

# Metaage Corporation

## Handling Procedures for Acquisition or Disposal of Assets

### Article 1: Purpose

These Procedures are established in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies established by the Financial Supervisory Commission (hereinafter the "FSC") to provide a dependable reference for the acquisition and disposal of assets.

### Article 2: Applicability

- I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- II. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
- III. Memberships.
- IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- V. Right-of-use (ROU) assets.
- VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VII. Derivatives.
- VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfers of shares in accordance with law.
- IX. Other major assets.

### Article 3: Assessment and Operating Procedures

When acquiring or disposing of assets, the handling unit shall submit to the responsible unit for approval the reasons, assets, transaction counterparts, transfer prices, payment and collection terms, and referenced prices for acquisition or disposal in accordance to Article 16 of these Procedures before handing over to related units for implementation.

### Article 4: Public Disclosure of Information

- I. When acquiring or disposing of the following assets, the Company shall publicly announce and report the relevant information in the format appropriate to the nature of transactions within two days after the actual date of event occurrence:
  - (i) Acquisition or disposal of real property or the ROU assets thereof from or to a related party, or acquisition or disposal of assets other than real property or the ROU assets thereof from or to a related party at a transaction amount reaching 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except for trading domestic government bonds or repurchase (RP)/resale (RS) agreements or subscribing or redeeming domestic money market funds (MMFs) issued by domestic securities investment trust enterprises.
  - (ii) Merger, demerger, acquisition, or transfer of shares.
  - (iii) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures.
  - (iv) Acquisition or disposal of equipment or the ROU assets thereof for business use with a counterpart who is not a related party and the transaction amount meeting any one of the following criteria:
    1. A public company with a paid-in capital under NT\$10 billion, with a transaction amount of NT\$500 million or higher.

2. A public company with a paid-in capital of NT\$10 billion or higher, with a transaction amount of NT\$1 billion or higher.
- (v) Acquisition of real property through engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale with a counterpart who is not a related party and an expected investment by the Company over NT\$500 million.
- (vi) Asset transactions other than those in the preceding five subparagraphs or investments in China with an amount of 20% or more of the Company's paid-in capital or NT\$300 million or more, except under the following circumstances:
  1. Trading RP/RS agreements or subscribing or redeeming domestic MMFs issued by domestic securities investment trust enterprises.
  2. Trading of domestic government bonds or a foreign bonds with a sovereign rating not lower than the sovereign rating of the ROC.
- ii. The amount of the above transactions shall be calculated as follows:
  - (i) The amount of each individual transaction.
  - (ii) The cumulative transaction amount of acquisitions and disposals of homogenous assets or with the same counterpart within the preceding year.
  - (iii) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or the ROU assets thereof within the same development project within the preceding year.
  - (iv) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
- iii. After announcing and reporting transactions meeting the disclosure standards of this Article, the relevant information shall reported within two days after the date of event occurrence of any one of the following events: change, termination, or rescission of contracts signed for the original transaction; failure to complete the merger, demerger, acquisition, or transfer of shares by the contract schedule; or changes in the originally announced and reported information.
- iv. "Date of event occurrence" as stated above refers to the date of contract execution, date of payment, date of consignment trade, date of transfer, date of Board resolution, or other dates that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. However, for investments requiring the approval of competent authorities, the earlier of the above dates or the date of receipt of the approval letter from the competent authorities shall apply.
- v. The Company shall report the status of derivatives trading of the Company and subsidiaries in the previous month by the 10th of each month.
- vi. If there are errors or omissions in the items required for announcement or reporting, all items shall be re-announced or re-reported within two days after learning of such errors or omissions.

Article 5: Valuation reports shall be acquired for the acquisition or disposal of real property or equipment or their ROU assets.

