

Procedures for Acquisition or Disposal of Assets

1. Goal:

In order to protect assets, implement open information and to let the Company has rules to abide by for the process of acquiring or disposing assets, we formulated the Procedures.

2. Scope:

The so-called assets in the Procedures apply to the following scope:

2.1 Securities: including investments such as stocks, government bonds, corporate bonds, financial bonds, securities of outstanding funds, depository receipts, Call (Put) warrants, beneficiary securities, and asset-based securities.

2.2 Properties (including land, houses and buildings, and real properties for investment purpose) and equipment.

2.3 Membership certificates.

2.4 Intangible assets: including patents, copyrights, trademarks, and franchise rights.

2.5 Right-of-use assets.

2.6 Derivative products.

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

2.8 Other major assets.

3. Definitions: the terms used in the Procedures are defined as follows:

3.1 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 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, and long-term purchase (sales) contracts.

3.2 Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with laws: 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 the transfer of shares from another company through issuance of new shares of its own as the consideration therefor under Article 156-3 of the Company Act.

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

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

- 3.5 “Date of occurrence”: refers to the signing date of contract, date of payment, date of consignment trade, date of transfer, date of board resolutions, or other dates that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. However, for investments for which approval of the competent authority is required, the earlier of the above dates or the reception date of approval by the competent authority shall apply.
- 3.6 Investments in Mainland China: refers to investments in Mainland 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.
- 3.7 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.
- 3.8 Over-the-counter venue: 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.
- 3.9 The professional appraisers and their officers, CPAs, attorneys, and security underwriters who provide the Company with appraisal reports, CPA’s opinion reports, attorney’s opinion reports or underwriter’s opinion reports shall satisfy the following requirements:
- 3.9.1 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 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.
- 3.9.2 May not be a related party or de facto related party of any party to the transaction.
- 3.9.3 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 above paragraph shall comply with the following matters:
- (1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
 - (2) When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use it 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 comprehensiveness, accuracy, 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 which clarifies 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 reasonable and accurate, and that they have complied with applicable laws and regulations.

4. References:

- 4.1 The “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” published by the Financial Supervisory Commission in Jin-Guan-Zheng-Fa-Zhi No. 1070341072 on Nov. 26, 2018.
- 4.2 International Financial Reporting Standards (IFRS)
- 4.3 The Company’s “Regulations Governing Derivatives Transactions (9-A8-02)”
- 4.4 The Company’s “Procedures for Clarifying the Duties for Each Expenditure (9-A8-40)”
- 4.5 The Company’s “Procedures for Long-term Equity Investment (9-A8-08)”
- 4.6 The Company’s “Rules for Managing Fixed Assets (1-A2-11)”
- 4.7 The Company’s “Regulations for Coding, Impairment, Transaction, and Inventory Operation of Fixed Assets (0-2B-001)”
- 4.8 The Company’s “Provisions for Procurement and Acceptance of Fixed Assets (0-2B-002)”

5. Contents:

5.1 Acquisition or disposal of properties, equipment or right-of-use assets

5.1.1 Evaluation procedures

In acquiring or disposing properties, equipment or right-of-use assets, the Company adheres to its “Rules for Managing Fixed Assets (1-A2-11),” “Regulations for Coding, Impairment, Transaction, and Inventory Operation of Fixed Assets (0-2B-001),” “Provisions for Procurement and Acceptance of Fixed Assets (0-2B-002),” and relevant operating provisions.

5.1.2 Transaction conditions and authorization quota

- (1) In acquiring or disposing of properties, the Company shall refer to the publicly announced current value, evaluated value, and actual trading price of nearby properties in deciding the transaction conditions and price, and shall prepare an analysis report to submit to the Chairman. If the transaction amount is under NT\$300,000,000 or 20% of the Company's paid-in capital, the Company shall submit it to the Chairman for approval and report on the latest board meeting afterwards. If the transaction amount reaches more than NT\$300,000,000 or 20% of the Company's paid-in capital, the Company shall first propose to the Board of Directors for approval.
- (2) The acquisition or disposal of equipment shall be done via either inquiry,

competition, negotiation or tender, and shall be approved level by level in accordance with the authorization of “Procedures for Clarifying the Duties for Each Expenditure (9-A8-40)”. The amount limit that shall be passed by the Board of Directors shall be handled in accordance with the provisions of the aforementioned Provision 5.1.2(1).

- (3) The operation of the acquisition or disposal of properties, equipment or right-of-use assets shall be conducted in accordance with Provision 5.1.2(1)~(2). If the amount is under NT\$100,000,000, the Company shall submit it to the Chairman for approval and report on the latest board meeting afterwards. If the amount reaches more than NT\$300,000,000, the Company shall first propose to the Board of Directors for approval.

