

AOPEN Incorporated  
Procedures Governing Acquiring or Disposing of Assets

Article 1 Purpose and Legal Basis

To comply with new laws and regulations and to enhance the management of the Company's "Procedures Governing Acquiring and Disposing of Assets," these Procedures are adopted and amended in accordance with Article 36-1 of the Securities and Exchange Law, and relevant laws and regulations of the Financial Supervisory Commission.

Article 2 Scope of "assets" as used in these Procedures is as follows:

1. Investments in stocks, government bonds, corporate bonds, financial debentures, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities, etc.
2. Real estate (including land, houses and buildings and investment property) and equipment.
3. Membership certificates.
4. Intangible assets, such as patent right, copyright, trademark right, franchise, etc.
5. Right-of-use assets.
6. Derivative products.
7. Assets acquired or disposed by mergers, splits, acquisition or share transfer in accordance with laws.
8. Other major assets.

Article 3 Definition

Terms used in these Procedures are defined as follows; any term is not defined herein, it shall have the same definition in accordance with the Securities and Exchange Act, Regulations Governing the Acquisition and Disposal of Assets by Public Companies and relevant laws and regulations:

1. "Derivative Products": means forward contracts, options contracts, futures contracts, leverage contracts, swap contracts, hybrid contracts combining the above contracts, or hybrid contracts or structured products containing embedded derivatives, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rates, index of prices or rates, indexes, credit rating or credit index, or other variable. The term

- “forward contracts” does not include insurance contracts, fulfillment contracts, after-sales service contracts, long-term leasing contracts and long-term purchase (sale) contracts.
2. “Assets Acquired or Disposed Through Mergers, Splits, Acquisitions or Share transfer Pursuant to Laws”: means assets acquired or disposed through mergers, splits, acquisitions in accordance with the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts or, or to facilitate share transfer from another company through issuance of the Company’s new shares as the consideration therefor (hereinafter "share transfer") under Article 156-3 of the Company Act.
  3. “Related Party”: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
  4. “Date of occurrence of the event”: means the date of contract signing, date of payment, date of consignment trading, date of transfer, date of resolution of Board of Directors, or other date which can confirm the counterparty and trading amount, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
  5. “Professional appraiser”: refers to a real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real property or equipment.
  6. “Subsidiary”: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### Article 4 Procedures of Evaluation and Operation for the Acquisition or Disposal of Assets

1. Acquisition or Disposal of Securities
  - (1) For securities acquired or disposed of in the centralized exchange market or OTC venue, the operating department shall submit items such as the reasons for the proposed acquisition or disposal, targeted assets, and price reference, etc. to the in-charge department for the decision.
  - (2) For securities not acquired or disposed of in the centralized exchange market or OTC venue, the operating department shall

submit items such as the reasons for the proposed acquisition or disposal, targeted assets, counterparties, price of transfer, receipt and payment terms, and price reference, etc. to the in-charge department for the decision.

2. For acquisition or disposal of real estates, equipment, right-of-use assets of real estate, right-of-use assets of equipment, membership certificates, intangible assets, and assets acquired or disposed of by mergers, splits, acquisition or share transfer in accordance with laws, the operating department shall submit items such as the reasons for the proposed acquisition or disposal, targeted assets, counterparties, price of transfer, receipt and payment terms, and price reference, etc. to the in-charge department for the decision.
3. For evaluation of derivative products, the finance manager shall hold periodic meetings with relevant persons examining operational strategies and performances. In principle, positions and performance shall be reported to the head of treasury department of the Company weekly, reported to the head of finance department of the Company monthly, and submitted to the Company's President quarterly .
4. The appraisal reports to the Company or any Subsidiaries which shall comply with these Procedures, written opinions provided by a certified public accountant, attorney, or securities underwriter, the qualifications of said professional appraisers and their personnel, certified public accounts, attorneys, and securities underwriters, and the process when issuing an appraisal report or opinion, shall comply with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and related regulations.
5. Relevant operations for acquisition or disposal of assets shall be handled in accordance with the Company's regulations relating to the internal control system.

#### Article 5 Procedures for Approval of Acquisition or Disposal of Assets

1. Methods and the Reference Basis for the Decision on Price
  - (1) For securities purchased and sold in the centralized exchange market or OTC venue, the price shall be determined according to market price at the time of transaction. For securities not acquired or disposed of in the centralized exchange market or OTC venue, the price shall be determined by reference to net

worth per share, profitability, potential for future development, and then transaction price.