- I. Except for transactions with domestic government agencies, engaging others to build on the Company's own land, engaging others to build on rented land, or acquiring or disposing of equipment or the ROU assets thereof held for business use, when acquiring or disposing of real property, equipment, or the ROU assets thereof with an amount of 20% or more of the Company's paid-in capital or NT\$300 million or more, the Company shall acquire a valuation report from a professional appraiser prior to the date of event occurrence and comply with the following requirements:
  - (I) When it is necessary to set a limited price, specific price, or special price for reference of the transaction price for a special reason, the transaction shall be approved by the Board in advance, and the same procedure shall apply whenever there is a change in the transaction terms.
  - (II) When the transaction amount is over NT\$1 billion, valuation shall be made by at least two professional appraisers.
  - (III) Except when the valuation amount is higher than the transaction amount in asset acquisition or lower than the transaction amount in asset disposal, if the valuation results of professional appraisers have any one of the following circumstances, the Company shall engage a certified public accountant (CPA) to review the valuation report and render a specific opinion regarding the reasons for the differences and fairness of the transaction price:
    1. The difference between the valuation result and the transaction amount is over 20% of the transaction amount.
    2. The difference between the valuation results of two or more professional appraisers is over 10% of the transaction amount.
- II. No more than three months may elapse between the date of the valuation report issued by a professional appraiser and the contract execution date. However, when the publicly announced current value for the same period applies and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.
- III. "Professional appraiser" as stated above refers to a real estate appraiser or other person duly authorized by law to engage in the valuation of real property or equipment.

Article 6: CPA opinions shall be acquired for the acquisition or disposal of securities, memberships, and intangible assets or their ROU assets.

- I. When acquiring or disposing of securities, the Company shall acquire the issuing company's most recent financial statements audited and certified or reviewed by a CPA for the reference of price estimation prior to the date of event occurrence. In addition, if the transaction amount is over 20% of the Company's paid-in capital or over NT\$300 million, the Company shall engage a CPA to provide an opinion on the reasonableness of the transaction price prior to the date of event occurrence, except when an open quote of the securities is available on the stock market or there are other requirements set by the FSC.
- II. Except for transactions with domestic government agencies, when acquiring or disposing of intangible assets or the ROU assets thereof or memberships with a transaction amount of over 20% of the paid-in capital or over NT\$300 million, the Company shall engage a CPA to render an opinion on the reasonableness of the transaction price prior to the date of event occurrence.

- iii. The calculation of the transaction amounts in Article 5 and this Article shall be subject to Article 4, paragraph 2. In addition, “within the preceding year” as stated above refers to the year preceding the date of occurrence of the current transaction. Items with a valuation report provided by a professional appraiser or the CPA opinion should be excluded from the transaction amount.

#### Article 7: Exclusion of Related Parties

Professional appraisers and their officers, CPAs, lawyers, and securities underwriters rendering valuation reports and professional opinions to the Company shall meet the following requirements:

- I. No record of confirmed fixed-term imprisonment for over one year for violation of the Securities and Exchange Act, Company Act, Banking Act, Insurance Act, Financial Holding Company Act, or Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime, except for three years after the service of the sentence, expiration of probation, or pardon.
- II. Trading parties shall not be related parties or de facto related parties to one another.
- III. If valuation reports from at least two professional appraisers are required, such professional appraisers or appraisal officers shall not be related parties or de facto related parties to one another.

When rendering the valuation reports or professional opinions, the professionals referred to in the preceding paragraph shall comply with all regulations governing belonging associations and the following:

- I. Prior to case acceptance, they shall carefully assess their own expertise, practical experience, and independence.
- II. Prior to case execution, they shall plan and implement appropriate operating procedures to draw up a conclusion for report production or opinion rendering and faithfully record the operating procedures, collected data, and conclusions in the case worksheets.
- III. They shall assess the appropriate and fairness of the sources, parameters, and information used in the valuation as the basis for report production and opinion rendering.
- IV. They shall issue a statement to attest the expertise and independence of the personnel preparing the report or opinion, appropriate and fairness of the information used, and legal compliance of valuation.

Article 8: For assets acquired or disposed of through court auction procedures, the evidentiary documentation issued by the court may substitute the valuation report or CPA opinion.

#### Article 9: Related Party Transactions

- I. When acquiring or disposing of assets with a related party, in addition to making decisions and assessing the fairness of transaction terms according to Articles 5 to 8 and this Article, when the transaction amount is over 10% of the Company’s total assets, the Company shall also acquire a valuation report from professional appraisers or CPA opinion according to Articles 5 to 8. The calculation of the transaction amount shall be subject to Article 6, paragraph 3.

