

TONG HSING ELECTRONIC INDUSTRIES, LTD.

Procedures for Acquisition and Disposal of Assets

Article 1: Purpose

These key points are enacted for the purpose of protecting investors, fulfilling information disclosure, and enhancing public companies to establish the risk management system for derivative products transaction.

Article 2: General Principles

These Procedures are adopted in accordance with Article 36-1 of the Securities and Exchange Act and the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."

Article 3: Scope of Assets

The term "assets" as used in these Procedures includes the following:

- I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- II. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
- III. Membership.
- IV. Patents, copyrights, trademarks, licenses and other intangible assets.
- V. Right-of-use assets.
- VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VII. Derivatives.
- VIII. Assets acquired or disposed of by legal merger, division, acquisition or transfer of shares.
- IX. Other important assets.

Article 4: Terminology

- I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
- II. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the

consideration there for (hereinafter "transfer of shares") under Article 156, paragraph 8 of Company Act.

- III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- IV. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
- V. Date of occurrence: It refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, and dates of boards of directors resolutions, or another date that can confirm the transaction counterpart or monetary amount, whichever date is earlier. For investments that are subject to the approval of the competent authorities, one of the dates of event referred to above or the date of approval by the competent authorities whichever is earlier or sooner shall prevail.
- VI. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- VII. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
- VIII. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 5: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountants opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

- I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of the Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since the completion of service of the sentence, since the expiration of the period of a suspended sentence, or since a pardon was received.
- II. Not a related party or de facto related party of the transaction counterpart.
- III. If the Company is required to obtain appraisal reports from two or more professional appraisers, the professional appraisers or appraisers may not be related parties or de facto related parties of each other.

When issuing appraisal reports or opinions, the aforesaid officers shall comply

with the self-regulatory rules of their respective trade associations and the following matters:

- I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- II. When executing audit assignments, they shall plan and implement appropriate operating procedures to draw a conclusion as the basis of producing a report or expressing an opinion; and maintain a full record of the implementation procedures, gathered data, and conclusions in the worksheet.
- III. They shall assess the appropriateness and reasonableness of the data sources, parameters and information used on a case-by-case basis as the basis for issuing appraisal reports or written opinions.
- IV. The declaration shall include the professionalism and independence of the relevant personnel, the assessment of the appropriateness and correctness of the information used and the compliance with the relevant laws and regulations.

Article 6: Scope of Assets and Limits of Amounts

The limits of amounts for the acquisition of properties and right-of-use assets by the Company and its subsidiary for non-operating purpose:

- I. The total amount of properties not for operating use and their right-to-use assets shall not exceed 20% of the Company's paid-in capital as certified by the CPA.
- II. The total amount of the original investment in marketable securities shall not exceed 200% of the Company's most recent net financial position.
- III. The original amount of investment in individual marketable securities shall not exceed 150% of the Company's net worth in the most recent financial statements.
- IV. The amount of the acquisition or disposal of memberships or intangible assets shall not exceed 20% of the Company's paid-in capital in the most recent financial statements.

Article 7: Procedures for evaluating the acquisition or disposal of assets

- I. Acquisition or disposal of non-derivative financial instruments
 - (I) When acquiring or disposing of non-derivative financial instruments in the centralized trading market or securities dealer's business premises, the contractor shall submit the reasons for the proposed acquisition or disposal, the subject matter, and the price reference basis in accordance with the approval authority of the Company's layered responsibility regulations, and submit them to the authority responsible for the decision.
 - (II) When acquiring or disposing of non-derivative financial instruments or private placement of non-derivative financial instruments other than in a centralized trading market or securities dealer's business premises, the contractor shall submit the reasons for the proposed acquisition or disposal, the subject matter, the counterparty, the transfer price, the terms of receipt and payment, and the basis of price reference, etc., to the Board of Directors for

approval before proceeding in accordance with the approval authority of the Company's layered responsibility regulations, and submit them to the authority for decision.

- II. When acquiring or disposing of properties, their right-to-use assets or other assets, the contractor shall submit the reasons for the proposed acquisition or disposal, the subject matter, the counterparty, the transfer price, the terms of receipt and payment, and the price reference in accordance with the approval authority of the Company's layered responsibility regulations, and submit them to the authority for judgment.
- III. The amendment of these Procedures shall be approved by at least one-half of all members of the Audit Committee, and after approval by the Board of Directors, submit it to the shareholders' meeting for approval.
- IV. When these Procedures are submitted to the Board of Directors for discussion, the opinions of each independent director shall be taken into full consideration. Any objection or reservation expressed by an independent director shall be recorded in the minutes of the Board of Directors' meeting.
- V. These Procedures, if not approved by at least one-half of all members of the Audit Committee, the resolution shall be approved by at least two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors' meeting.
- VI. All members of the Audit Committee mentioned in the preceding paragraph and all directors mentioned in the preceding paragraph shall be counted as those who are actually in office.