5.1.3 Execution unit

When acquiring or disposing properties, equipment or right-of-use assets, the Company shall first present the resolution according to the authority defined in the rules of Provision 5.1.2. Then, the acquisition or disposal is conducted by the department using the properties or equipment and the competent authority unit.

5.1.4 Appraisal report on properties, equipment or right-of-use assets

In the acquisition or disposal of properties, equipment or right-of-use assets, except in the cases of transactions with domestic government institutions, (self-owned or leased) land for commissioned construction, or acquisition or disposal of equipment or right-of-use assets for business use, if the transaction amount reaches 20% of the Company's paid-in capital or exceeds NT\$ 300 million, the Company shall obtain an appraisal report issued by professional appraisers before the date of such transaction, and carry out such transaction in accordance with the following provisions:

- (1) If, 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, and the same applies if there are subsequent changes to the conditions of the transaction.
- (2) If the transaction amount exceeds NT\$1 billion, appraisals from two or more professional appraisers shall be obtained.
- (3) If any one of the following circumstances applies to the professional appraisers' 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 CPA shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - a. The discrepancy between the appraisal result and the transaction amount is 20%

or more of the transaction amount.

b. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.

(4) The time period between the date of the appraisal report issued by a professional appraiser and the contract execution date shall not exceed 3 months. However, if the publicly announced current value for the same period is applied and no more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

5.2 Acquisition or disposal of securities investment

5.2.1 Evaluation procedures: when acquiring or disposing securities, prior to the date of occurrence of the event, the Company shall obtain financial statements of the issuing company for the most recent period, which have been certified or reviewed by a CPA, for reference in appraising the transaction price. In addition, if the transaction amount reaches 20% of the Company's paid-in capital or more than NT\$300 million, prior to the date of occurrence of the event the Company shall ask a CPA to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert, the CPA shall adhere to the provisions of Statement of Auditing Standards No. 20 published by the ARDF. However, this requirement does not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission.

5.2.2 Essentials to evaluation

(1) Evaluation team: the stock trading is conducted by several members of the short-term equity investment evaluation team designated by the Chairman.

(2) Stocks:

a. The investment targets are decided after the evaluation is conducted based on the 5P in financial accounting and the industry condition.

b. Appointing professional investment institutions to conduct trading.

c. The trading is conducted under the approval of General Manager and Chairman after the evaluation.

(3) Except for stocks, others such as certificates of deposit, bonds, short-term notes, bond funds and beneficiary certificates, etc., can be bought if they belong to the investment assets evaluated by the “bond fund credit rating” of each good credit-rating institution. Besides, the investment amount of the same investment trust company is limited to NT\$ 30 million so as to achieve the goal of risk diversification.

(4) The Company shall conduct appropriate evaluation in accordance with accepted accounting principles and relevant laws and regulations each quarter.

5.2.3 Acquisition of investment

(1) Utilization of short-term funds:

- a. Short-term funds are utilized according to the check and stamps authority defined in the “Procedures for Bank Deposit Withdrawal and Stamps Management (9-A8-06)”.
 - b. Stock investments: the “Application Form for Obtaining (Disposing) Securities (9-A8-01-01)” is filled in by the Finance Department or the stock investment execution unit designated by the Chairman. After the transaction has obtained approval with authority, it is then conducted according to the payment procedure.
 - c. Short-term investments except for stocks: the “Application Form for Obtaining (Disposing) Securities” is filled in by the Finance Department, and then the transaction is conducted with authority along with payment vouchers.
 - d. After the Finance Department or the stock investment execution unit designated by the Chairman has completed payment according to the payment procedure, it shall definitely execute and complete the account transfer procedure and then designate a dedicated personnel to retrieve the confirmation document of the securities or transaction, pass it to the personnel for the custody of securities designated by the Company, and preserve the sheet of “Application Form for Obtaining (Disposing) Securities”.
- (2) When providing firms with pledge:
- a. The petition is filled in by the competent unit, and then transferred to the Finance Department after the approval is obtained with authority. After negotiating with financial institutions about the dollar amount and period of the petition, the Finance Department then fills in the “Application Form for Obtaining (Disposing) Securities,” prepares the payment voucher and conduct the transaction according to the general payment procedure.
 - b. After the Finance Department has completed payment and retrieved the confirmation document of securities or transaction, it shall first make a copy of the securities document and send it to the dedicated unit along with the original document. Then, after the dedicated unit has signed on the copy, the copy is reserved by the Finance Department and the original document is transferred to suppliers by the dedicated unit. At the same time, the receipts of suppliers are retrieved and sent back to the Finance Department for reservation.