- (2) The acquisition or disposal of real estate, equipment, right-of-use assets of real estate, or right-of-use assets of equipment shall be carried out by price comparison, price negotiation, or bidding. As to the price of real estate, it shall be determined by reference to the publicly announced current value, appraised current value, and actual transaction price in the vicinity.
- (3) For acquisition or disposal of membership certificate, the price shall be comprehensively evaluated by reference to future anticipated added-value and produced benefit.
- (4) For acquisition or disposal of intangible assets such as patent right, copyright, trademark right, and franchise, the price shall be determined by reference to elements such as future anticipated profit, levels of technology development and innovation, legal protected conditions, circumstances of license and implementation, production cost or implementation cost, in addition thereto, the relevant elements of right owners and licensees shall also be overall considered.

## 2. Amount and Level of Authorization

In-charge department of the Company shall decide within its authority on the acquisition and disposal of assets in the following situations; provided, however, that matters governed by Article 185 of the Company Act shall be approved by the shareholders' meeting in advance:

- (1) Unless otherwise provided below, the acquisition or disposal of securities shall be approved by the Board of Directors before its execution:
  - A. The Company's Chairman is delegated by the Board of Directors to decide and execute acquisition or disposal of securities with amount not exceeding NT\$ 50 million and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting.
  - B. The Company's Chairman is delegated by the Board of Directors to decide and execute the purchase and sale of securities in the centralized exchange market or OTC venue with amount not exceeding NT\$ 300 million and have the decisions subsequently submitted to and ratified by the next Board of

Directors meeting; provided, where Article 12 of these Procedures for Related Party transactions is applicable, such Article shall govern.

C. The amount of investment of idle fund like short-term government bond of securities, domestic bond fund, financial debentures, US treasury bond, offshore bond fund with good credit record, or domestic money market fund For each single transaction or the transactions within one day not exceeding NT\$300 million is delegated to the manager of financial department of the Company for approval ; the approval of the CFO/vice president of finance department of the Company is required for amount between NT\$300 million and NT\$1 billion; and the approval of the Company's Chairman is required for amount exceeding NT\$1 billion.

(2) Except the acquisition or disposal of real estate and its right-of-use assets not exceeding NT\$ 50 million is delegated to the Company's Chairman to decide by the Board of Directors and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting, such acquisition or disposal shall be approved by the Board of Directors before execution; provided in case of acquisition or disposal with Related Party, Article 12, paragraph 2 shall govern.

(3) With respect to the types of transactions listed below, when to be conducted between the Company, its parent company or Subsidiaries, or between its Subsidiaries in which it directly or indirectly hold 100% of the shares outstanding or total capital, the Company's Board of Directors meeting delegates the Company's Chairman to decide such matters where the amount of the transaction not exceeding NT\$ 100 million and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting.

A. The acquisition or disposal of equipment or its right-of-use assets for business use purpose.

B. The acquisition or disposal of right-of-use assets of real properties for business use purpose.

(4) The Derivative Products Transaction Processing Regulations are enacted for the authorization of acquisition or disposal of derivative products, and after the relevant personnel are

authorized accordingly, such authorization shall be subsequently submitted to the next Board of Directors meeting .

### 3. Operating Department

Finance department is the operating department for securities and derivative product investments; the using department and relevant in-charge departments are the operating departments for investments in real estate, equipment, right-of-use assets , intangible assets, membership certificate and assets acquired or disposed of through mergers, splits, acquisition or share transfer.

## Article 6 The Standards for Public Announcement

1. For acquisition or disposal of the Company's assets as provided below, the Company shall announce the same at the website designated by the Competent Authority in a form stipulated by the Competent Authority based on its nature, within two days commencing immediately from the date of occurrence of said matter:

(1) acquisition or disposal of real estate or right-of-use assets of real estate from Related Party; or the acquisition or disposal of other assets other than real estate or right-of-use assets of real estate from Related Party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets or NT\$300 million or more; provided, however, that trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or buyback/redemption of money market funds issued by domestic securities investment trust enterprises shall not be applied.

(2) proceeding mergers, splits, acquisition or share transfer.

(3) enacting in derivative products transactions and the loss reaching the maximum loss limit amount of the total or individual contract as provided in relevant procedures.

