and independence.
- II. When executing a case, they should 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 should be fully and accurately specified in the case working papers.
- III. They should 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 should 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 05 Procedure of the acquisition and disposal of real property, equipment, or right-of-use assets:

- I. Procedures of assessment, operation and authorization
 - i. If the real property acquired or disposed of by the Company is assessed by the executive unit and the amount is less than NT\$10 million (inclusive), it shall be approved in accordance with the Company sign-off requirements. And the amount is more than NT\$10 million but less than NT\$ 50 million (inclusive), the approval shall be made by the chairman of the board, and it shall be reported to the board of directors for approval afterwards. If the amount exceeds NT\$ 50 million, it shall be approved by the audit committee and executed only after the approval of the board of directors.
 - ii. If the equipment acquired or disposed of by the Company, the reason shall be stated and be assessed by the executive unit and the amount is less than NT\$10 million (inclusive), it shall be approved in accordance with the Company sign-off requirements. And the amount is more than NT\$10 million but less than NT\$ 50 million (inclusive), the approval shall be made by the chairman of the board, and it shall be reported to the board of directors for approval afterwards. If the amount exceeds NT\$ 50 million, it shall be approved by the audit committee and executed only after the approval of the board of directors.
 - iii. The Company and its subsidiaries shall not be limited in the amount of assets acquired or disposed of if the assets are for business purposes, such as property, equipment or assets with rights of use.
 - iv. The Company and its subsidiaries may individually purchase real estate and right-of-use assets that are not for business use and the amount is limited to 20% of the paid-in capital.

- v. The acquisition or disposal of assets by the Company shall be approved by the audit committee in accordance with these regulations or other laws and shall be approved by the resolution of the board of directors. If the action of the aforementioned has not received approval from more than one-half of all members of the audit committee, it may be carried out with approval of two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors' meeting.
- II. Executive unit
When the Company acquires or disposes of real estate or other fixed assets, it shall submit it for approval in accordance with the Company sign-off requirements in the preceding subparagraph, and then execute it by the financial department of the Company or other authorized units.
- III. The appraisal report for real property, equipment, or right-of-use assets
In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:
 - i. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
 - ii. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
 - iii. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
 - iv. No more than 3 months may elapse between the date of the appraisal

report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 06**Procedure of the acquisition and disposal of securities:****I. Procedures of assessment, operation and authorization**

- i. The acquisition and disposal of the Company's long-term equity investments, except for long-term equity investments in subsidiaries that directly or indirectly hold more than 90% of the Company shall be approved by the chairman, if the amount is less than NT\$10 million (inclusive), it should be approved by the finance director. And the amount is more than NT\$10 million but less than NT\$ 50 million (inclusive), the approval shall be made by the chairman and it shall be reported to the board of directors afterwards. If the amount exceeds NT\$ 50 million, it shall be approved by the audit committee and executed only after the approval of the board of directors.
- ii. The acquisition and disposal of the Company's short-term securities investments, which are short-term capital allocation, should be approved by the financial director. For other types, those with an amount of less than NT\$10 million (inclusive), shall be subject to the Company sign-off requirements for approval. And the amount is more than NT\$10 million but less than NT\$ 50 million (inclusive), the approval shall be made by the chairman and it shall be reported to the board of directors afterwards. If the amount exceeds NT\$ 50 million, it shall be approved by the audit committee and executed only after the approval of the board of directors.
- iii. The acquisition or disposal of assets by the Company shall be approved by the audit committee in accordance with these regulations or other laws and shall be approved by the resolution of the board of directors. If the action of the aforementioned has not received approval from more than one-half of all members of the audit committee, it may be carried out with approval of two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors' meeting.

When the Company reports the transaction for the acquisition or disposition of assets pursuant to the aforementioned to the board of directors for discussion, the opinions of the independent directors shall be given adequate consideration, and their consenting or dissenting opinions and the reasons for them shall be entered into minutes of the board of directors meeting.

II. Executive unit

When the Company acquires or disposes of securities, it shall submit it for approval in accordance with the Company sign-off requirements in the preceding subparagraph and shall be executed by the personnel designated by the finance director of the Company.