5.2.4 Transaction conditions and authorized quota

- (1) The Company’s long-term equity investments are evaluated in accordance with the provisions of the Company’s “Procedures for Long-term Equity Investment (9-A8-08),” and the transactions shall not be conducted until they have been passed by the Board of Directors.
- (2) Except for Provision 5.2.4(1), the authority of obtaining or disposing a securities transaction conducted at the stock exchange market or the business location of a security firm is as below:

- a. The investment amount of the same investment trust company is limited to NT\$ 30 million so as to achieve the goal of risk diversification.
- b. Authorization quota:

Currency: NTD

		Upper limit for accumulated position
Stocks	Head of Financial Division	NT\$ 10 million (inclusive)
	General Manager	NT\$ 10 million ~ NT\$ 50 million (inclusive)
	Chairman	NT\$ 50 million ~ NT\$ 100 million
Utilization of short-term funds except for stocks	Head of Financial Division	NT\$ 100 million (inclusive)
	General Manager	NT\$ 100 million ~ NT\$ 200 million (inclusive)
	Chairman	NT\$ 200 million ~ NT\$ 300 million

- c. Transactions over the authority of Chairman may not be conducted until they have been approved by the Board of Directors.
- (3) To obtain or dispose of securities that are not traded at the stock exchange market or an over-the-counter trading center, the Company shall obtain financial statements of the issuing company for the most recent period, which have been certified or reviewed by a CPA, for reference in appraising the transaction price. The Company shall take into account its net worth per share, profitability, future development potential, market interest rate, bond coupon rate and debtor's debt credit, etc., and refer to the transaction price at that time. The obtaining or disposal shall not be conducted until it has been submitted to the Board of Directors and approved.

5.2.5 Disposal of investments

- (1) Overdue or cancellation of notes or certificates of deposit:
The "Application Form for Obtaining (Disposing) Securities" originally preserved or the "Purchase Transaction Document" issued by a financial institution is entered into the account voucher by the Finance Department .
- (2) Stocks of listed companies with the purpose of short-term investments:
The "Sales Report" issued by a securities institution is referred to by the Finance Department or the execution unit designated by the Chairman. Then, the "Receipt

List” is filled in by a personnel designated by the Head of Financial Division, and then entered into the account voucher by the personnel of Accounting Department.

- (3) The application of disposing investments shall be conducted by a junior level of supervisor with authority according to the authority defined in Provision 5.2.4.

5.2.6 Management of investments

- (1) Any stocks, notes, bonds, certificates of deposits or transaction confirmation documents that are purchased with the purpose of short-term fund utilization or are provided as pledge by customers shall be kept in the custody of the Financial Division. In principle, they shall be preserved in safe deposit boxes, in custody of a security custody personnel designated by the Company.
- (2) With respect to the principal, interest or dividends and bonuses of securities, the Finance Department shall pay in accordance with the payment rule. If there are stocks distributed, they shall be kept in custody of the security custody personnel designated by the Company. There will only be records of share increase on the account. No entries will be made.
- (3) The Finance Department or the execution unit designated by the Chairman shall set up the “List of Securities” to register with details items such as the account name, item name, quantity, dollar amount, number, and period, etc. The attached coupons, expiration period, and payment dates of the securities shall also be noted for reference.

5.2.7 Execution unit

When the Company invests in long and short-term securities, the transaction shall be executed by the Financial Division after it has been approved with the authority defined in the previous provision.

5.2.8 Obtaining opinions of CPAs

If the Company has any of the following conditions and the transaction amount reaches 20% of the Company's paid-in capital or exceeds NT\$ 300 million, the Company shall ask a CPA to provide an opinion regarding the reasonableness of the transaction price:

- (1) Obtaining or disposing the securities that are not traded at the stock exchange or the business location of a security firm.
- (2) Obtaining or disposing private placement of securities.

5.3 Obtaining or disposing intangible assets or right-of-use assets or membership certificates

5.3.1 Evaluation procedure, transaction conditions and the procedure for authorized quota

When obtaining or disposing intangible assets or right-of-use assets or membership certificates, the Company adheres to its “Procedures for Clarifying the Duties for Each Expenditure (9-A8-40)”.

5.3.2 Execution unit

When acquiring or disposing intangible assets or right-of-use assets or membership certificates, the Company shall first present the resolution according to the authority defined in the previous paragraph. Then, the acquisition or disposal is conducted by the department using them or the administrative unit.

5.3.3 Experts' evaluation and opinion reports on intangible assets or right-of-use assets or membership certificates

If the transaction amount in acquiring or disposing intangible assets or right-of-use assets or membership certificates reaches 20% of the Company's paid-in capital or more than NT\$300 million, except in the cases of transactions with domestic government institutions, prior to the date of occurrence of the event the Company shall ask a CPA to provide an opinion regarding the reasonableness of the transaction price in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF).