Article 8: Procedures for Decision on Trading Conditions

- I. The method and reference for determining the price of acquisition or disposal of assets:
 - (I) Acquisition or disposal of non-derivative financial instruments
 - 1. The price of non-derivative financial instruments traded on the centralized trading market or at securities dealers' offices shall be determined by the prevailing market price of the non-derivative financial instruments.
 - 2. The price of non-derivative financial instruments not acquired or disposed of in a centralized trading market or on the securities dealer's premises shall be determined by considering the net value per share, profitability, future development potential and reference to the prevailing trading price.
 - (II) The acquisition or disposal of other assets shall be made by comparison, negotiation, tender or other means.
- II. The acquisition or disposal of assets shall be carried out by the responsible unit in accordance with the approval authority of the Company's layered responsibility policy, and the decision shall be submitted to the responsible unit.

Article 9: Acquisition or disposal of properties, equipment or right-of-use assets

In acquiring or disposing of real estate or other equipment or right-of-use assets

thereof where the transaction amount reaches 20% of the Company's paid-in capital or exceeds NT\$300 million, the Company, unless transacting with a government agency, engaging others to build on the Company's own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof for business use, shall obtain an appraisal report from professional appraisers prior to the date of event and shall further comply with the following provisions:

- I. If the transaction price is determined by referring to an attributive price, a specific price, or a special price for a good cause, the transaction should be presented to the board of directors for resolution. Any changes in trading conditions thereafter should be handled in the same manner.
- II. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- III. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal reports, unless all the appraisal reports for the assets to be acquired are higher than the transaction price, or all the appraisal reports for the assets to be disposed of are lower than the transaction price, a CPA shall render a specific opinion regarding the reason for the discrepancy and the fairness of the transaction price:
 - (I) The discrepancy between an appraisal report and the transaction price reaches 20% or more of the transaction price.
 - (II) The discrepancy between the appraisal reports of two or more professional appraisers reaches 10% or more of the transaction price.
- IV. No more than three months may elapse between the issuance date of the appraisal report by a professional appraiser and the contract execution date. However, if it is subject to the announced present value of the same period and that is not more than six months away, an opinion can be issued by the original appraiser.

Article 10: Acquisition or Disposal of Marketable Securities:

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

Article 11: Acquisition or Disposal of Intangible Assets or Right-to-use Assets or Membership:

Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public

accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.

Article 12: The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 18-2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 13: For the Company's acquisition or disposal of assets through court auction procedures, the documentation issued by the court may be used in place of the appraisal report or CPA opinion.

Article 14: When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the matters are handled in accordance with these Procedures, necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 9-Article 13. The calculation of the transaction amount referred to a related party shall be made in accordance with Article 12 herein.

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

Article 15: When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors:

- (I) The purpose, necessity, and expected benefits of the acquisition or disposal of assets.
- (II) The reasons for selecting the related party as the trading counterpart.
- (III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 16 and Article 17.
- (IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.

- (V) The monthly cash income and expense forecast within the year from the month of the contract signed; also, the assessment of the necessity of the trade and the reasonableness of the use of funds.
- (VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- (VII) The restrictions and other important stipulations of the transaction.

With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the Company's Board of Directors may pursuant to Article 6, delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:

- (I) Acquisition or disposal of equipment or right-to-use assets for business use.

- (II) Acquisition or disposal of property right-of-use assets for business use. Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the Board of Directors pursuant to paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. 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.

For the first item that shall be recognized by the Audit Committee, more than one-half of all members of the Audit Committee shall first agree and submit a resolution to the Board of Directors, and the provisions of Paragraphs 5 and 6, Article 7 shall apply.

If the Company or a subsidiary of the Company that is not a domestic listed company has the first transaction and the transaction amount reaches 10% or more of the Company's total assets, the Company shall submit the information listed in the first paragraph to the shareholders' meeting for approval before signing the transaction contract and submitting the payment. However, transactions between the Company and its parent company or subsidiaries, or between subsidiaries of the Company and each other, are not subject to this limitation.

The calculation of the transaction amounts in the first and preceding items shall be made in accordance with Paragraph 2, Article 28 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to the shareholders' meeting, the Board of Directors' meeting for approval and the audit committee for acknowledgment in accordance with the provisions of this standard exempted from further calculation.

Article 16: The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

- (I) Based upon the related party's transaction price plus necessary interest on funding and buyer's cost by law. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year

the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

- (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 exceeded 70% of the financial institution's appraised total value of the property and the period of the loan shall have exceeded 1 year. However, it is not applicable if the financial institution and the counterparty are related to one another.

Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:

- (I) The related party acquired the properties or the right-of-use thereof through inheritance or as a gift.
- (II) More than five years have elapsed from the time the related party signed the contract to obtain the properties or the right-of-use assets thereto to the signing date of the transaction.
- (III) The property is acquired through signing a joint development contract with the related party, or through engaging a related party to build properties, either on the Company's own land or on rented land.
- (IV) The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.

Article 17: When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. However, as a result of the following circumstances and with the objective evidence presented and an appraisal report collected from the professional real estate appraiser and a reasonable opinion issued by the CPAs, it is not subject to the limitations:

- (I) Related party that has obtained prime land or rental land for construction may submit the proof of compliance with any one of the following conditions:
 - 1. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are

valued in excess of the actual transaction price. The “reasonable construction profit” shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

- (II) Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

“Completed transactions involving neighboring or closely valued parcels of land” in the preceding paragraph refers to parcels on the same or an adjacent block and within a radius of no more than 500 meters or parcels similar in publicly announced current value. “Land of a similar size” refers to completed transactions of unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction. “Within a year” refers to a period of one year calculated retroactively from the date of event of the acquisition of real estate or the right-of-use assets thereto.

Article 18: Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:

- (I) A special reserve shall be set aside in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act against the difference between the transaction price and appraised cost of the real estate or the right-of-use assets thereof and that amount may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
- (II) The Audit Committee shall comply with Article 218 of Company Act.
- (III) 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 any investment prospectus. The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo

ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

Article 19: Engaged in Derivative Trading

- I. The Company has established derivative trading rules to regulate important risk management and audit control.
- II. The Company engaging in derivatives trading shall adopt the following risk management measures:
 - (I) Define Risk management scope.
 - (II) Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
 - (III) 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 senior management personnel with no responsibility for trading or position decision-making.
 - (IV) 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 senior management personnel authorized by the Board of Directors.
- III. the Company engaging in derivatives trading, its Board of Directors shall faithfully supervise and manage such trading in accordance with the following principles:
 - (I) Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
 - (II) 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.

Senior management personnel authorized by the Board of Directors shall manage derivatives trading in accordance with the following principles:

- (I) Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the Company.
- (II) 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; where a company has independent directors,

an independent director shall be present at the meeting and express an opinion.

The Company shall report to the soonest meeting of the Board of Directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

- IV. The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged shall be recorded in detail in the log book.

The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all audit committee members shall be notified in writing.

Article 20: For the Company's merger, demerger, acquisition, or transfer of shares, the Company shall engage certified public accountants, lawyers or securities underwriters to express their opinions at board meetings regarding the reasonableness of the share exchange ratio, the acquisition price, or the amount of cash or property distributed to shareholders before the proposal is discussed and approved by the Board of Directors. However, the requirement of obtaining the aforementioned opinion on reasonableness issued by an expert may be exempted in the case of a merger between a public company and its subsidiary in which the public company holds directly or indirectly 100% of the subsidiaries' issued shares or capital, or between the subsidiaries of a public company in which public company holds directly or indirectly 100% of the subsidiaries' issued shares or capital.

Article 21: A merger, demerger, acquisition, or transfer of shares of the Company shall prepare a public report to shareholders detailing important contractual contents and matters relevant to the merger, demerger, or acquisition prior to the shareholders' meeting and include it along with the expert opinion referred to in Paragraph 1 when sending shareholders' meeting notification to the shareholders for reference in deciding whether to approve the merger, demerger, or acquisition. However, this restriction shall not apply in the event that a public company is exempt from convening a shareholders' meeting to approve the merger, demerger, or acquisition under the provision of other laws or regulations. If a shareholders' meeting cannot be convened or resolved due to insufficient number of attendees or voting rights or other legal restrictions, or if a resolution is rejected by the shareholders' meeting, the reasons for the occurrence, the follow-up actions and the expected date of the shareholders' meeting shall be immediately disclosed to the public.

Article 22: The Company participating in a merger, demerger, or acquisition shall convene a Board of Directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or

acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

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

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

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

The Company shall, within two days from the date of the Board of Directors' resolution, report the information in the preceding sub-paragraphs 1 and 2 in the prescribed format to the FSC on the Internet information system for record. The Company shall enter into an agreement with them and shall comply with the provisions of the preceding two paragraphs.

Article 23: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 24: The Companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

- (I) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
- (II) The action of disposal of major assets that affects a company's financial operations.