III. Obtain the expert opinion

The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

Article 07 Procedure of the acquisition and disposal of intangible assets or right-of-use assets thereof or memberships:**I. Procedures of assessment, operation and authorization**

- i. When acquiring or disposing of a membership, relevant price information should be collected in advance, and future value-added and benefits should be taken into consideration in a comprehensive assessment. If the amount of less than NT\$10 million, shall be subject to the Company sign-off requirements for approval. And the amount is more than NT\$10 million but less than NT\$ 50 million (inclusive), the approval shall be made by the chairman and it shall be reported to the board of directors afterwards. If the amount exceeds NT\$ 50 million, it shall be approved by the audit committee and the board of directors.
- ii. When acquiring or disposing of intangible assets or their right-to-use assets, an analysis report shall be prepared and submitted to the chairman with reference to the expert evaluation report, fair market price and a decision on the transaction conditions and transaction price shall be made, and the amount under NT\$10 million shall be subject to the Company sign-off requirements for approval. And the amount is more than NT\$10 million but less than NT\$ 50 million (inclusive), the approval shall be made by the chairman, and it shall be reported to the board of directors afterwards. If the amount exceeds NT\$ 50 million, it shall be approved by the audit committee and the board of directors.

- iii. The acquisition or disposal of assets by the Company shall be approved by the audit committee in accordance with the prescribed regulations or other laws and shall be approved by the resolution of the board of directors. If the action of the preceding paragraph has not received approval from more than one-half of all members of the audit committee, it may be carried out with approval of two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors' meeting.

When the Company reports the transaction for the acquisition or disposition of assets pursuant to the preceding paragraph to the board of directors for discussion, the opinions of the independent directors shall be given adequate consideration, and their consenting or dissenting opinions and the reasons for them shall be entered into minutes of the board of directors meeting.

II. Executive unit

When the company acquires or disposes of intangible assets or their right-to-use assets or membership, it shall be executed by the Company's use department and legal department after submitting it for approval in accordance with the Company sign-off requirements in the preceding paragraph.

III. Obtain the expert opinion

The Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 07-1 The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 12, Subparagraph II herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 08 Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 09 Procedure of acquisition or disposal of assets from or to a related party

- I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company should also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the article 05 to article 08 and this article.

The calculation of the transaction amount referred to in this subparagraph should be made in accordance with Article 07-1 herein.

When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship should also be considered.

- II. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof 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 domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by audit committee and executed only after the approval of the board of directors:
 - i. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 - ii. The reason for choosing the related party as a transaction counterparty.
 - iii. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the subparagraph III of this article.
 - iv. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
 - v. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.

- vi. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the paragraph 1 of this article.
- vii. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in this subparagraph shall be done in accordance with Article 12, subparagraph II herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction and it has been submitted to the audit committee for approval and approved by the board of directors not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. Acquisition or disposal of real property right-of-use assets held for business use.

When the Company reports the transaction for the acquisition or disposition of assets pursuant this subparagraph to the board of directors for discussion, the opinions of the independent directors shall be given adequate consideration, and their consenting or dissenting opinions and the reasons for them shall be entered into minutes of the board of directors meeting.

In accordance with this subparagraph, the approval of more than half of all members of the audit committee shall be obtained and a resolution shall be submitted to the board of directors for the application of the paragraph 2 and paragraph 4 of Article 15.

If the Company or its subsidiary that is not a public company has transactions in this subparagraph, and the transaction amount is more than 10% of the Company's total assets, the Company shall submit the items listed in this subparagraph to the shareholders' meeting for approval before signing the transaction contract and making the payment. However, the transaction between the Company and the parent company, subsidiaries, or subsidiaries is not subject to this limitation.

- III. Evaluation of the reasonableness of the transaction costs

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- 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 structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the item.
 - iii. The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the two preceding items shall also engage a CPA to check the appraisal and render a specific opinion.
 - iv. Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the three preceding items do 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. The real property right-of-use assets for business use are acquired by

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

- v. When the results of the Company's appraisal conducted in accordance with item I and ii in this subparagraph are uniformly lower than the transaction price, the matter shall be handled in compliance with item vi. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:
 - 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 four preceding items in this subparagraph, 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 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 percent 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.

- vi. Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the five preceding items are uniformly lower than the transaction price, the following steps shall be taken:
 - 1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.
 - 2. The independent director members of the audit committee shall comply with Article 218 of the Company Act.
 - 3. Actions taken pursuant to 1 and 2 of this item shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.
- vii. When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding item if there is other evidence indicating that the acquisition was not an arms length transaction.