5.4 The calculation of the transaction amount mentioned in Provision 5.1~5.3 shall be conducted in accordance with Provision 5.8.2, and the so-called "within one year" is counted retrospectively back to the previous one year based on the date of occurrence of this event. The amount that has obtained an appraisal report issued by professional appraisers or the opinions of CPAs in accordance with the Procedures may not be counted in.

If the Company acquires or disposes assets via the court's auction procedure, it may substitute appraisal reports or CPAs' opinions with the certification documents issued by the court.

5.5 Transaction between related parties

5.5.1 When the Company acquires or disposes assets from the related party, in addition to conduct relevant resolution procedures and evaluating the reasonableness of the transaction conditions in accordance with Provision 5.1~5.4 and Provision 5.5.2, for the transactions with amount exceeding 10% of the Company's total assets, the Company shall also obtain an appraisal report issued by professional appraisers or the opinions of CPAs in accordance with Provision 5.1~5.4.

The calculation of the transaction amount in the previous provision is conducted in accordance with Provision 5.4. In addition, when identifying whether the counterparty is also a related party, besides its legal form, the real relationship shall also be considered.

5.5.2 Evaluation procedure

When the Company acquires or disposes properties or right-of-use assets from the related party, or acquires or disposes other assets except for properties or right-of-use assets from the related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of total assets or more than NT\$ 300 million, except in the cases of domestic government bonds, bonds with repurchase or reverse sell agreements,

money market funds issued by domestic securities investment trust enterprises, the Company shall submit the following data to the Audit Committee for agreement, and shall not sign the transaction contract and pay until it has been passed by the Board of Directors.

- (1) The purpose, necessity and expected benefits of acquiring or disposing assets.
- (2) Reasons for choosing the related party as the transaction counterparty.
- (3) Related data of evaluating the reasonableness of the expected transaction conditions in accordance with Provision 5.5.3~5.5.4 when acquiring properties or right-of-use assets from related parties.
- (4) Matters such as the original date of the acquisition of the related party and price, counterparty and its relationship with the Company and the related party.
- (5) The prediction table of cash revenue and expenditure for each month in the future year starting from the expected contract month, and the evaluation of the necessity of the transaction and the reasonableness of the utilization of funds.
- (6) An appraisal report issued by professional appraisers or the opinions of CPAs obtained in accordance with Provision 5.5.1.
- (7) The limited conditions of the transaction and other important agreed matters.

The calculation of the transaction amount mentioned in the previous provision shall be conducted in accordance with Provision 5.8.2, and the so-called “within one year” is counted retrospectively back to the previous one year based on the date of occurrence of this event. The amount that has been submitted to the Audit Committee for approval and has been passed by the Board of Directors in accordance with the Procedures may not be counted in.

If the Company, its subsidiaries, or the subsidiaries that are 100% held directly or indirectly with issued shares or total capital by the Company conduct the following transactions with each other, the Board of Directors may authorize the Chairman to conduct within a given quota in advance in accordance with Provision 5.1.2, and then submit it to the most recent board meeting for recognition:

- a. Acquiring or disposing the equipment or right-of-use assets for business use
- b. Acquiring or disposing the properties that are right-of-use assets for business use

When the Company proposes a discussion on the board meeting in accordance with the first provision, the opinions of each independent director shall be fully considered. If there are any opposing or retention opinions provided by independent directors, they shall be stated clearly in the meeting minutes.

The matters agreed by the Company in accordance with the first provision shall first be agreed by over one half of the members of the Audit Committee, submitted to the Board of Directors for resolution, and then conducted in accordance with Provision 5.14.4~5.14.5.

5.5.3 When the Company acquires properties or right-of-use assets from the related party, it shall evaluate the reasonableness of the transaction cost with the following methods:

- (1) a. Add the necessary capital interest and the cost that shall be legally reimbursed by the buyer based on the transaction price with the related party. The so-called “capital interest cost” is calculated based on the weighted-average interest rates of the borrowed funds in the year that the Company acquires the asset. However, it shall not exceed the highest lending rate of the non-financial industry published by the Ministry of Finance.
b. If the related party has once provided the underlying asset to a financial institution as the pledge when borrowing, the financial institution shall evaluate the total loan value of the underlying asset. However, the actual accumulated lending amount of the underlying asset shall reach at least 70% of the total evaluated loan value and the lending period shall exceed one year. However, it does not apply if the financial institution is a related party to one of the counterparties.
- (2) If the same land and house are bought or leased together, the transaction cost may be evaluated with any of the methods listed in Provision 5.5.3(1) with respect to the land and house respectively.
- (3) When the Company acquires properties or right-of-use assets from the related party, it shall evaluate the cost of the properties or right-of-use assets in accordance with Provision 5.5.3(1) ~ 5.5.3(2), and shall ask a CPA to re-examine and render a specific opinion.
- (4) When the Company acquires properties or right-of-use assets from the related party, if any of the following conditions occurs, it shall conduct the acquisition in accordance with Provision 5.5.2 and is not applicable to Provision 5.5.3(1) ~ 5.5.3(3):
 - a. The related party acquired the properties or right-of-use assets due to heritage or gifting.
 - b. The time between the date on which the related party signed the contract to obtain the properties or right-of-use assets and the contract date of this transaction has exceeded five years.
 - c. The Company acquires the property from the related party by building the property after signing a cooperation contract with self-owned or leased land for commissioned construction.
 - d. The Company, its subsidiaries, or the subsidiaries that are 100% held directly or indirectly with issued shares or total capital by the Company obtain the properties that are right-of-use assets for business use from each other.

