

# **Nanya Technology Corp.**

## **Procedure of Acquisition or Disposal of Assets of the Company**

Amended by the Annual Shareholders' Meeting on May 26, 2022

### **Chapter 1 General Provisions**

Article 1: When acquiring or disposing of the following assets, Nanya Technology Corp. (the "Company") and its subsidiaries shall follow the Procedures of Acquisition or Disposal of Assets (the "Procedures"):

1. Investments including stocks, government bonds, corporate bonds, bank indentures, securities representing funds, depository receipts, warrants, beneficiary securities, assets based securities, etc.;
2. Real estate (including land, building, real estate of investment purpose) and equipment;
3. Memberships;
4. Intangible assets, including patents, copyrights, trademarks, charter rights, etc.;
5. Right-of-use assets.
6. Indebtedness due to financial institutions (including account receivables, bankers' acceptance, loans and receivables on demand);
7. Derivative products;
8. Assets that are acquired or disposed of through merger, spin-off, acquisition or share exchange;
9. Other major assets.

Article 2: The limit amount of investments for non-operating real estates and right-of-use assets or securities shall mean the original investment, by the Company or the Company's subsidiaries, not exceeding 60% of the book value of total assets of the Company or the Company's subsidiaries; for a specific securities investment, the limit amount shall not exceed 50% of the foresaid limit amount, i.e. 30% of the book value of total assets of the Company.

Article 3: Definition of the Procedures

1. "Derivatives" used herein shall mean forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rates, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. "Assets acquired or disposed of through merger, spin-off, acquisition or share exchange in accordance with laws" Refers to assets acquired or disposed through mergers, splits,

or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to acquisitions of shares [of another company] through issuance of new shares of its own as the consideration thereof (hereinafter "assignment").

3. "Related Party" and "Subsidiary Company" 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 an act of law to engage in the value appraisal of real estate or equipment.
5. "Date of the Event" used herein shall mean 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. "Investment in Mainland China" used herein shall mean investments in China 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.

Article 4: Any Professional Appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters, from whom the Company obtains the appraisal reports and opinion letters for the acquisition or disposal of assets, 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 the Company.
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.

Article 5: The procedures for the assessment, determination of transaction terms and conditions, and price of acquiring or disposing of assets by the Company shall be in accordance with the following requirements:

1. Transactions relating to short term security investments, which are mentioned in Article , should be evaluated and executed by the financial department ; long term security investment should be assessed by the Company's President Office ("President Office") and executed by the financial department after the approval of the Board of Directors of the Company (the "Board of Directors"); except for the foresaid assets, the other asset transactions should be conducted by related departments in accordance with the relevant authorization limits of the Company.

2. The price of the above-mentioned transactions, except which are traded in the stock exchange or securities brokerage firms, shall be determined in via public bidding, price bidding, or price negotiation based on reference to the market conditions.

Article 6: If there is any dissentient or qualified opinions from the Independent Director(s) shall be record in the meeting minutes of Board of Directors meeting.

A material asset transaction or a material derivatives transaction shall be approved with the consent of one-half or more than one-half of all members of the Audit Committee and then be submitted to the Board of Directors for approval. If the aforesaid transaction has not been approved with the consent of one-half or more than one-half of all members of the Audit Committee, the transaction may be undertaken upon the consent of at least two-thirds of all members of the Board of Directors, but the resolution adopted by the Audit Committee shall be recorded in the meeting minutes of the Board of Directors meeting.