- II. Except for trading domestic government bonds or RP/RS agreements or subscription or redemption of MMFs issued by domestic securities investment trust enterprises, when acquiring or disposing of real property or the ROU assets thereof with a related party, or acquiring or disposing of assets other than real property or the ROU assets thereof with a related party with a transaction amount of over 20% of the Company's paid-in capital, over 10% of the Company's total assets, or over NT\$300 million, the Company shall submit the below information to the Audit Committee and the Board for approval before signing the transaction agreement and making payment. If independent directors have been establishment, when referring a transaction to Board discussion, the Board shall take into full consideration the opinions each independent director, and the dissenting or qualified opinions of independent directors shall be recorded in the Board meeting minutes. After establishing an audit committee, the transaction shall first be approved by over one half of all audit committee members before submitting it to the Board for resolution, and Article 15, paragraphs 4 and 5 shall apply mutatis mutandis.
- (I) The purpose, necessity, and projected benefits of the acquisition or disposal of assets.
  - (II) The reasons for choosing a related party as the transaction counterpart.
  - (III) Relevant information for assessing the fairness of the planned transaction terms with respect to paragraphs 4 to 7 of this Article when acquiring real property or the ROU assets thereof from a related party.
  - (IV) Matters related to the original date and price of acquisition of the related party, transaction counterparts and their relations with the Company and related party.
  - (V) The cash flow forecast for the next year commencing from the projected month of contract conclusion and assessment of the necessity of transaction, and fairness of fund utilization.
  - (VI) The valuation report by professional appraisers or CPA opinions acquired with respect to the requirements of the paragraph 1 of this Article.
  - (VII) Restrictive covenants and other important stipulations associated with the transaction.
- For the acquisition or disposal of equipment or the ROU assets thereof or the ROU assets of real property held for business use between the Company and the parent or subsidiaries or among the subsidiaries wholly owned directly or indirectly by them with a transaction amount within NT\$400 million, the chairperson may decide on the transaction and report to the upcoming Board meeting for ratification afterwards.
- III. When the company and its subsidiaries, which are not the listed company, intend to transact with a related party, in accordance with the paragraph 2 of this Article, and the transaction amount reaches 10 percent or more of the company's total assets, the company may not proceed to enter into a transaction contract or make a payment until the following matters indicated in the paragraph 2 of this article have been approved by the shareholders' meeting; not limited but included the company's transaction between the Company's subsidiaries and their parent companies or subsidiaries or among subsidiaries.
- The transaction amounts referred to in paragraph 2 and this paragraph shall be calculated according to Article 4, paragraph 2. "Within the preceding year" as stated above refers to the year preceding the date of occurrence of the current transaction. The amounts approved by the shareholders' meeting, the Audit Committee and the Board according to these Procedures will be excluded.

- IV. When acquiring real property or the ROU assets thereof from a related party, the Company shall assess the fairness of transaction costs according to the following methods (when purchasing or renting land and premises in the same transaction, the transaction cost for the land and premises may be appraised separately with any one of the following methods):
- (I) Based on the related party's transaction price plus necessary interest on the capital and the costs to be duly borne by the buyer. "Necessary interest on the capital" as stated above is imputed as the weighted average interest rate on loans in the year when the Company purchases the property. However, it must not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
  - (II) 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% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparts.
- V. When acquiring real property or the ROU assets thereof from a related party, the Company shall assess the cost of the real property or ROU assets thereof according to paragraph 4 of this Article and engage a CPA to check the valuation and render a specific opinion.
- VI. When any of the following circumstances apply to the acquisition of real property or the ROU assets thereof from a related party, the Company shall handle the situation according to paragraph 2, and paragraphs 4 and 5 of this Article do not apply:
- (I) The related party acquires the real property or the ROU assets thereof through inheritance or as a gift.
  - (II) It has been over 5 years from contract conclusion since the related party acquired the real property or the ROU assets thereof.
  - (III) The real property is acquired through signing a joint development contract with the related party, or through engaging the related party to build real property, either on the Company's own land or rented land.
  - (IV) The ROU assets of real property for business use are acquired by the Company and the parent company or subsidiaries, or among the subsidiaries wholly owned directly or indirectly by them.
- VII. When the results of valuation conducted according to paragraph 4 of this Article are uniformly lower than the transaction price, the Company shall handle the transaction according to paragraph 8 of this Article, except under the following circumstances with objective evidence and the specific opinions on fairness from professional real estate appraisers and CPAs:
- (I) A related party acquiring undeveloped land or leased land for development shall submit proof of compliance with any one of the following conditions:

1. When valuing the undeveloped land according to the methods in this Article and the premises according to the related party's construction cost plus reasonable construction profit, the total amount exceeds the actual transaction price. "Reasonable construction profit" as stated above shall be based on the average gross operating margin of the related party's construction sector over the last 3 years or the gross profit margin for the construction industry in the most recent period as announced by the Ministry of Finance, whichever is lower.
  2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
- (II) A public company acquiring from a related party real property through purchasing or the ROU assets of real property through leasing presents evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in paragraph 7 of this Article in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction. "Within the preceding year" as stated above refers to the year preceding the date of occurrence of the current acquisition of real property or the ROU assets thereof.
- VIII. When acquiring real property or the ROU assets thereof from a related party, if the results of valuation conducted according to this Article are uniformly lower than the transaction price, the Company shall take the following actions:
- (I) A special reserve shall be appropriated according to Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost. The reserve shall not be distributed or used for capital increase or issuance of bonus shares. If a public company assesses its investment in the Company with the equity method, a special reserve shall also be appropriated according to Article 41, paragraph 1 of the Securities and Exchange Act in proportion to the shareholding of the said special reserve.
  - (II) Supervisors shall act according to Article 218 of the Company Act. If an audit committee has been established in accordance with law, the preceding part of this subparagraph shall apply mutatis mutandis to the independent directors as members of the audit committee.
  - (III) Actions taken according to subparagraphs 1 and 2 shall be reported to the meeting of shareholders, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

- (IV) After appropriating a special reserve according to this Article, a public company can only utilize the fund after the asset purchased or leased at a higher price has been recognized as valuation loss, disposed of, or its lease is terminated, or appropriate compensation is made, or asset restoration is completed, or there is other evidence supporting its unfairness, and it has passed the approval of the FSC. When a public company obtains real property or the ROU assets thereof from a related party, this Article shall also apply if there is other evidence indicating that the acquisition is not an arm's length transaction.

#### Article 10: Engaging in Derivatives Trading

- I. Applicability (types of transactions)
  - (I) The types of implementable cover transaction contracts whose value is derived from a specified interest rate, financial instrument price, commodity price, exchange rate, index of prices or rates, credit rating or credit index, or other variables, including forward contracts, options, futures, leverage contracts, swap contracts, and the hybrid contracts formed by the portfolios of the said products or composite contracts or hybrid contracts or structured products containing embedded derivatives. This shall also apply to margin trading.
  - (II) Nature of transactions: Transactions for offsetting operational risk are hedging-purpose transactions, and transactions for making profit with additional risks are speculative transactions.
- II. Operational and hedging strategies  
Instead of gaining profit through speculation, derivatives trading aims at ensuring the operating profit of the Company and hedging risks arising from fluctuations in the exchange rate, interest rate, and asset price.
- III. Roles and responsibilities  
Financial Department:
  - (I) Capturing market information; judging trends and risks; getting familiar with financial products and their relevant laws and applications and operation skills; conducting transactions in the authorized positions according to the instructions of the responsible authority to avoid the risks from market price fluctuations.
  - (II) Making periodic assessments.
  - (III) Providing information of risk exposure positions.
  - (IV) Making periodic announcements and reports.
- IV. Guidelines for performance assessment
  - (I) The positions held for derivatives trading shall be assessed at least once a week, and transactions for hedging purposes for business needs shall be assessed at least twice a month. The assessment reports shall be submitted to the chief financial officer (CFO) for comment. If anomalies are found in the assessment reports, the CFO shall immediately report to the Board and take necessary countermeasures. If independent directors have been established, they shall attend the board meeting to express opinions.
  - (II) Performance shall be assessed by comparing with the preset assessment criteria on the assessment day to provide a reference for decision-making.
- V. Transaction credit and authorization
  - (I) Total amount of implementable transactions for hedging purposes:
    1. Exchange rate trading:
      - 1.1 The transaction amount for hedging shall be the position generated from the Company's business.