(4) acquisition or disposal of equipment or right-of-use assets of equipment for business use, the counterparty is not a Related Party, and the transaction amount reaches either of the follows:  
A. the transaction amount is NT\$500 million or more in the event the paid-in capital of the Company is less than NT\$10 billion.

- B. the transaction amount is NT\$1 billion or more in the event the paid-in capital of the Company is NT\$10 billion or more.
- (5) where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on a leased land, joint construction and allocation of housing units, ownership percentages, or sale percentages with an party which is not a Related Party, and the amount the Company expects to invest in the transaction is NT\$500 million or more.
  - (6) asset transactions other than those provided in the preceding items (1) to (5) or investment in Mainland China, the transaction amount reaches 20% of Company's paid-in capital or NT\$300 million or more; provided, however, that the following situations are not applied:
    - A. purchase and sale of domestic government bond.
    - B. trading of bonds under repurchase/resale agreements, or subscription or buyback/redemption of money market funds issued by domestic securities investment trust enterprises.
2. The transaction amount in the preceding paragraph is calculated in accordance with the methods provided below:
    - (1) the amount of an individual transaction.
    - (2) the transaction amount accumulated within one year with the same counterparty in the acquisition or disposal of the targeted assets of the same type.
    - (3) the amount accumulated (the transaction amount for acquisition and disposal are separately accumulated) within one year in the acquisition or disposal of real estate within the same development project.
    - (4) the amount accumulated (the transaction amount for acquisition and disposal are separately accumulated) within one year in the acquisition or disposal of the same securities.

“Within one year” as used in the this paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.
  3. The Company shall monthly report the transaction of the derivative products engaged by it and its Subsidiaries not categorized as domestic public companies up to the end of the previous month by

entering the information in the stipulated form to the website designated by the Securities and Futures Bureau for filing of information before the 10th date of each month.

4. Where there is an error or omission in an item required to be announced according to regulations at the time of announcement and correction is required, all the items shall be again publicly announced and reported in their entirety within 2 days commencing immediately from the date of knowing of the error or omission.
5. Unless otherwise provided by other laws, the Company acquiring or disposing assets shall retain all relevant contracts, meeting minutes, registry, appraisal reports, and opinions of accountants, attorneys and security underwriters for at least 5 years.
6. After announcing and filing the transaction in accordance with these Procedures, the Company shall make a public announcement of relevant information in the website designated by the Securities and Futures Bureau within two days commencing immediately from the date of occurrence of any following matter:
  - (1) The executed relevant contracts of the original transaction have been changed, terminated or ceased.
  - (2) Mergers, splits, acquisition or share transfer have not been completed in the anticipated timeframe as provided in the contracts.
  - (3) Any change in the content of the original announcement and filing.

#### Article 7 Scope and Amount of Acquisition or Disposal of Assets

1. Besides acquisition of assets for business use, the Company may purchase or invest in real estate or securities for non-business-use. The amount limits thereof are listed below:
  - (1) Total purchase or investment in real estate or right-of-use assets of real estate for non-business use shall not exceed 40% of the shareholder's equity of the Company or 40% of long-term liabilities of the Company as certified by the accountant.
  - (2) Total investment in securities shall not exceed the shareholder's equity of the Company as certified by the accountant.
  - (3) Investment in a single security shall not exceed 40% of the shareholder's equity of the Company.



2. The Subsidiary's acquisition or disposal of assets shall not violate rules provided herein below:
  - (1) The Subsidiary shall not purchase real estate or right-of-use assets of real estate for non-business use.
  - (2) Total investment in securities shall not exceed 40% of the shareholder's equity of the Company as certified by the accountant.
  - (3) Investment in a single security shall not exceed 20% of the shareholder's equity of the Company as certified by the accountant.