## **Chapter 2 Acquisition or Disposal of Assets**

Article 7: Except for transactions with domestic government institutions, contracting third parties to construct on land owned or rented by the Company, or acquisition/disposal of machinery, equipment, or right-of-use assets thereof for operation purpose, for acquisition or disposal of real estate, equipment, or right-of-use assets thereof by the Company, whose amount reaches 20% of the Company's paid-in capital or NT\$300 million, an appraisal report issued by a Professional Appraiser shall be obtained prior to the date of the event and the following provisions shall be complied with:

1. If for any special reason, a restricted price, specific price, or particular price must be used as a reference for the transaction price, the transaction shall be approved by the Board of Directors in advance. The above procedures shall also be followed in case the transaction terms and conditions are changed subsequently.
2. If the transaction price is over NT\$ 1 billion, the Company shall have at least two Professional Appraisers to perform the appraisal.
3. Except for the transaction price which is lower than all the appraisal reports of acquired assets or higher than all the appraisal reports of disposed assets, the Company shall request a certified public accountant to handle the matter and comment on the reason for the discrepancy and the fairness of the transaction price if any of the following conditions occur, resulting from the Professional Appraiser's appraisal report:
  - (1) The discrepancy between the result of the Professional Appraiser's appraisal report and the transaction price exceeds 20%
  - (2) The discrepancy between the two appraisal reports is over 10% of the transaction price
4. Where an appraisal is conducted by a Professional Appraiser, no more than three months may pass between the date of the appraisal report and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original Professional Appraiser.

Article 8: Before the acquisition or disposal of securities, the latest financial statements of the target company audited or reviewed by a certified public accountant shall be obtained prior to

the date of the event for assessment and as a reference for the transaction price; in addition, for the transaction with price reaching 20% or more of this Company's paid-in capital or NT\$300 million or more, opinions in respect of a rational transaction price have to be sought from a certified public accountant prior to the date of the event. The aforesaid provisions hereof shall not be applicable to the case in which such securities with the open bid price obtained in the active market or otherwise provided by the competent securities authority.

Article 9: In acquiring or disposing of intangible assets or right-of-use assets thereof or membership cards where the transaction amount reaches 20 percent or more of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government institution, shall obtain a CPA's opinion on the reasonableness of the transaction price prior to the date of occurrence of the event.

Article 10: The calculation of transaction price of the above-mentioned three articles hereof shall be implemented in accordance with the second Paragraph of Article 28; the mentioned 'within the past one year' shall mean within one year backwards from the date of the subject transactions whereas transactions, which have already obtained an appraisal report issued by a Professional Appraiser or opinions given from a certified public accountant according to the Procedures, shall be excluded.

Article 11: For the Company's acquisition or disposal of assets through auction procedures of courts, the appraisal reports or the certified public accountant's opinion for the foresaid acquisition or disposal of assets can be replaced by documents issued by the courts.

Article 12: The Company's acquisition or disposal of assets shall be conducted by the authorization to the Chairman of the Board of Directors of the Company (the "Chairman") by the Board of Directors in accordance with the authorization limits of the Company.

### **Chapter 3 Transactions with Related Parties**

Article 13: When the Company acquires assets from disposes assets to a Related Party, the related approval procedures and the assessment of reasonableness of transaction conditions shall be implemented in accordance with the regulations of Chapter 2 and this Chapter of the Procedures ; in addition, for transactions with a price reaching 10% or more of the Company's total assets, an appraisal report issued by a Professional Appraiser or opinions given from a certified public accountant shall be also obtained in accordance with the regulations of Chapter 2.

The calculation of the above-mentioned transaction price shall be implemented in accordance with Article 10.

Article 14: Except for trading of domestic government bonds, trading bonds under re-purchase/re-sale agreements, or purchase/repurchase of domestic money market funds issued by domestic securities investment trust enterprises, any transaction agreement for the acquisition or disposal of real estates or right-of-use assets thereof from or to a Related Party, or for the acquisition or disposal of other non-real-estate assets or right-of-use assets thereof from/to a Related Party with the transaction price reaching 20% or more of the Company's paid-in capital, 10% or more of total assets, or NT\$ 300 million or more, only after the following information or data are approved by the Board of Directors:

1. Purpose, necessity and anticipated benefit of acquiring or disposing assets.

2. Reason for choosing the Related Party as the transaction counterparty.
3. Related information or data regarding the assessment of the reasonableness of the preliminary transaction conditions to be in accordance with the provisions of Article 15 to Article 17 while acquiring real estate or right-of-use assets thereof from a Related Party.
4. The acquisition price and acquisition date of the real estate between the Related Party and its original trading counterparty, and the relationship between the foresaid transaction counterparty and the Company and the Related Party.
5. Monthly forecast statements of cash-in and cash-out flow of the coming year after the month in which the contract is expected to be entered into and the furthermore assessment of the necessity of the transaction and of the reasonableness of the usage of the funds.
6. An appraisal report issued by a Professional Appraiser or opinions given from a certified public accountant to be obtained according to the above-mentioned Article.
7. The constraint conditions and other material conventions of the transaction.

Where the transaction in paragraph 1 of the Company or any subsidiaries that are not public companies and the transaction amount reaches 10 percent or more of the Company's total assets, the Company or any subsidiaries that are not public companies may not proceed to enter into a transaction contract or make a payment until the documents in paragraph 1 have been submitted for the approval in the Shareholders' Meeting of the Company. However, this provision does not apply to the transaction between the Company and its parent or subsidiaries, or between its subsidiaries.

The calculation of paragraph 1 and the above-mentioned transaction price shall be implemented in accordance with the second Paragraph of Article 28; the mentioned 'within the past one year' shall mean within one year backwards from the date of the subject transactions whereas transactions, which have already submitted to the Shareholders' Meeting or the Board of Directors for approval according to the Procedures, shall be excluded.

The types of transactions listed below, when to be conducted between the Company and parent companies or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital could be approved by the Company's Chairman in advance, who is authorized by the Board of Directors in accordance with Article 12, and proposed for ratification by the very next Board meeting thereafter.

The dissenting or qualified opinions from the Independent Director(s) of the Company on the matters submitted to the Board of Directors for discussion in accordance with the previous paragraph of this Article shall be placed on record in the meeting minutes of the 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.

The matters for which Paragraph 1 of this Article requires submitted to the Board of Directors for a resolution shall first be approved by the audit committee with the consent of one-half or more than one-half of all members of such audit committee. If the

aforesaid matter has not been approved with the consent of one-half or more than one-half of all members of the audit committee, the matter may be undertaken upon the consent of at least two-thirds of all members of the Board of Directors, but the resolution adopted by the audit committee shall be recorded in the meeting minutes of the Board of Directors meeting.

Article 15: The Company acquiring real estates or right-of-use assets thereof from a Related Party shall assess the reasonableness of the transaction cost in accordance with the following methods:

1. Transaction cost will be the amount of transaction price plus the necessary funding interest and the cost the buyer shall pay in accordance with the laws. The necessary funding interest cost can be the weighted-average interest rates of loans the Company obtained in the year that the asset is purchased by the Company and can not be higher than the current maximum lending rate of non-financial institutions 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 one year or more. However, this shall not apply where the financial institution is a related party of one of the trading partners.

If the land and the building of the same targeted object are acquired or leased together, the transaction cost of the land and the transaction cost of the building can be evaluated separately in accordance with either one of the evaluation methods of the first Paragraph of this Article.

The transaction cost shall be determined in accordance with the preceding two paragraphs of this Article, if the Company acquires any real estate or right-of-use assets thereof from its Related Party. The Company also shall request its certified public accountant to review the transaction cost and express his/her concrete opinions on the transaction cost.

Article 16: The Company acquiring real estate or right-of-use assets thereof from its Related Party shall follow the related assessment and procedures of Article 14 hereof if any one of the following conditions occurs; and the regulation of Article 15 hereof regarding the reasonableness assessment of the transaction cost does not apply here:

1. The real estate or right-of-use assets thereof was acquired by the Related Party through inheritance or donation.
2. The period between the contract execution date at which the Related Party acquired the real estate or right-of-use assets thereof and the contract execution date of this transaction has exceeded five years.
3. The real estate is acquired through signing of a joint development contract with a Related Party, or under an arrangement on engaging a Related Party to build on the Company's own land, or engaging a Related Party to build 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.