5.5.4 When the result of the evaluation conducted in accordance with Provision 5.5.3(1) ~

5.5.3(2) is lower than the transaction price, the Company shall conduct the transaction in accordance with Provision 5.5.5. However, if the Company has proposed objective evidence and obtained specific and reasonable opinions of professional appraisers and CPAs due to the following conditions, it is not restricted by the rule:

- (1) For the related parties who obtain raw land or rented land before construction, they may provide evidence showing any of the following conditions:
 - a. Raw land shall be evaluated with the method mentioned in Provision 5.5.3. For houses, the reasonable construction profit shall be added to the construction cost of the related party. The total amount exceeds the actual transaction price. The so-called “reasonable construction profit” shall be the lower of the average operating gross profit of the related party’s construction department in the most recent three years or the latest gross profit in the construction industry published by the Ministry of Finance.
 - b. The other floors of the same property or the other transactions of non-related parties in the nearby region within one year have similar area, and the transaction conditions are equivalent after the evaluation on the reasonable price discrepancy of floors and regions according to the norm of real property transaction or leasing.
- (2) The properties purchased or the properties that are right-of-use assets leased by the Company from related parties with evidence have equivalent transaction conditions and area with the transactions of other non-related parties in the nearby regions within one year.

The transactions in the nearby region mentioned in (1) and (2) are based on the properties that are located on the same or nearby street and are not more than 500m away from the transaction target, or are based on similar announced current values. The so-called “similar area” refers to when the area of the property in the transaction of other non-related party is not lower than 50% of the area of the transaction target. The so-called “within one year” is counted retrospectively back to the previous one year based on the date of occurrence of the acquisition of the properties or right-of-use assets.

5.5.5

- (1) When the Company acquires a property or right-of-use asset from a related party, if all of the results of evaluations conducted in accordance with Provision 5.5.3 ~ 5.5.4 is lower than the transaction price, the Company shall conduct the following matters:
 - a. The special reserve shall be recognized with respect to the price discrepancy between the transaction price of the property or right-of-use asset and the evaluated cost in accordance with Provision 1, Article 41 of the Securities and Exchange Act, and shall not be distributed or transferred to common stocks. If

the investor who invests in the Company with the Equity Method is a public listed company, it shall also recognize special reserve with respect to the recognition amount based on the shareholding percentage in accordance with Provision 1, Article 41 of the Securities and Exchange Act.

- b. For independent directors in the Audit Committee, the transaction shall be conducted in accordance with Article 218 of the Company Act.
- c. The handling status of Provision 5.5.5 (1)a. and 5.5.5 (1)b. shall be submitted to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and the prospectus.

(2) When the Company recognizes special reserve in accordance with Provision 5.5.5(1)a., it shall not use the reserve until it has recognized impairment loss or disposed the asset that was bought or leased with a high price, or has terminated the lease contract or has made appropriate compensation or let it recover to its original state, or has other evidence to ensure that there are no unreasonable matters, and has obtained the consent of the Financial Supervisory Commission.

(3) When the Company acquires a property or right-of-use asset from related party, if there is other evidence showing that the transaction has matters not meeting the general rules of operation, it shall also conduct the transaction in accordance with Provision 5.5.5(1) ~ 5.5.5(2).

5.6 Engaging in derivative product trading

The Company adheres to the "Regulations Governing Derivatives Transactions (9-A8-02)" when engaging in derivative product trading.

5.7 Conducting the merge, split, acquisition or transfer of shares

5.7.1 Evaluation procedure

When the Company conducts the merge, split, acquisition or transfer of shares, before a board meeting is convened, it shall appoint CPAs, lawyers or securities firms to present opinions with respect to the reasonableness of the share transfer percentage, purchase price, or the cash or other assets distributed to shareholders, and the matters shall be proposed to the Board of Directors for discussion and passed. However, if the Company merges subsidiaries that are 100% held directly or indirectly with issued shares or total capital, or the above subsidiaries conduct mergers with each other, the opinions with respect to reasonableness rendered by the experts mentioned above may not be obtained.