Article 8 Control Procedures for Acquisition or Disposal of Assets of the Company's Subsidiaries

1. For the acquisition or disposal of assets by the Company's Subsidiaries thereof, the Subsidiaries' "Procedures Governing Acquiring or Disposing of Assets" shall be enacted in accordance with regulations by filing with its supervisors and submitting to its shareholders' meeting for approval after approved by its board of directors meeting. Thereafter, the aforesaid procedures shall be submitted to the Company's Board of Directors for approval. Any amendment thereto shall be subject to the same procedures.
2. Where Subsidiaries of the Company are not domestically public companies whose acquisition or disposal of assets reach the thresholds of public announcement under these Procedures, the Company shall also make a public announcement with copies to relevant competent authorities in accordance with these Procedures.
3. The paid-in capital or total assets of the Company shall be the standard for determining whether or not a Subsidiary under the preceding paragraph is subject to Paragraph 1 of Article 6 (in the event the type of transaction reaches 20% of paid-in capital or 10% of total assets) under these Procedures.
4. The Company shall supervise and check regularly about the Subsidiaries execution of their "Procedures Governing Acquiring or Disposing of Assets".
5. For the acquisition or disposal of assets by the Company's Subsidiaries that is a public company in Taiwan, the Subsidiaries shall comply with the Regulations Governing the Acquisition and

Disposal of Assets by Public Companies and related regulations and shall establish the procedures by themselves.

#### Article 9 Punishment of Violation of the Procedure

If relevant employees and personnel of the Company violate these Procedures, they will be subject to the regulations of the Company's Personnel Administration Regulations and relevant work rules.

#### Article 10 Appraisal Report of Professional Appraisal Institutions

In acquiring or disposing of real estates, equipment, right-of-use assets of real estate, or right-of-use assets of equipment, where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless otherwise transacted with a domestic government institution, engaging others to build on its own land, engaging others to build on leased land, or acquiring or disposing of equipment or right-of-use assets of equipment for business use, the Company shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraisal institution and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted to the Board of Directors for approval in advance, as well as any future changes to the terms and conditions of the transaction thereto.
2. Where the transaction amount is NT\$1 billion or more, at least two competent appraisers should be consulted.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation and be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  - (1) the discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.

- (2) the discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser institution and the effective date of the contract; provided, however, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

#### Article 11 Certified Public Accountant's Opinions

1. The Company's acquisition or disposal of securities, which fulfills any of the conditions listed below, may be exempted from Article 10 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" which regulate, prior to the date of occurrence of the event, the applicable companies shall obtain financial statements of the targeted company for the most recent period, certified or reviewed by a certified public accountant, and if the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, a certified public accountant shall be retained prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the certified public accountant needs to use the report of an expert as evidence, the certified public accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation.
  - (1) Securities acquired through cash contribution in an incorporation as promoters or by public offering in accordance with the Company Act, which represent equal right with such contribution %.
  - (2) Participation in subscription to an issue of securities issued at face value by the targeted company that is carrying out a cash capital increase according to laws and regulations.
  - (3) Participation in subscription to securities issued by a 100% owned subsidiary that is carrying out a cash capital increase.
  - (4) Securities listed and traded on the Taiwan Stock Exchange or OTC venue.

- (5) Government bonds, or bonds under repurchase or reverse purchase agreements.
  - (6) Onshore or offshore publicly offered funds.
  - (7) Taiwan Stock Exchange (“TWSE”) or the Taipei Exchange (“TPEX”) listed stocks acquired or disposed of in accordance with the TWSE or TPEX rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities.
  - (8) Participation in subscription to shares issued by a public company for a cash capital increase or domestic subscription to corporate bonds (including financial debentures), with the further requirement that the securities acquired are not privately placed securities.
  - (9) Subscription to a domestic privately placed fund before the establishment of the fund in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act, or subscription to or redemption of a domestic privately placed fund, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.
2. In acquiring or disposing intangible assets, right-of-use of intangible assets, or membership certificate and the transaction amount reaches 20% of the Company’s paid-in capital or NT\$300 million or more, the Company, unless transacted with a domestic government institution, shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the certified public accountant shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation.
  3. Where the Company acquiring or disposing of assets through court auction procedures, the evidentiary documentation issued by the court may substitute the appraisal report or CPA opinion.

Article 11-1 The transaction amount in the preceding two Articles are calculated in accordance to Article 6, paragraph 2 where the “within one year” is used

refers to the year preceding the date of occurrence of the current transaction, and items previously obtained appraisal reports or certified public accountants' opinions in accordance with these Procedures need not be counted toward the transaction amount.

Article 12 In addition that handling of the acquisition or disposal of assets between the Company and Related Party shall proceed with relevant approval procedures and evaluate the reasonableness of terms of the transaction in accordance with the preceding Section and this Section, where the transaction amount reaches 10% of the Company's total assets or more, an appraisal report or a certified public accountant's opinion shall also be required in accordance with the provisions of the preceding Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 11-1 herein.