Article 17: When the Company acquires real estate from its Related Party, if the transaction cost of the real estate, which are derived from the evaluation of the transaction cost in accordance with the first Paragraph and second Paragraph of Article 15, is lower than the transaction price, the related matters of the transaction shall be processed in accordance with Article 18 hereof. The transaction will not be subject to the foresaid regulation if the following conditions are met and the Company can provide the objective evidence and get specific opinions of reasonableness from a Professional Appraiser in real estate and from its certified public accountant:

1. If a Related Party acquires undeveloped land or rents the land to build real estate, one of the following conditions shall be met by giving evidence:

- (1) The evaluation of the undeveloped land is conducted in accordance with the above-mentioned two articles hereof and the evaluation value of the building, equal to the sum of the construction cost of the building and the reasonable construction profit, is exceeding the actual transaction price. The foresaid 'reasonable construction profit' shall be the average operating margin of the Related Party's construction department over the latest three years or the operating margin of the construction industries of the latest year announced by the Ministry of Finance, whichever is lower.
- (2) The transaction conditions of other floors of the same targeted building or the transaction of other non-Related Party within one year nearby, the area of which is materially the same as that of the targeted building, after the evaluation in accordance with the usual customary practice of sale or lease regarding the reasonable floor or price difference in terms of location, are closely the same with those of the transaction of the targeted building.

2. The Company gives evidences that the transaction conditions for buying the real estate, or obtaining real estate right-of-use assets through leasing, from its Related Party are materially the same of that of a transaction of another non-Related Party nearby within the past one year, of which the area amount of the real estate is materially the same with that of the foresaid real estate of the Company's Related Party.

The mentioned 'nearby transaction case' in the above paragraph shall mean that the location of its real estate is in the same street or in the same street block within a 500-meter circle, or mean the public present value of its real estate is materially the same with that of the real estate of the Company's Related Party; the mentioned 'materially the same area amount' shall mean the area amount of the completed transaction of the non-Related Party is not less than 50% of that of the targeted real estate; the mentioned 'within the past one year' shall mean within one year backwards from the date at which the Company acquires the real estate or right-of-use assets thereof.

Article 18: If the transaction cost of the real estate or right-of-use assets thereof of the Company's Related Party, after the evaluation in accordance with the method of the preceding three Articles, is lower than the transaction price, the following matters shall be processed:

1. The amount of the difference between the transaction price and the evaluated transaction cost of the real estate or right-of-use assets thereof shall be booked as special reserves of the Company in accordance with the first paragraph of the Article 41 of the Securities and Exchange Law and shall not be distributed to shareholders in cash or in shares. If the Company is an investor of other companies, which assesses

the investment in equity method, the Company also shall book the foresaid difference amount as special reserves.

2. The Audit Committee shall supervise the Company's execution of the aforesaid matter.
3. The processing status of the preceding two subparagraphs of this Article hereof shall be submitted and reported to the Shareholders' Meeting of the Company (the "Shareholders Meeting") and the details of the transaction shall be disclosed in the annual report and the prospectus.

The above-mentioned special reserves, which are booked in accordance with the first Paragraph of this Article, can be used after the valuation loss of the assets, which were bought or leased in high prices had been realized, or the leasing contract has been terminated, or the Company's assets were properly compensated or recovered to the original status, or there was an evidence showing that the transaction was not unreasonable and the use of the special reserves had been approved by the competent securities authority.

When acquiring real estates or right-of-use assets thereof from the Company's Related Party, if there is any evidence showing that the transaction does not comply with common business practices, the transaction shall be processed in accordance with Paragraph 1 and Paragraph 2 of this Article hereof.