- 1.2 The total amount of contracts may not exceed the net position generated from the net assets (or liabilities) in foreign currencies plus the projected revenue (or procurement) in the next 12 months, except for the FX swap implemented for capital dispatch.
- 1.3 If the generated net position plus the projected revenue (or procurement) in the next 2 months exceeds two months, the approval of the president must be obtained before making the transaction.
2. Interest rate trading shall be limited to the balance and repayment term of the Company's long-term loans.
3. The total amount of outstanding balance shall be the limit of transactions made to avoid risks from exchange rate or interest rate, firm commitment, highly likely predictable risks from transactions associated with assets, liabilities, or the issuance of global depository receipts (e.g., ADR) or bonds (e.g., ECB) or other financial products. An assessment report shall be submitted to the president for approval prior to implementation.

(II) Upper limit of loss on transactions for hedging purposes:

	All Contracts	Individual Contracts
Upper limit of loss on transactions for hedging purposes	15%	20%

If the loss on all contracts or individual contracts has hit the upper limit, the CFO shall take necessary countermeasures and immediately report to the Board. If independent directors have been established, they shall attend the board meeting to express opinions.

(III) Authorization of exchange rate and interest rate trading:

	Parent Company		Subsidiaries	
	Each Transaction	Daily	Each Transaction	Daily
Chairperson	Over USD 10M	Over USD 30M	Over USD 5M	Over USD 15M
President	USD 5M–10M (inclusive)	USD 15M–30M (inclusive)	USD 2.5M–5M (inclusive)	USD 7.5M–15M (inclusive)
Chief Financial Officer	USD 5M and below	USD 15M and below	USD 2.5M and below	USD 7.5M and below

VI. Operating procedure

- (I) Confirm transaction position
- (II) Analyze and judge relevant trends
- (III) Determine specific hedging practices:
  1. Subject of transaction.
  2. Position of transaction.
  3. Refer prices to the open quote system.
  4. Transaction strategies and styles
- (IV) Acquire permission for transactions
- (V) Implement transactions
  1. Counterpart: Domestic and foreign financial institutions only.
  2. Transaction personnel: Personnel allowed to implement derivatives trading shall be approved by the CFO before notifying the transaction financial institutions in writing. Other personnel may not engage in derivatives trading.

- (VI) Confirmation of transactions: After conducting a transaction, transaction personnel shall fill in the transaction order for reviewers to confirm the consistency between the transaction conditions and the contents in the transaction order before submitting it to the responsible authority for approval.
  - (VII) Settlement: After confirmation the transaction is free of errors, the capital unit shall assign the designated settlement staff to proceed with settlement at the confirmed price with the required funds and related receipts on the settlement date.
- VII. Records of derivatives trading
- (I) The type and amount of transactions, date of Board approval, and matters required for careful assessment as per paragraph 4, subparagraph 1; paragraph 10, subparagraph 1, item 2; and paragraph 10, subparagraph 2, item 1 of this Article shall be recorded in detail in the log for reference.
  - (II) The accounting unit shall act according to the Business Entity Accounting Act, International Financial Reporting Standards (IFRS), and the related orders and regulations of the competent authorities. If no relevant regulations are available, register the details of each transaction and act according to the monthly reports on the realized and unrealized gain or loss on financial instruments.
- VIII. Internal control system
- (I) Risk management measures
    1. Credit risk management: Domestic and foreign financial institutions shall be the counterparts in principle.
    2. Market risk management: Transactions for hedging purposes shall be emphasized, and the creation of additional positions should be avoided.
    3. Liquidity and cashflow risk management: To ensure liquidity, transaction personnel shall confirm the transaction credit with the capital staff to prevent insufficient liquidity.
    4. Operational risk management: The authorized credit and operating procedures shall be followed exactly to prevent operational risks.
    5. Legal risk management: All documents signed with banks shall be reviewed by the legal department before execution to prevent legal risks.
  - (II) Internal control
    1. Transaction personnel of the capital department shall not engage in the tasks of the confirmation and settlement personnel, and vice versa.
    2. Transaction personnel shall hand over the transaction receipts or contracts to confirmation personnel for recordation.
    3. Confirmation personnel shall check the accounts with the counterparts periodically.
  - (III) Risk measurement, supervision, and control personnel shall not be staff of the capital department and shall report to the Board.
- IX. Internal audit
- (I) Apart from keeping constant track of the fairness of internal control over derivatives trading according to the regulations of the Internal Control System, internal auditors shall also audit the transaction department's compliance with the Procedures for Handling Derivatives Trading and produce audit records. After detecting serious breach of the Procedures, internal auditors shall notify the Audit Committee in writing.