5.7.2 If the Company engages in mergers, splits or acquisitions, it shall prepare a public document for shareholders containing important agreed items and relevant matters of the merger, split or acquisition before the shareholders' meeting. The document shall be distributed to the shareholders along with the experts' opinions in Provision 5.7.1 and the meeting notice as the reference to agree the merger, split or acquisition or not. However, those that may not convene shareholders' meetings to resolve on mergers,

splits or acquisitions in accordance with other laws and regulations are not restricted by this provision.

For the companies engaging in mergers, splits or acquisitions, if any party cannot convene a shareholders' meeting, make resolutions or the motions are disapproved by the shareholders' meeting due to insufficient attendants and voting rights or other legal limitations, the companies engaging in mergers, splits or acquisitions shall immediately illustrate to the public about the reasons, subsequent handling procedures and the date of another shareholders' meeting planned to be convened.

5.7.3 If the Company engages in mergers, splits or acquisitions, unless there is need to report to the FSC for agreement in accordance with other laws and regulations or due to special reasons, it shall convene a board meeting and shareholders' meeting on the same day to resolve on relevant matters of mergers, splits or acquisitions.

If the Company engages in share transfer, unless there is need to report to the FSC for agreement in accordance with other laws and regulations or due to special reasons, it shall convene a board meeting on the same day.

If the Company engages in mergers, splits, acquisitions or share transfer, it shall make the following data into a complete written record and keep it for five years for examination:

- (1) Basic information of personnel: including all the personnel engaging in the project of merger, split, acquisition or share transfer or the execution process before the news is made public; the information shall include their positions, names, and ID numbers (passport numbers for foreigners).
- (2) Dates of important matters: including the dates of signing agreement letters or memorandums, commissioning of financial or legal consultants, signing contracts and holding board meetings.
- (3) Important documents and meeting minutes: including the project of merger, split, acquisition or share transfer, the agreement letter, important contacts and the board meeting minutes, etc.

If the Company engages in mergers, splits, acquisitions or share transfer, it shall report the data listed in Provision 5.7.3(1) ~ 5.7.3(2) to the FSC for examination via the Internet Information System in the regulated format within 2 days after the Board of Directors has resolved and passed the project.

5.7.4 All personnel who have engaged in or know the Company's project of merger, split, acquisition or share transfer shall provide documents of non-disclosure agreement. Before the news is released, the personnel shall not expose the content of the project to public, and shall not trade on the stocks or other equity securities of all the companies that are related to the merger, split, acquisition or share transfer by his/herself or with other's name.

- 5.7.5 If the Company engages in mergers, splits, acquisitions or share transfer, except under the following conditions, the share transfer percentage or purchase price shall not be changed.; the circumstances under which changes can be made shall be listed in the contract of merger, split, acquisition or share transfer:
- (1) Conducting capital increase by cash, and issuing convertible bonds, bonus shares, corporate bonds with warrant, preferred stocks with warrant, stock option certificates and other equity securities.
 - (2) Behavior influencing the Company's financial operation such as disposing the Company's important assets.
 - (3) Events such as major disasters and significant change of technology that can influence the Company's shareholders' equity or security price.
 - (4) Adjustment of treasury stocks purchased legally by any party of the companies engaging in the merger, split, acquisition or share transfer.
 - (5) The number of subjects or companies engaging in mergers, splits, acquisitions or share transfer changes.
 - (6) Other changeable conditions have been listed in the contract and have been disclosed publicly.
- 5.7.6 If the Company engages in mergers, splits, acquisitions or share transfer, the rights and obligations of the companies engaging in mergers, splits, acquisitions or share transfer along with the following items shall be clearly stated in the contract:
- (1) The handling of defaults.
 - (2) Principles for handling the equity securities or purchased treasury stocks of the companies before they were merged or split.
 - (3) The quantity of treasury stocks that may be legally purchased by the engaging companies after the record date of calculating share transfer percentage and the principles for handling.
 - (4) Ways of handling changes in the number of engaging subjects or companies.
 - (5) Expected execution progress of the project and schedule for completion.
 - (6) Relevant handling procedures such as the planned date of shareholders' meetings that shall be convened in accordance with laws if the project has not been finished on the due date.
- 5.7.7 After any party of the companies engaging in the Company's mergers, splits, acquisitions or share transfer has made the information public, if the Company plans to conduct mergers, splits, acquisitions or share transfer with other companies, except in the case that for the number of engaging companies decreases and the shareholders' meeting has resolved and authorized the Board of Directors to change the authority, the engaging companies may not convene a shareholders' meeting to make the resolution again, the completed procedures or legal behavior in the original motion of merger, split, acquisition or share transfer shall be conducted by all the engaging companies.