#### **Chapter 4 Engage in the Transaction of Derivatives Products**

Article 19: Any derivatives trading of the Company shall be conducted in accordance with the "Handling Procedures to Engage in the Transaction of Derivatives Products" of the Company, and when doing so, the Company shall pay attention to issues of risk management and auditing to fulfill the Internal Control System of the Company.

#### **Chapter 5 Merger, Spin-off, Acquisition or Share Exchange**

Article 20: Before the resolution of the Board of Directors regarding a merger, spin-off, acquisition or share exchange that the Company is planning to conduct, opinions regarding the reasonableness of the share exchange ratio, acquisition price or cash distribution to shareholders shall be obtained from the certified public accountants, lawyers or securities underwriters and submitted to the Board of Directors for their 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 the 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 Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Article 21: When the Company participate in a merger, spin-off or acquisition, the Company shall prepare a public document containing the material consent matters and related matters of the merger, spin-off, or acquisition. The foresaid document, the opinions of the specialists in Article 20 hereof and the Shareholders Meeting Notice shall be delivered



together to the shareholders of the Company for their reference to approve or disapprove the merger, spin-off, or acquisition. A merger, spin-off, or acquisition, which does not need the approval of the Shareholders Meeting according to the laws will not be subject to the constraint herein. If the shareholders meeting of the company, which participates in the merger, spin-off, or acquisition, can not be convened because the quorum or votes of the meeting do not reach the requirement, or if there are other constraints by laws, or the shareholders meeting vetoes the merger, spin-off, or acquisition, the Company shall immediately make a public statement to explain the reasons of this matter, the following related operations and the date of convening the next Shareholders Meeting.

Article 22: The Company shall convene the Meeting of the Board of Directors and the Shareholders Meeting on the same date on which the other companies participating in the merger, spin-off, or acquisition convene their board of directors and the shareholders meeting, except for the case, regulated by the laws or having specific causes with prior approval from the competent securities authority.

The Company shall convene the Meeting of Board of Directors on the same date on which the other companies participating in the shares exchange convene their meeting of board of directors, except for the case, regulated by the laws or having specific reasons with the prior approval from competent securities authority.

In the case that the Company participates in the merger, spin-off, acquisition or shares exchange, the information set forth as below shall be completely prepared in writing and kept safely for five years. In addition, the information set forth under Item 1 and Item 2 of this paragraph, as shown below, shall be reported in compliance with the required forms within two days from this date on which the Board of Directors approves such matter in the website designated by the competent securities authority.

1. Personnel information: including title, name and identification number (or passport number for a foreigner) of persons who participate in or execute the merger, spin-off, acquisition or shares exchange before such matter is publicly announced.
2. Date of a material event: including the date on which an intention letter or a memorandum is signed, a financial or legal consultant is mandated, a contract is signed or the Board of Directors meeting is convened.
3. Material documents and the meeting minutes of the Board of Directors meeting: including the plan of merger, spin-off, acquisition or shares exchange, the intention letter or memorandum, the material contracts, the meeting minutes of the Board of Directors meeting and so forth.

If the opposite party of the transaction of merger, spin-off, acquisition or shares exchange in which the Company participates is not a listed company or an over-the-counter-listed company, the Company shall enter into an agreement with such party and shall comply with the preceding paragraph of this Article.

Article 23: All the persons, who participate in or know of the merger, spin-off, acquisition or share exchange of the Company, shall submit a written confidentiality covenants. Before the public announcement of the related information, those persons shall not disclose the contents of the plan of the merger, spin-off, acquisition or share exchange and shall not buy or sell shares or other equity-related securities of the related companies of the merger, spin-off, acquisition or share exchange in their own names or in the names of other persons.