Regarding the acquisition or disposal of real estate or right-of-use assets of real estate with the Related Parties, or the acquisition or disposal of other assets other than real estate or right-of-use assets of real estate with the Related Parties where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets or NT\$300 million or more; provided, unless it's about trading of domestic government bonds or bonds under repurchase and resale agreements or subscription or buyback/redemption of money market funds issued by domestic securities investment trust enterprises, the Company shall submit information provided below to the audit committee for approval of audit committee members and then submit the same to the Board of Directors for further approval before signing the contracts and payments:

1. the purpose, necessity and the anticipated benefit of the acquisition or disposal of assets.
2. reasons for choosing the Related Party as a trading counterparty.
3. with respect to the acquisition of real property or right-of-use assets of real property from a Related Party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Articles 13 and 14.
4. the date and price at which the Related Party originally acquired the real property, the original trading counterparty, and such trading counterparty's relationship to the Company and the Related Party.
5. monthly cash flow forecasts for the year commencing from the

anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.

6. An appraisal report from a professional appraiser or a certified public accountant's opinion obtained in accordance with paragraph 1.
7. Restrictive covenants and other important stipulations associated with the transaction.

The transaction amount in the preceding paragraph is calculated in accordance with Paragraph 2 of Article 6 where "within one year" is used in these Procedures refers to the year preceding the date of occurrence of the current transaction, and items previously approved by the audit committee members and submit to the Board of Directors for further approval in accordance with these Procedures need not be counted toward the transaction amount.

Article 13 The Company purchases real estate or right-of-use assets of real estate from a Related Party shall comply with methods provided below to evaluate the reasonableness of the transaction cost:

1. Based on the transaction price of the Related Party plus necessary interest on funding and the cost to be borne by the buyer according to law. "Necessary interest on funding" shall be imputed based on the weighted average interest rate of the funding borrowed by the Company in the year of purchase of the asset; however, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the Related Party has previously created a mortgage on the property as security for a loan; provided, however, that 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 one (1) year or more. However, this shall not apply where the financial institution is a Related Party of one of the trading counterparties.
3. Where both the land and building on the property in question are purchased or leased in one transaction, the cost of the transaction may be reached by respectively evaluating such land and building based on either of the methods described above.

4. The Company acquires real property or right-of-use assets of real property from a Related Party and appraises the cost of the real property in accordance with the preceding Paragraphs 1, 2 and 3 shall also engage a certified public accountant to check the appraisal and render a specific opinion.
5. Where the Company acquires real property or right-of-use assets of real property from a Related Party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Articles 5 and 12, and the preceding four paragraphs do not apply:
  - (1) the Related Party acquires real estate or right-of-use assets of real estate through inheritance or as a gift.
  - (2) more than five (5) years will have elapsed from the time the Related Party signed the contract to obtain the real property or right-of-use assets of real property to the signing date for the current transaction.
  - (3) the real property is acquired through signing of a joint development contract with the Related Party, or through engaging a Related Party to build real property, either on the Company's own land or on leased land.
  - (4) the acquisition or disposal of real estate's right-of-use assets, which is for business use, between the Company and the Subsidiary, or between two Subsidiaries in which the Company holds, directly or indirectly, 100% of the shares outstanding or total capital.

Article 14 When the results evaluated by the Company in accordance with paragraphs 1, 2 and 3 of the preceding Article are all lower than the transaction price, the matter shall be handled in accordance with Article 15; provided, however, where the following circumstances exist, objective evidence has been submitted, and specific opinions on reasonableness have been obtained from a professional real property appraiser and a certified public accountant have been obtained, this restriction shall not apply:

1. Where the Related Party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
  - (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and buildings, according to the

Related Party's construction cost plus reasonable construction profit, are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the Related Party's construction division over the most recent 3 years or the gross profit margin of the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

- (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property or leasing market practices.
2. Where the Company acquiring real property by purchasing or acquiring right-of-use assets of real estate by lease from a Related Party provides evidence that the terms of the transaction are similar to the terms of transactions for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

The completed transactions for neighboring or closely valued parcels of land in the preceding paragraph 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; transaction for 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 refers to the year preceding the date of occurrence of the acquisition of the real property or right-of-use assets of real property.