- Article 10 Procedure of the acquisition and disposal of derivatives should be in accordance with the Company's "Procedures for Engaging in Derivatives Trading".
- Article 11 Procedure of the acquisition and disposal of mergers and consolidations, splits,

acquisitions, and assignment of shares

- I. Procedures of assessment, operation and authorization
 - i. The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. 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 public 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.
 - ii. The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to the preceding item in this Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. In addition, where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.
- II. Additional Notes
 - i. Date of Board Meeting: The Company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. The company participating in a

transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

- ii. Advance Confidentiality Commitment: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- iii. Principles for determining and changing the share exchange ratio or acquisition price: participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
 - 1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
 - 2. An action, such as a disposal of major assets, that affects the company's financial operations.
 - 3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 - 4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - 5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - 6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- iv. Contents of the contract: The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record 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

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- 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 companies involved in 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 transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the items i, ii, v and vii of this subparagraph.
- vii. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out the following information to the FSC for recordation:
1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the

- case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
 3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.
- viii. Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the preceding items.

Article 12 Procedure of the public disclosure of information

- I. Items and standards that should be announced and reported

Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the Competent authority designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

 - i. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property 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.
 - ii. Merger, demerger, acquisition, or transfer of shares.
 - iii. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
 - iv. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the

following criteria:

1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
2. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- v. Acquisition or disposal by a public company in the construction business of real property for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million.
- vi. 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 amount the company expects to invest in the transaction reaches NT\$500 million.
- vii. Where an asset transaction other than any of those referred to in the preceding six items, 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; provided, this shall not apply to the following circumstances:
 1. Trading of domestic government bonds or foreign public bonds with a credit rating not lower than our sovereign rating.
 2. Where done by professional investors-securities trading on domestic and international securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics that are offered and issued in the primary market, 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.
 3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- II. The amount of transactions above shall be calculated as follows. "Within the preceding year" as used in the preceding subparagraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount:
 - i. The amount of any individual transaction.

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- ii. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
 - iii. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year.
 - iv. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
- III. Public announcement and regulatory filing procedures.
- i. The Company shall announce and report the relevant information on the website designated by the competent authority.
 - ii. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the competent authority by the 10th day of each month.
 - iii. When the 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.
 - iv. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.
 - v. Where any of the following circumstances occurs with respect to a transaction that the 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 competent authority within 2 days counting inclusively from the date of occurrence of the event:
 - 1. Change, termination, or rescission of a contract signed in regard to the original transaction.
 - 2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - 3. Change to the originally publicly announced and reported

information.

- Article 13 Subsidiaries of the Company shall comply with the following provisions:
- I. If a subsidiary is not a public company, the acquisition or disposal of assets should also be in accordance with these Regulations.
 - II. Information required to be publicly announced and reported in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies of Chapter III on acquisitions and disposals of assets by a public company's subsidiary that is not itself a public company shall be reported by the Company.
 - III. Information required to be publicly announced and reported in accordance with Article 12 on acquisitions and disposals of assets by a public company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company. The paid-in capital or total assets of the (parent) Company shall be the standard applicable to a subsidiary referred to in the preceding subparagraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 12, subparagraph I.
 - IV. For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent Company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.
- Article 14 Any relevant person who violates the Regulations or any provision herein shall be subject to penalization in accordance with Rules for the Implementation of Reward and Punishment of the Company and the admonishment, minor demerit, major demerit or dismissal shall be determined by the severity of the circumstances.
- Article 15 The “Regulations Governing the Acquisition and Disposal of Assets” of the Company shall be submitted to the audit committee for approval. After the Regulations have been approved by the board of directors, the Regulations shall be sent to a Shareholders’ Meeting for approval. The same applies when the Regulations are amended.
- These Regulations require the approval of the audit committee, which means that more than one-half of all members of the audit committee must agree. If approval of a majority of all audit committee members as required in the preceding paragraph is not obtained, the Regulations may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the meeting minutes of the board of directors.
- These Regulations are reported for deliberation by the board of directors, the

opinions of the independent directors shall be given adequate consideration, and their consenting or dissenting opinions and the reasons for them shall be entered into minutes of the board of directors meeting.

Article 16 The regulations of these procedures shall be executed in accordance with the relevant laws if there are relevant matters not specified in these procedures or there are issues when applying these procedures to deal with. If there are no provisions in the laws, it shall be handled in accordance with the relevant regulations of the Company or decided by the board of directors.

Article 17 The Regulations were formulated on May 8, 2003.
The 1st amendment was made on June 18, 2010.
The 2nd amendment was made on June 10, 2011.
The 3rd amendment was made on June 22, 2012.
The 4th amendment was made on June 14, 2013.
The 5th amendment was made on June 20, 2014.
The 6th amendment was made on April 28, 2017.
The 7th amendment was made on June 21, 2019.
The 8th amendment was made on May 27, 2022.