Article 24: Except for the following conditions, when the Company participates in the merger, spin-off, acquisition or share exchange, the share exchange ratio or the acquisition price can not be altered arbitrarily and the conditions below shall be included in the contract of the merger, spin-off, acquisition or share exchange:

1. Issuance of new shares after capital increase in cash, issuance of convertible bonds, issuance of bonus shares, issuance of bonds with options, issuance of preferred stocks with options, issuance of stock options or issuance of other equity-related securities.
2. Activities, such as disposal of any of the Company's material assets, that have impact on the Company's financial operations.
3. Matters, such as the occurrence of material disasters and significant change of technologies, that affects the shareholders' rights or the share price.
4. Adjustment of buying treasury stock by any one of the companies that participate in the merger, spin-off, acquisition or share exchange according to the laws.
5. Increase or decrease of the number of companies that participate in the merger, spin-off, acquisition or share exchange.
6. Other conditions that can be altered have been included in the contract and have been disclosed publicly.

Article 25: When the Company participates in the merger, spin-off, acquisition or share exchange, the contract of such merger, spin-off, acquisition or share exchange shall specify the obligations and rights of the companies, which participate in the merger, spin-off, acquisition or share exchange. In addition, the contract shall specify the following items:

1. Default clause.
2. Handling principles of the equity-related securities or the treasury stocks bought by the companies, which will disappear due to the merger or which will be split due to the spin-off, before the events happen.
3. The amount of treasury stock that the participating companies can buy back on the date the ratio of the exchange of shares has been determined as well as the handling procedures thereof.
4. Handling methods of the increase or decrease of the number of the participating companies.
5. The projected execution progress and the projected completion date of the plan.
6. Handling procedures of convening the expected shareholders meeting, which shall be convened in compliance with the laws if the plan can not be completed on schedule, such as the determination of the date of the shareholders meeting.

Article 26: If the Company participating in the merger, spin-off, acquisition or share exchange, after the disclosure of the related information, intends to participate in a merger, spin-off, acquisition or share exchange of another company, the completed procedures or legal activities of the original merger, spin-off, acquisition or share exchange shall be conducted again by all of the participating companies, except for the condition that the number of the participating companies decreases and the shareholders meeting of the

companies, participating in the original merger, spin-off, acquisition or share exchange, have resolved to authorize the Board of Directors to alter.

Article 27: If the any company, which participates in the merger, spin-off, acquisition or share exchange is not a public company, the Company shall enter into an agreement with this party and conduct related matters in accordance with Article 22, Article 23 and Article 26 hereof.

## **Chapter 6 Public Disclosure**

Article 28: If any one of the following conditions occurs during the acquisition or disposal of assets by the Company, the reporting and public announcements of the subject transaction shall be made in compliance with the required forms within two days from the date of the event in the website designated by the competent securities authority:

1. Acquisition of real estate or right-of-use assets thereof from or disposal to a Related Party or acquisition or disposal of other non-real-estate assets or right-of-use assets thereof from a Related Party with the transaction price reaching 20% or more of the Company's paid-in capital, 10% or more of total assets or NT\$ 300 million or more. The aforesaid provisions hereof shall not be applicable to trading domestic government bonds or trading bonds under re-purchase/re-sale agreements or purchase/repurchase of domestic money market funds issued by domestic securities investment trust enterprises.
2. Merger, spin-off, acquisition or share transfer.
3. Financial derivatives transaction of which maximum loss for all and individual contract exceeds the maximum limit specified in the Procedures.
4. Acquisition or disposal of operation-purpose machinery and equipment or right-of-use assets thereof with non-related parties in an amount exceeding NT\$ 1 billion.
5. Acquisition of real estate by way of contracting third parties to construct on land owned or rented by the Company, distribution of buildings under a joint construction project, distribution of profits under a joint construction project, or selling buildings under a joint construction project, and furthermore the trading counterparty is not a related party, and the amount the Company plans to contribute exceeding NT\$ 500 million.
6. Assets acquisition or disposal other than those mentioned above or execution of investments in Mainland China, where the amount reaches 20% or more of the Company's paid-in capital or exceeds NT\$300 million. The following situations shall not be subject to the above filing/publishing requirements:
  - (1) Trading domestic government bonds or foreign government bonds with a sovereign rating not lower than the sovereign rating of the R.O.C.;
  - (2) Trading bonds under re-purchase/re-sale agreements, or purchase/repurchase of domestic money market funds issued by domestic securities investment trust enterprises.