5.7.8 If any of the companies engaging in the Company's mergers, splits, acquisitions or share transfer is not a public listed company, the Company shall sign an agreement with it and conduct the merger, split, acquisition or share transfer in accordance with Provision 5.7.3, 5.7.4 and 5.7.7.

5.8 Publishing and reporting:

5.8.1 Items that shall be published and reported and the time limit

When acquiring or disposing assets, if any of the following conditions occurs, the relevant information shall be published and reported based on its characteristics with the regulated format on the website designated by the Financial Supervisory Commission within two days after the date of occurrence:

- (1) The assets or right-of-use assets are acquired or disposed from a related party, or the assets are not properties or right-of-use assets acquired or disposed from a related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of total assets, or more than NT\$ 300 million. However, the buys and sells of domestic government bonds, bonds with repurchase or reverse sell agreements, money market funds issued by domestic securities investment trust enterprises are not restricted to the rule.
- (2) Conducting mergers, splits, acquisitions or share transfer.
- (3) The loss from engaging in derivative product trading reaches the upper limit of whole or individual contract loss as defined in the formulated procedures.
- (4) The asset acquired or disposed belongs to the equipment or right-of-use assets for business use, and the counterparty is not a related party. The transaction amount reaches NT\$ 500 million.
- (5) The properties are acquired with (self-owned or leased) land for commissioned construction, joint construction for splitting, sharing or selling, and the counterparty is not a related party. The transaction amount that the Company expects to devote into reaches NT\$ 500 million.
- (6) The asset transactions or investments in the Mainland, except as defined in the previous five provisions, have transaction amounts reaching 20% of the Company's paid-in capital or more than NT\$ 300 million. However, the following conditions are not restricted by the rules:
 - a. Buy and sell of domestic government bonds.
 - b. Buy and sell of bonds with repurchase or reverse sell agreements, purchase of money market funds issued by domestic securities investment trust enterprises.

5.8.2 The calculation methods of the transaction amount mentioned in Provision 5.8.1 are as follows:

- (1) Transaction amount for each deal.
- (2) The accumulated transaction amount of the target with the same characteristics

- acquired or disposed from the same counterparty within one year.
- (3) The accumulated dollar amount of the properties or right-of-use assets acquired or disposed (respectively) from the same development project within one year.
 - (4) The accumulated dollar amount of the same securities acquired or disposed (respectively) within one year.
- 5.8.3 The so-called “within one year” in Provision 5.8.2 is counted retrospectively back to the previous one year based on the date of occurrence of this event. The parts that have been published in accordance with the Procedures may not be counted in again.
- 5.8.4 The Company shall, on a monthly basis, enter the status of engagement in derivative product trading of the Company and its non-domestically publicly listed subsidiaries as of the end of the previous month in the regulated format into the information reporting website designated by the Financial Supervisory Commission before the tenth of each month.
- 5.8.5 If there are mistakes or emissions in the items that shall be published in accordance with laws when published, all of the items shall be published and reported again within two days once known.
- 5.8.6 When the Company acquires or disposes assets, it shall place the relevant contracts, meeting minutes, appraisal reports, and the opinion reports of CPAs, lawyers or securities firms in the Company. Except otherwise regulated by the laws, they shall be reserved for at least five years.
- 5.8.7 After the Company has published and reported the transaction in accordance with Provision 5.8.1, if any of the following conditions occurs, the Company shall publish and report relevant information on the website designated by the Financial Supervisory Commission within two days after the date of occurrence:
- (1) There are changes, terminations or cancellations to the relevant contracts of the original transaction.
 - (2) The merger, split, acquisition or share transfer have not been completed according to the schedule of the contract.
 - (3) There are changes to the original published and reported content.
 - (4) For the format of the publishing and reporting, refer to Attachment 6.1 ~ 6.7.
- 5.9 The total amount that the Company may purchase properties and right-of-use assets not for business use or securities and the amount limit for investing in individual securities:
- 5.9.1 The total amount of the properties and right-of-use assets not for business use shall not exceed 50% of the Company’s net worth.
- 5.9.2 Total amount of securities investment:
- (1) Total amount of long and short-term equity investment
 - a. Long-term equity investment shall not exceed 80% of the Company’s net worth.
 - b. Short-term equity investment shall not exceed 20% of the Company’s net worth.