Article 15 Where the Company acquires real property or right-of-use assets of real property from a Related Party and the results of appraisals conducted in accordance with Articles 13 and 14 are all lower than the transaction price, the following steps shall be done:

1. a special reserve shall be set aside in accordance with the Securities and Exchange Act and related regulations against the difference between the real property or right-of-use assets of real property



transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under of Securities and Exchange Act and related regulations shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.

2. the audit committee handling the matter pursuant to Article 218 of the Company Act.
3. actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and prospectus.

After setting aside a special reserve pursuant to the preceding paragraph, the Company may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or the assets have been disposed of, terminated the lease agreement, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Competent Authority has given its consent.

#### Transaction of Derivative Products

Article 16 The Company engages in transactions of derivative products shall pay strict attention to control of the following important risk management and auditing matters, and incorporate them into their Procedures:

1. Trading principles and strategies: shall include the types of derivatives that may be traded, operating or hedging strategies, segregation of duties, essentials of performance evaluation, total amount of derivatives contracts that may be traded, and the maximum loss limit on total trading and for individual contracts.
2. Risk management measures.
3. Internal auditing system.
4. Regular evaluation methods and the handling of irregular circumstances.

Article 17 The Company engaging in derivatives trading shall adopt the following risk management measures:

1. The scope of risk management shall include the risk management

of credit, market price, liquidity, cash flows, operation and legal risks.

2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the Board of Directors or high-level managers with no responsibility for trading or position decision-making.
4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to high-level managers authorized by the Board of Directors.
5. Other important risk management measures.

Article 18 Principles of Supervision and Management of the Board of Directors:

1. Assign high-level managers to pay continuous attention to monitoring and controlling derivatives trading risk.
2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.

The Principles of Supervision and Control of the High-Level Managers Authorized by the Board of Directors:

1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Procedures and the procedures to engage in the transaction of derivative products stipulated by the Company.
2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; an independent director shall be present at the meeting and express an opinion.

Article 19 The Company shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under Subparagraph 4 of Article 17, Subparagraph 2 of Paragraph 1 and Subparagraph 1 of Paragraph 2 of Article 18 shall be recorded in detail.

The Company's internal auditors shall periodically check the suitability of internal controls on derivative transactions and conduct a monthly audit of compliance of the trading departments with the procedures to engage in the transaction of derivative products, and prepare an audit report. If any material violation is discovered, the audit committee and its members shall be notified in writing.

#### Mergers, Splits, Acquisitions and Share Transfer among Enterprises

Article 20 Before convening the meeting for the Board of Directors for a resolution, the Company engaging in a merger, split, acquisition or share transfer shall retain accountants, attorneys or securities underwriters to provide opinions on the reasonableness of the share conversion rates, acquisition price or the cash or other assets distributed to shareholders, and submit the opinions to the Board of Directors to discuss for approval. Provided, when the Company merges its Subsidiary in which the Company holds, directly or indirectly, 100% of the shares outstanding or total capital, or a merger occurs between its Subsidiaries in which the Company holds, directly or indirectly, 100% of the shares outstanding or total capital, the foregoing experts' opinions are not required.

Article 21 Prior to convening the shareholders' meeting, the Company participating in a merger, split or acquisition shall prepare a public report to shareholders detailing important contractual content and matters relating to the merger, split, or acquisition and include it along with the experts' opinions referred to in the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, split, or acquisition. Provided, however, where another act exempts the Company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. If the shareholders' meeting of any company (including the Company) participating in the merger, split or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the Company shall immediately make

a public announcement explaining the reasons for such occurrence, the follow-up measures to be taken, and the anticipated date for convening of the next shareholders' meeting(s).

Article 22 Unless otherwise provided by other laws or the Competent Authority is notified in advance of extraordinary circumstances and grants consent, the Company shall convene the board meetings and shareholders' meetings and pass resolutions regarding merger, split, acquisition or transfer of another company's shares and relevant matters on the same day with said companies participating in a merger, split or acquisition.

When participating in a merger, split, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, split, acquisition, or transfer of shares from another company prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
3. Important documents and minutes: Including merger, split, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

The Company shall, within 2 days commencing immediately from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to Financial Supervisory Commission for recordation.

Article 23 All persons participating in or knowing of plan of the Company's merger, split, acquisition or share transfer shall issue a written undertaking of nondisclosure, and may not disclose the content of the plan prior to public

disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or share transfer.