The ways to calculate amounts in the foresaid Paragraph of this Article hereof will be according to the following:

1. The amount of each single transaction for acquisition or disposal of assets;
2. The accumulated amount of several transactions with the same party for acquisition or disposal of the same kind of assets within one year;
3. The accumulated amount for acquisition or disposal (acquisition and disposal shall be cumulated separately) of real estate or right-of-use assets thereof under the same development project within one year;
4. The accumulated amount for acquisition or disposal (acquisition and disposal shall be cumulated separately) of the same security within one year.

The “within the past one year” used in the second Paragraph of this Article hereof shall mean within one year backwards from the date of the subject transactions whereas transactions, which have already been published, shall be excluded.

Article 29: Should there be any mistake or omission in the Company’s required public announcement, the Company needs to repeat its public announcement of all items when the Company conduct the acquisition or disposal of assets within two days from the date when is the Company becomes aware of the error or omission.

Article 30: The contracts, meeting minutes, memoranda, appraisal reports, and opinions of certified public accounts, lawyers or securities underwriters in connection with the Company’s acquisition or disposal of assets shall, except as otherwise specified by relevant laws, be kept in the Company’s records for at least five years.

Article 31: Should any of the following conditions occur after the reporting and public announcements of transactions based on the preceding three Articles, the Company needs to report and make public announcements accordingly on the website appointed by the competent securities authority within two days from the date of the event:

1. Amendment, termination or cancellation of the original agreement;
2. Merger, spin-off, acquisition or share transfer not completed as scheduled in the agreement.
3. Changes of the original reporting and public announcements.

## **Chapter 7 Supplemental Provisions**

Article 32: If the acquisition or disposal of assets by the Company’s subsidiary, which is not a domestic public company, reaches the reporting criteria specified in the preceding Chapter of the Procedures, the Company shall make the reporting and public announcements on behalf of its subsidiary.

The paid-in capital or total assets specified in the first Paragraph of Article 28, in connection with the criteria of reporting and public announcements shall be the paid-in capital or total assets of the Company.

Article 33: The Company’s controlling and monitoring procedures towards the acquisition or disposal of assets by its subsidiaries are as follows:

1. The Company shall urge its subsidiaries to establish and execute their own “Procedures for Acquisition or Disposal of Assets”.
2. If any material violation is found by the internal auditors of the subsidiaries, the subsidiaries shall deliver a written notice to the Company of this kind of violation.

The Company shall know the condition of dealing with the violation(s) and of the resulting improvements.

Article 34: Should there be any violation of the procedures when the persons-in-charge of the Company deal with acquisition or disposal of assets, subsequent penalization is subject to the relevant HR policies of the Company.

Article 35: The relevant definition regarding 10% of the Company’s total assets in the Procedures is calculated based on the total asset amount in the Company’s most recent annual parent company only or individual financial reporting which is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 36: After the Procedures are approved by the Board of Directors, the Procedures shall be submitted to the Shareholders Meeting for approval. Any amendment is subject to the same procedure. The dissentient or qualified opinions from the Independent Director(s) shall be record in the meeting minutes of the Board of Directors meeting.

The matters for which paragraph 1 requires submitted to the Board of Directors for a resolution shall be approved with the consent of one-half or more than one-half of all members of the Audit Committee. If the aforesaid establishment or revision of this Procedures has not been approved by the Audit Committee with the consent of one-half or more than one-half of all members of the Audit Committee, the establishment or revision of this Procedures may be undertaken upon the consent of at least two-thirds of all members of the Board of Directors, but the resolution adopted by the Audit Committee shall be recorded in the meeting minutes of the Board of Directors meeting.