- (II) Personnel shall submit the said audit reports and reports on improvement of audited anomalies to the FSC in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies.
- X. Board of Directors
- (I) The Board shall properly supervise and manage the Company's derivatives trading according to the following principles:
    - 1. The CFO shall keep constant track of the risk supervision and control of derivatives trading.
    - 2. The Board shall periodically assess if the performance of derivatives trading complies with the designated management strategy and risk undertaking falls within the Company's risk appetite.
  - (II) The CFO shall manage derivatives trading according to the following principles:
    - 1. Periodically assessing if the risk management measures in use are appropriate and comply with the Company's Procedures for Handling Derivatives Trading.
    - 2. Supervising the status of transactions and gains/losses, taking necessary countermeasures against detected anomalies, and immediately reporting to the Board. If independent directors have been established, they shall attend the Board meeting to express opinions.
  - (III) After a derivative transaction, the CFO shall report to the Board.
  - (IV) When these Procedures are established or amended and when it is necessary to report derivatives trading to the Board in accordance with regulations, it shall be approved by over one half of all Audit Committee members and submitted to the Board for resolution. A report not approved by over one half of all Audit Committee members may be approved by over two thirds of all directors, and the resolution of the Audit Committee shall be recorded in the Board meeting minutes.
  - (V) When Board discussion is required according to the preceding paragraph, the opinions expressed by individual independent directors shall be fully considered, and the dissenting or qualified opinions, if any, of independent directors shall be recorded in the Board meeting minutes.
  - (VI) These Procedures shall be implemented upon passage by the Board and approval of the shareholders. The same shall apply to amendments thereto.
  - (VII) "All Audit Committee members" as stated in these Procedures and "all directors" as stated in the preceding paragraph shall be calculated according to the members and directors actually in office.

#### Article 11: Merger, Demerger, Acquisition, or Transfer of Shares

- I. Before holding a Board meeting to determine a merger, demerger, acquisition, or transfer of shares, the Company shall engage a CPA, lawyer, or securities underwriter to give an opinion on the fairness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit the results to the Board for deliberation and passage. However, the said professional opinions on fairness can be exempted for mergers with directly or indirectly wholly-owned subsidiaries or the mergers among directly or indirectly wholly-owned subsidiaries.

- II. Public companies participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the meeting of shareholders and deliver the report with the expert opinion referred to in paragraph 1 of this Article to shareholders along with the meeting notice for the reference of the approval or disapproval of the merger, demerger, or acquisition, except when a meeting of shareholders is exempted for a merger, demerger, or acquisition according to other laws and regulations.  
When the meeting of shareholders of a party in a merger, demerger, or acquisition cannot be held or a resolution cannot be made due to an insufficient quorum, or the proposal of a merger, demerger, or acquisition is rejected by shareholders, companies participating in the merger, demerger or acquisition shall immediately explain to the public the reasons, follow-up measures, and the projected date of the next meeting of shareholders.
- III. Except as otherwise required by other laws or approved by the FSC in advance for a special reason, companies participating in a merger, demerger, or acquisition shall hold a Board meeting and meeting of shareholders on the same day to determine matters related to the merger, demerger, or acquisition.  
Except as otherwise required by other laws or approved by the FSC in advance for a special reason, companies participating in a transfer of shares shall hold a Board meeting on the same day.
- IV. All parties participating in or privy to a merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and shall neither disclose the project contents prior to public disclosure of such information nor trade, either in their own name or in the name of another person, any stock or other equity-based securities of any company related to the project for merger, demerger, acquisition, or transfer of shares.
- V. Except under the following circumstances, public companies participating in a merger, demerger, acquisition, or transfer of shares shall not arbitrarily alter the share exchange ratio or acquisition price and shall stipulate the circumstances allowing changes in the contract for the merger, demerger, acquisition, or transfer of shares:
  - (I) Cash capital increase and issuance of convertible corporate bonds, bonus shares, corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
  - (II) Actions affecting the company's financial operations, such as disposal of major assets.
  - (III) Events affecting the rights and interests of shareholders or the stock price, such as major disasters or major technological reform.
  - (IV) Adjustment of treasury stock buyback of any party participating in the merger, demerger, acquisition, or transfer of shares.
  - (V) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares. Establishment and public disclosure of other terms allowed for alteration in the contract.
- VI. In addition to the rights and obligations in the merger, demerger, acquisition, or of shares, the contract of the merger, demerger, acquisition, or transfer of shares of public companies shall also include the following:
  - (I) Handling of breach of contract.