- (III) The occurrence of major disasters and changes in technology that affects a company's shareholders' equity or securities price.
- (IV) The adjustment of treasury stock repurchased lawfully by any company participating in the merger, demerger, acquisition, or transfer of shares.
- (V) Changes in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
- (VI) Other terms or conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 25: The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

- (I) Handling of breach of contract.
- (II) The principles for the handling of equity-based securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
- (III) The principles for the handling of the amount treasury stock that the participating is permitted to buy back lawfully after the base date for the calculation of stock swap.
- (IV) The handling of the occurrence of changes in the number of participating entities or companies.
- (V) Preliminary progress schedule for plan execution, and anticipated completion date.
- (VI) The handling of matters regarding the scheduled date for convening the legally mandated shareholders' meeting if the plan exceeds the deadline without completion.

Article 26: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 27: The Company shall enter into an agreement with any company involved in a merger, demerger, acquisition or transfer of shares that is not a public company, and shall comply with the provisions of Article 22, Article 23 and the preceding Article.

Article 28: Information Disclosure Procedures

- I. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format

as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

- (I) Acquisition or disposal of properties or the right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than properties or the right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the total assets, or NT\$300,000,000 or more, but not subject to the trading of domestic government bonds or RP/RS bonds, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- (II) Merger, demerger, acquisition, or transfer of shares.
- (III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
- (IV) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - 1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - 2. For a public company whose paid-in capital is NT\$10 billion or more but less than NT\$50 billion, the transaction amount reaches NT\$1 billion or more.
 - 3. For a public company whose paid-in capital is NT\$50 billion, the transaction amount reaches 5 percent or more of paid-in capital.
- (V) When properties is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the transaction counterparts are not related parties, and the proposed amount of the Company's investment exceeds NT\$500 million.
- (VI) In the case of a public company with paid-in capital reaching NT\$50 billion or more, transactions in government bonds, ordinary corporate bonds, and general bank debentures without equity characteristics (excluding subordinated debt) traded on securities exchanges or OTC markets, which do not fall under any of the circumstances listed in the proviso of subparagraph 8, and where furthermore the transaction counterparty is not a related party, and the transaction amount reaches 5 percent or more of paid-in capital.
- (VII) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million.

However, the following circumstances are not subject to the restrictions:

1. Trading of domestic government bonds or foreign government bonds with a credit rating not lower than the sovereign rating of Taiwan.
2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds or ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or resale of index investment securities, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
3. Trading of RP/RS bonds or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

II. The amount of transactions above shall be calculated as follows:

- (I) Amount of each transaction.
- (II) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterpart within a year.
- (III) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use 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.

"Within the preceding year" as used in the preceding 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.

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and the Company's subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney,

and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise.

Article 29: Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

- (I) The originally signed trade contract is modified, terminated, or revoked.
- (II) Merger, demerger, acquisition, or transfer of shares is not completed by the deadline set forth in the contract.
- (III) Changes are made to the content of the original public announcement and regulatory filing.

Article 30: Management of Subsidiaries

- I. The Procedures for Subsidiaries' acquisition and disposal of assets shall be approved by the Board of Directors from subsidiaries. Any amendment is subject to the same procedures.
- II. If a subsidiary of the Company that is not a public company is involved in an acquisition or disposal of assets that requires a public announcement and filing under Article 28, the Company shall act on its behalf to make such announcement and filing. For the purpose of the announcement and filing thresholds, the provisions concerning paid-in capital or total assets of the subsidiary shall be based on the paid-in capital or total assets of the Company.
- III. For the calculation of 10% of total assets under the Procedures, the total assets stated in the Company's most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20% of paid-in capital under these Procedures, 10% of equity attributable to owners of the parent shall be substituted; for the calculation of transaction amounts of 5% of paid-in capital, 2.5% of equity attributable to owners of the parent shall be substituted; for calculations 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; for calculations regarding transaction amounts relative to paid-in capital of NT\$50 billion, NT\$100 billion of equity attributable to owners of the parent shall be substituted.

Article 31: For personnel violating these Procedures or the procedures for the acquisition or disposal of assets, penalties will be imposed, depending on the severity of the offense, including a warning, demerits, demotion, pay cuts, suspension of duty and other penalties. Such violations will be reviewed in the internal control system.

Article 32: Any other matters not set forth in the Procedures shall be dealt with in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" prescribed by the competent authority and the relevant applicable laws and regulations.

Article 33: These Procedures shall be approved by the Audit Committee and the Board of Directors, and then submitted to the shareholders' meeting for approval. The same applies to any amendments.

The Procedures were established on June 24, 1999.

The first amendment was made on June 3, 2000.

The second amendment was made on June 20, 2003.

The third amendment was made on December 21, 2006.

The fourth amendment was made on May 15, 2007.

The fifth amendment was made on June 19, 2012.

The sixth amendment was made on June 19, 2014.

The seventh amendment was made on June 19, 2017.

The eighth amendment was made on June 21, 2019.

The ninth amendment was made on February 14, 2020.

The tenth amendment was made on July 7, 2021.

The eleventh amendment was made on June 8, 2022.

The twelfth amendment was made on May 25, 2026.