Article 24 In the Company's participating in a merger, split, acquisition or share transfer, the share conversion rates or the acquisition price may not be arbitrarily changed unless under the following circumstances, and conditions for change shall be provided in the merger, split, acquisition or share transfer contract:

1. Cash capital increase, issuance of convertible corporate bonds, distribution of stock dividends, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. Acts affecting the Company's finances or operations, such as disposal of major assets.
3. Occurrence of major disasters, major technological transformations, or other events affecting the Company's shareholders' equity or the Company's securities prices.
4. An adjustment where any of the companies participating in the merger, split, acquisition, or transfer of shares from another company, buys back its treasury stock according to laws.
5. Increase, decrease, or change in the entities, or number thereof, participating in the merger, split, acquisition or share transfer.
6. Other conditions for change have been provided in the contract and publicly disclosed.

Article 25 In the Company's participation in a merger, split, acquisition or share transfer, the contract shall specify the rights and obligations of the companies participating in the merger, split, acquisition or share transfer and shall also specify the following particulars:

1. Handling of breach of agreement.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.

4. The manner of handling changes in the number of participating entities or companies.
5. The scheduled timetable for execution of the plan, and scheduled timeframe for completion.
6. The relevant procedures for handling failure to complete within such timeframe, such as the anticipated date for convening of the shareholders' meeting(s) pursuant to laws

Article 26 Following public disclosure of information about the Company's participating in merger, split, acquisition or share transfer, if the Company has an intention to undertake a further merger, split, acquisition or share transfer with another company, any procedures or legal actions already carried out by the Company under the original merger, split, acquisition or share transfer plan shall be carried out anew except conditions that the number of the participating companies decreases and the companies' shareholders' meeting has made a resolution and authorized the Board of Directors the right for modification, the Company is exempt from convening the shareholders' meeting for another resolution.

Article 27 If the companies participating in the merger, split, acquisition or share transfer are categorized as non-public companies, the Company shall enter into an agreement with them whereby the latter is required to abide by Articles 22, 23 and 26

Article 28 Others

1. Matters not provided herein shall be governed by the relevant laws and regulations and relevant internal rules of the Company. If the Procedures of Acquisition or Disposal of Assets in the original ruling is amended by the competent authority, the Company shall apply the provisions in the new ruling.
2. These Procedures shall comply with related regulations and shall be approved by the audit committee members and submitted to the Board of Directors for further approval and reported to the shareholders' meeting for enforcement after its approval. The same procedures shall apply with any amendment hereto. If a director holds dissenting opinions of Company's matters and there were records for it or in written stating, the Company shall submit materials of the director's dissenting opinions to the audit

committee.

3. When these Procedures are submitted for discussion by the Board of Directors meeting, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or express reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.
4. For the Company's matters which shall be approved by the Board of Directors pursuant to these Procedures or other laws, where a director holds dissenting opinions on the Company's matters and there were relevant records or made in writing, the Company shall submit materials of the director's dissenting opinions to audit committee.
5. When the Company reports the transaction of acquisition or disposal of assets pursuant to the preceding paragraphs to the Board of Directors for discussion, the Board of Directors shall fully take each independent director's opinions into consideration. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting
6. Any transaction involving major assets or derivatives products shall be approved by more than half of all audit committee members and submitted to the Board of Directors for further approval.
7. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, these Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.
8. The terms "all audit committee members" in Paragraph 6 and "all directors" in the preceding paragraph shall be calculated as the actual number of persons currently holding those positions.
9. Where the Company's share is no-par stock or its par value per share is not the NT\$10, the transaction amount calculation related to 20% of the paid-in capital under these Procedures shall be calculated based on 10% of equity attributable to owners of the parent company. For calculation of under the provisions of these Procedures regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to

owners of the parent shall be substituted.

- Article 29 The Procedures were enacted on May 31, 1998.  
The first amendment was made on February 22, 1999.  
The second amendment was made on Nov 30, 1999.  
The third amendment was made on June 12, 2003.  
The fourth amendment was made on June 13, 2007.  
The fifth amendment was made on June 10, 2011.  
The sixth amendment was made on June 19, 2012.  
The seventh amendment was made on June 11, 2013.  
The eighth amendment was made on June 12, 2014.  
The ninth amendment was made on June 8, 2017.  
The tenth amendment was made on June 12, 2019.