

KWONG LUNG ENTERPRISE CO.,LTD.

Procedures for Acquisition or Disposition of Assets

Chapter 1 General Provision

Article 1 Purpose

This Procedure is instituted as the guideline for the acquisition or disposition of assets for the Company. Any matter not covered by This Procedure shall be governed by applicable laws.

Article 2 Assets as referred to in This Procedure shall cover the following:

1. Stock, government bonds, corporate bonds, bank debentures, fund certificates, depository receipts, call (put)warrants, beneficiary certificates and asset-back securities investment.
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Membership card.
4. Patent, copyright, trademark, franchise right and other intangible asset.
5. Right-of-use assets.
6. Derivatives.
7. Assets acquired or disposed through merger, spinoff, acquisition or assignment of shares under law.
8. Other major assets.

Article 3 Terms and definition of This Procedure are elaborated below:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable , or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts .
2. Assets acquired or disposed through merger, spinoff, acquisition or assignment of shares under law: The assets acquired or disposed through corporate merger, spinoff, or acquisition in accordance with the Corporate Merger and Acquisition Act or other applicable laws, or the issuance of new shares for the acceptance of shares assigned by a third party pursuant to Article 156-3 of the Company Act (hereinafter referred to as "assigned shares").
3. Related parties, subsidiaries: As determined in accordance with the Criteria for the Compilation of Financial Statement by Securities Issuers.
4. Professional appraisers: They are the real estate appraisers or other professionals engaged in the appraisal of real property and equipment under applicable laws.
5. The day of deed: This refers to contract signing day, payment day, day of trade to customer order, account transfer day, board resolution day, or any other days on which counterparties and amount of transaction is determined, whichever comes earlier. The day of deed for investment subject to the prior approval of the competent authority shall be the aforementioned day or the day on which the notice of approval from the competent authority is delivered, whichever comes earlier.
6. Investment in Mainland China: This refers to the investment in Mainland China permitted by the Investment Commission of the Ministry of Economic Affairs under the Regulations Governing the Investment or Technology Joint Venture in Mainland China.
7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures

commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.

8. 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.
9. 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.
10. Within 1 year: This shall be the period from the day of acquisition or disposition of assets to the end of one year in retrospect. The portion already announced could be excluded from the calculation.
11. The rule of 10% of the total assets as stated in This Procedure shall be the amount of total assets in the separate or individual financial statement covering the most recent period compiled in accordance with the Criteria for Compilation of Financial Statements by Securities Issuers.

Article 4 The professional appraisers and the appraisal personnel, certified public accountants, lawyers or securities underwriters in presenting professional opinions on the appraisal reports or opinions of certified public accountants, attorney at law or securities underwriters shall meet the following requirements:

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

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Part 1 Acquisition or Disposition of Assets

Article 5 The total amount of real property and right-of-use assets thereof not for business purpose, and the total amount of securities and the limit of individual securities by the Company and the subsidiaries are specified below:

1. Total amount of real property and right-of-use assets thereof not for business purpose (Refers to the carrying amount)
 - (1) The Company: Up to 25% of the net worth of the Company.
 - (2) Subsidiaries: Up to 15% of the net worth of the Company.
2. Total amount for the acquisition of securities (Refers to the original investment amount)
 - (1) The Company: Up to 150% of the net worth of the Company.
 - (2) Subsidiaries: Up to 80% of the net worth of the Company.
3. Limit for the acquisition of individual securities (Refers to the original investment amount)
 - (1) The Company: Up to 100% of the net worth of the Company.
 - (2) Subsidiaries: Up to 80% of the net worth of the Company.

Article 6 Acquisition or disposition of real property, equipment or right-of-use assets thereof

1. Evaluation and operation: the acquisition or disposition of real property, equipment or right-of-use assets thereof by the Company shall be governed by relevant internal regulations of the Company.
2. Terms and conditions of trade and the decision process of authorized of limit
 - (1) In the acquisition or disposition of real property or right-of-use asset thereof, the organizer shall take the posted present value, appraised value, the actual transaction price of real property in the immediate area as into consideration for setting the transaction price for the reference of the person in charge in making decision. The authorized limit shall be based on the gate approval rule of the Company.
 - (2) In the acquisition or disposition of equipment or right-of-use asset thereof, the organizer shall choose the method of inquiry, price comparison, bargaining, or tender offer to set the price as reference for the person in charge in making decision. The authorized limit shall be based on the gate approval rule of the Company.
3. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser 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 for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
 - (2) If the transaction amount exceeds NT\$1 billion, the appraisal of at least two professional appraisers will be necessary.
 - (3) Unless otherwise the appraisal results on the assets exceed the transaction price in acquisition, or the appraisal results fall below the transaction price in disposition, invite a certified public accountant to present an opinion on the suitability of the transaction price and the reason for the difference in accordance with No. 20 of the Statement of Auditing Standard released by the Accounting Research and Development Foundation of the Republic of China (hereinafter referred to as "ARDF") if any of the following is

applicable to the appraisal result:

- 1). The difference between the appraisal result and the transaction amount exceeds 20% of the transaction amount.
 - 2). The difference between the appraisal results from more than 2 professional appraisers exceeds 10% of the transaction amount.
 - (4) The time span between the date of appraisal report and the date of the deed of agreement shall not exceed 3 months. If the posted present value is applicable and the lapse time is less than 6 months, the previous professional appraisers shall present a professional opinion in writing.
4. Executor: The users and related functional departments.

Article 7 Acquisition or disposition of securities

1. Evaluation and operation : the acquisition or disposition of securities by the Company shall be governed by relevant internal regulations of the Company.
2. Terms and conditions of trade and the decision process of authorized limit
 - (1) For the trading of securities in the centralized market or OTC securities market, consult the audited or reviewed financial statements covering the most recent period as reference for assessing the trading price, followed by the assessment of market situation by the competent authority of the Company before making decision.
 - (2) For the trading of securities outside the centralized market or OTC securities market, consult the audited or reviewed financial statements covering the most recent period as reference for assessing the trading price, and consider the net value per share, profitability, and the prospect of the securities.
 - (3) The acquisition or disposition of securities shall be subject to the approval of the Board.
3. In the acquisition or disposition of securities, obtain the audited or reviewed financial statement of the target companies covering the most recent period as reference for assessing the trading price before the day of deed. For transaction exceeding 20% of the paid-in capital of the Company or NT\$300 million, consult a certified public accountant for an opinion on the reasonability of the transaction price before the day of deed. If the certified public accountant elects to adopt the opinion of an expert, proceed to Statement of Auditing Standard No. 20 released by the Accounting Research and Development Foundation unless there is open quotation on the securities in an active market or the Financial Supervisory Commission (hereinafter referred to as "FSC") specified otherwise.
4. Executor: The treasury department or other related functional departments.

Article 8 Acquisition or disposition of intangible assets or right-of-use assets thereof or membership cards

1. Evaluation and operation: In applying for the acquisition or disposition of intangible assets or right-of-use assets thereof or membership cards, provide an assessment report and proceed to the following procedure:
2. Terms and conditions of trade and the decision process of authorized limit
 - (1) For the acquisition or disposition of intangible assets or right-of-use assets thereof, consult the opinions from the experts or fair market value, the terms and conditions and the price, and conduct analysis on the information and compile the information into a report for submitting to the Chief Executive Officer and the Chairman. If the transaction amount falls below NT\$10 million, the Chairman will be authorized to make decision. If the transaction amount exceeds NT\$10 million, refer to the Board for approval.
 - (2) For the acquisition or disposition of membership cards, consult the fair market value, the terms and conditions and the price, and conduct analysis on the information and compile the information into a report for submitting to the Chief Executive Officer and the Chairman. If the transaction amount falls below

NT\$3 million, the Chairman will be authorized to make decision. If the transaction amount exceeds NT\$3 million, refer to the Board for approval.

3. If the acquisition or disposition of intangible assets or right-of-use assets thereof or membership cards by the Company exceeding 20% of the paid-in capital of the Company or NT\$300 million, consult a certified public accountant for an opinion on the reasonability of the transaction price before the day of deed and proceed to Statement of Auditing Standard No. 20 released by the Accounting Research and Development Foundation unless otherwise the transaction is conducted with domestic government agencies.
4. Executor: The users or other related functional departments.

Article 9 The calculation of the transaction amount stated in the preceding 3 articles shall be in compliance with Article 26, Paragraph 2. The period of one year shall be based on the day of deed for the duration of one year in retrospect. The portion that has been supported by appraisal reports issued by professional appraisers or the opinions of the certified public accountant shall be excluded from the calculation.

Article 10 For the acquisition or disposition of assets by the Company through court auction, the certification documents issued by court shall be used in lieu of the appraisal reports or the opinions of the certified public accountants.

Part 2 Related Party Transactions

Article 11 The acquisition or disposition of assets with related parties shall be conducted in accordance with This Procedure in the aspects of decision process and the evaluation of the rationality of the terms and conditions of transactions. If the transaction amount exceeds 10% of the total assets of the Company, follow the requirement of the previous Part in obtaining the appraisal reports issued by professional appraisers or the opinion of certified public accountant. The calculation of the aforementioned transactions amount shall be based on Article 9 of This Procedure. In determining if the counterparty of trade is a related party or not, considers the substantive relation in addition to the formality of relation under law.