- c. Total long and short-term equity investment shall not exceed 100% of the Company's net worth.
 - (2) Long and short-term securities investment, except as defined in Provision (1)a., shall not exceed 20% of the Company's net worth.
 - (3) Total long and short-term securities investment shall not exceed 120% of the Company's net worth.
- 5.9.3 Amount limit of investing in individual securities:
- (1) Long-term securities investment shall not exceed 20% of the Company's net worth.
 - (2) Short-term securities investment shall not exceed 10% of the Company's net worth.
- 5.10 The total amount that the Company may purchase properties and right-of-use assets not for business use or securities and the amount limit for investing in individual securities are as follows:
- 5.10.1 The total amount of the properties and right-of-use assets not for business use shall not exceed 50% of the company's net worth.
 - 5.10.2 The total amount that the subsidiaries may invest in securities, except for investment companies, shall not exceed the Company's total capital or 100% of net worth; for investment companies, the total amount shall not exceed the Company's total capital or 200% of net worth.
 - 5.10.3 The amount limit that the subsidiaries may invest in individual securities shall not exceed one-half of that in Provision 5.10.2.
- 5.11 The procedures for controlling the "acquisition or disposal of assets" of the Company's subsidiaries.
- 5.11.1 The subsidiaries shall formulate and execute the "Procedures for Acquisition or Disposal of Assets" in accordance with the relevant rules of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".
 - 5.11.2 For subsidiaries not belonging to domestically public listed companies, if the acquisition or disposal of assets reaches the publishing and reporting standard defined in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," the Company shall conduct the publishing and reporting on behalf of the subsidiaries.
Among the publishing and reporting standard for the subsidiaries in the previous paragraph, the regulations about "the Company's paid-in capital or total assets" is based on the Company's paid-in capital or total assets.
- 5.12 Penalty
- If the Company's personnel responsible for "acquiring or disposing assets" violate the rules of the Procedures, they shall be penalized according to the severity of the matter in accordance with the Company's personnel management rules and the Handbook for Employees.
- 5.13 For the Company's acquisition or disposal of assets passed by the Board of Directors in

accordance with the Procedures or other laws, if there are disputes rendered by directors and the disputes are recorded or made into written statements, the Company shall send the data of directors' disputes to the Audit Committee.

When the Company submits the transaction of acquiring or disposing assets to the board meeting for discussion in accordance with the Procedures, it shall fully consider the opinions of each independent director. If the independent directors have opposing or retention opinions, the opinions shall be clearly stated in the board meeting minutes.

The Company's major asset or derivative product trading shall be consented by over one half of all members of the Audit Committee, proposed to the Board of Directors for resolution, and conducted in accordance with Provision 5.14.4 ~ 5.14.5.

5.14 Implementation and amendment

5.14.1 The formulation or amendment to the Provisions shall be conducted in accordance with Provision 5.14.3, and shall be implemented after sent to the Audit Committee and proposed to the shareholders' meeting for approval. If there are any directors rendering disputes and the disputes are recorded or made into written statements, the Company shall send the data with disputes to the Audit Committee.

5.14.2 When the Company submits the Procedures to the board meeting for discussion in accordance with Provision 5.14.1, it shall fully consider the opinions of each independent director. If the independent directors have opposing or retention opinions, the opinions shall be clearly stated in the board meeting minutes.

5.14.3 The Company's formulation or amendment to the Procedures for Acquisition or Disposal of Assets shall be consented by over one half of all members of the Audit Committee and proposed to the Board of Directors for resolution.

5.14.4 If Provision 5.14.3 has not been agreed by over one-half of all members in the Audit Committee, it may be conducted under the approval of over two thirds of all directors, and the resolutions of the Audit Committee shall be clearly stated in the board meeting minutes.

5.14.5 The so-called all members in the Audit Committee defined in Provision 5.14.3 and all directors in the previous provision are counted based on those who are still in office.

5.14.6 The 10% of total assets defined in the Procedures are calculated with the total asset amount listed in latest individual financial statements as regulated by the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

If there are matters not completed in the Procedures, they shall be conducted in accordance with relevant laws and regulations.

5.15 The Procedures were formulated on June 20, 1989;

The first amendment was made on Sep. 27, 1991.

The second amendment was made on Aug. 29, 1995.

The third amendment was made on Nov. 18, 1999.

The fourth amendment was made on Dec. 30, 1999.

The fifth amendment was made on Jun. 5, 2003.

The sixth amendment was made on Jun. 4, 2004.

The seventh amendment was made on Jun. 8, 2006.

The eighth amendment was made on Jun. 11, 2007.

The ninth amendment was made on Jun. 13, 2008.

The tenth amendment was made on May 24, 2012.

The eleventh amendment was made on Jun. 20, 2014.

The twelfth amendment was made on Jun. 11, 2015;

The thirteenth amendment was made on Jun. 8, 2017;

The fourteenth amendment was made on May. 30, 2019.