- (II) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any party that will be cancelled or split by the merger.
  - (III) The quantity and principles of handling of treasury stock allowed by law for buyback of participating companies after the record date of calculation of the share exchange ratio.
  - (IV) The manner of handling changes in the number of participating entities or companies.
  - (V) Projected schedule of project execution and anticipated date of completion.
  - (VI) Procedures for and the projected date of holding a meeting of shareholders when the project is not completed as scheduled.
- VII. Except for a change in the number of participating companies with the resolution by the meeting of shareholders to authorize the Board to change the authorization that participating companies do not need to hold a meeting of shareholders for a new resolution, if a party participating in the merger, demerger, acquisition, or transfer of shares intends to engage in a merger, demerger, acquisition, or share transfer with another company after the public disclosure of information, all parties participating in the original merger, demerger, acquisition, or transfer of shares shall redo all completed procedures or legal acts.
- VIII. TWSE/TPEX-listed companies participating in a merger, demerger, or acquisition shall prepare a full written record of the following data and retain it for 5 years for reference:
- (I) Personnel basic information: Including the job titles, names, and citizen ID numbers (or passport numbers for foreign nationals) of all persons involved in or privy to the planning or implementation of a merger, demerger, or acquisition project before information disclosure.
  - (II) Dates of important events: Including the signing of the letter of intent or memorandum of understanding, hiring of a financial or legal advisor, contract execution, and the Board meeting.
  - (III) Important documents and meeting minutes: Including merger, demerger, and acquisition plans, letters of intent or memoranda of understanding, important contracts, and Board meeting minutes.
- IX. TWSE/TPEX-listed companies participating in a merger, demerger, acquisition, or transfer of shares shall report the information stated in subparagraphs 1 and 2 in the preceding paragraph to the FSC on the internet information system in the required format for reference within two days after the Board approval.
- X. When non-TWSE/TPEX-listed companies participate in a merger, demerger, acquisition, or transfer of shares, TWSE/TPEX-listed companies shall sign an agreement with them and handle matters according to paragraphs 8 and 9.
- XI. When non-public companies participate in a merger, demerger, acquisition, or transfer of shares, public companies shall sign an agreement with them and handle matters according to paragraphs 3, 4, and 7 to 10 of this Article.

#### Article 12: Penalties

Managers or handling personnel of the Company breaching these Procedures intentionally or out of gross negligence shall be punished according to the Company's personnel administration regulations.

Article 13: Measures for Controlling the Acquisition or Disposal of Assets of Subsidiaries

- I. The Company's subsidiaries shall acquire or dispose of assets according to these Procedures. However, subsidiaries that have established their own Procedures for Acquisition and Disposal of Assets with respect to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies established by the FSC and with reference to the Company's opinion may acquire or dispose of assets according to their own procedures.
- II. The Company shall announce and report the acquisition or disposal of assets by subsidiaries that are not domestic public companies if they meet the standard of the information disclosure regulations of Article 4 of these Procedures.
- III. The Company shall supervise subsidiaries to self-assess if their own procedures for acquisition or disposal of assets comply with the relevant regulations and if they proceed with acquisition or disposal of assets accordingly.

Article 14: Other Matters

- I. "Transfer of shares" as stated in these Procedures means the new shares transferred to other companies after issuance according to the Company Act.
- II. "Related party" and "subsidiary" as stated in these Procedures shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- III. The paid-in capital or total assets of subsidiaries required for announcements according to the standards stated in Article 4, paragraph 1, subparagraph 6 shall be based on the paid-in capital or total assets of the Company.
- IV. The 10% of the total assets stated in these Procedures shall be calculated according to the total assets stated in the most recent individual financial statements prepared according to Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- V. "Investments in China" as stated in these Procedures means investments placed in China according to the Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China promulgated by the Investment Commission, Ministry of Economic Affairs.
- VI. "Announcement and reporting" as stated in these Procedures means reporting information on the information reporting website designated by the FSC.
- VII. Matters not provided for in these Procedures shall be subject to the related laws and regulations and related regulations of the Company.

Article 15: These Procedures shall be implemented upon passage by the Board and approval of the supervisors and meeting of shareholders. The same shall apply to amendments thereto.

Objections made by directors in recorded or written statement shall be submitted to the supervisors.

If independent directors have been established, when referring the Procedures for Acquisition and Disposal of Assets to Board discussion, the opinions of independent directors shall be fully considered, and the dissenting or qualified opinions expressed by independent directors shall be maintained in the Board meeting minutes.

After establishing an audit committee, the establishment or amendment of these Procedures shall be approved by over one half of all Audit Committee members and submitted to the Board for resolution.

The establishment or amendment not approved by over one half of all Audit Committee members may be approved by over two thirds of all directors, and the resolution of the Audit Committee shall be recorded in the Board meeting minutes.

“All Audit Committee members” as stated in these Procedures and “all directors” as stated in the preceding paragraph shall be calculated according to the members and directors actually in office.

Article 16: For acquisition or disposal of assets requiring Board approval according to these Procedures or other laws and regulations, the objections made by directors in recorded or written statement shall be submitted to the supervisors. After establishing an audit committee, important asset transactions requiring Board approval shall first be approved by over one half of all Audit Committee members before referring to the Board for a resolution, and Article 15, paragraphs 4 and 5 shall apply mutatis mutandis.

The Board is authorized to set the the total amount of securities investment, the limit on individual investments, and the total amount of investments in real property and the ROU assets thereof for non-business purposes before incorporation into these Procedures.

Asset	The Company		Subsidiaries		Total Implementable Amount	Limit on Individual Investments
	Approver	Authority	Approver	Authority		
Real property and the ROU assets thereof for non-business purposes	Board of Directors	Over NT\$50,000,000	Board of Directors	Over NT\$25,000,000	30% of net worth	15% of net worth
	Approval by chairperson first Report to Board afterwards	NT\$50,000,000 and below	Approval by chairperson first Report to Board afterwards	NT\$25,000,000 and below		
Share investment	Board of Directors	Over NT\$50,000,000	Board of Directors	Over NT\$25,000,000	200% of net worth	50% of net worth
	Approval by chairperson first Report to Board afterwards	NT\$50,000,000 and below	Approval by chairperson first Report to Board afterwards	NT\$25,000,000 and below		
Long-term secured bonds	Chairperson	Over NT\$20,000,000	Chairperson	Over NT\$10,000,000	30% of net worth	15% of net worth
	President	NT\$20,000,000 and below	President	NT\$10,000,000 and below		
Short-term bonds and MMFs	Chairperson	Over NT\$20,000,000	Chairperson	Over NT\$10,000,000	30% of net worth	15% of net worth
	President	NT\$20,000,000 and below	President	NT\$10,000,000 and below		
Other marketable securities	Chairperson	Over NT\$20,000,000	Chairperson	Over NT\$10,000,000	10% of net worth	5% of net worth
	President	NT\$20,000,000 and below	President	NT\$10,000,000 and below		

※ Short-term bonds may not be leveraged by means of multiplication through mortgage, margin trading, or similar methods to expand the gain/loss effect.

- ※ The limit on the implementable amount of long-term share investment does not apply to the investments in or establishment of directly or indirectly wholly-owned subsidiaries.
- ※ “Net worth” as stated above means the equity attributable to the owners of the parent company in the statement of financial position.

Article 17: These Procedures were established on May 27, 2003.

The 1st amendment was made on June 13, 2007.

The 2nd amendment was made on June 18, 2012.

The 3rd amendment was made on June 23, 2014.

The 4th amendment was made on June 28, 2017.

The 5th amendment was made on May 28, 2019.

The 6th amendment was made on May 28, 2020.

The 7th amendment was made on August 25, 2021.

The 8th amendment was made on May 26, 2022.