Article 12 For acquisition or disposition of real property (regardless of the amount) or right-of-use assets thereof (regardless of the amount) with related parties, or the acquisition or disposition of assets beyond real property or right-of-use assets thereof, and the amount of transaction exceeds 20% of the paid-in capital, or 10% of the total assets, or NT\$300 million, present the following information to the Board for approval and the Supervisors for ratification before proceeding to signing related transaction agreements or effecting payment except for the trading of government domestic bonds, bonds featuring R/P and reverse R/P, subscription or redemption of money market funds issued by domestic securities investment trust firms:

1. The purpose, necessity and expected benefit for the acquisition or disposition of assets.
2. The reason for choosing designated related party as the counterparty.
3. Information on the assessment of the rationality of the terms and conditions of trade for acquiring real property or right-of-use assets thereof from related parties under Article 13 and Article 14 of This Procedure.
4. The original date and price and the counterparty of trade of the related party in acquiring the property and its relation to the related parties.
5. The cash balance projection in each month of the year ahead from the month of expected signing of agreement with assessment on the necessity and the reasonability of the use of fund.
6. The valuation report issued by the professional appraiser obtained in accordance with the provisions of the preceding article, or the opinion of the accountant
7. The limitation of current transactions and other important agreements.

The calculation of the aforementioned amount of transaction shall be governed by Article 26 – 2 of This Procedure. Within one year as referred to shall be the period of one year in retrospect from the day of deed, excluding the portion

already presented to the Board for approval and the Supervisors for ratification.

With respect to the types of transactions listed below, when to be conducted between the company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Board may authorize the Chairman to make decision under the amount of NT\$200 million and present to the nearest session of the Board for ratification.

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.(The transaction amount reaches a major standard.)
2. Acquisition or disposal of real property right-of-use assets held for business use. (regardless of the amount)

Article 13 For acquisition of real property or right-of-use assets thereof from related parties, the Company shall assess the reasonability of the cost of transaction in the method specified below:

1. Addition of necessary cost for capital and the cost to be borne by the buyer on top of the price offered by the related party. Necessary cost of capital is the interest for the loan on the basis of the weighted average interest rate in the year of acquisition but not higher than the highest interest rate for loan from non-financial institution as announced by Ministry of Finance.
2. If the related party has pledged the subject property to a financial institution under lien, it will be the total value for lending assessed by the financial institution on the subject property. However, the accumulated amount of drawdown on the subject property from the financial institution shall exceed 70% of the assessed value and the term of loan has been longer than 1 year. This provision will be waived if the financial institution and one side of the counterparties are related parties.

For the combined purchase or lease of land and building of the same subject property, the cost of transaction shall be evaluated separately on land and building in any of the aforementioned methods.

For the acquisition of real property or right-of-use assets thereof from related parties, evaluate the cost of real property or right-of-use assets thereof in accordance with the preceding two paragraphs and request a certified public accountant for review and express substantive opinion.

If any of the following is applicable to the acquisition of real property or right-of-use assets thereof from related parties, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:

1. The related party acquired the real property or right-of-use assets thereof through succession or as a gift.
2. The related party has entered into an agreement for the acquisition of real property or right-of-use assets thereof has been longer than 5 years from the day of deed of 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 rented land.
4. The real property right-of-use assets for business use are acquired by the company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 14 If the appraisal result performed in accordance with 1 and 2 of the previous article fall below the transaction price, proceed to Article 15 for action. This provision shall be waived if any of the following is application with the presentation of objective evidence and the opinions from the professional real estate appraisers and the certified public accountants in the reasonability of the price:

1. If the related party acquired empty land or leased land for construction, prove that one of the following conditions shall be satisfied:
 - (1) For empty land, appraisal shall be performed in accordance with any of the methods specified in the previous article. The appraisal of building shall be based on the cost of construction borne by the related

party plus reasonable profit from construction and the total of which shall exceed the actual transaction price. Reasonable profit from construction as referred to shall be the average gross margin of the construction segment of the related party over the last 3 years or the gross margin for the construction industry in 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.
2. 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.

Transactions in the immediate area shall be in the same street or neighboring street and the subject matters of trade are less than 500 meters apart or the announced present values are approximated. In similar area shall be the property in transaction with unrelated parties are in similar size by floor areas and do not fall below the difference of 50% from the subject property of transaction.

Article 15 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:

1. Recognize the difference between the transaction price of real property or right-of-use assets thereof and the estimated cost as special reserve pursuant to Article 41, Paragraph 1 of the Securities and Exchange Act and shall not distribute as earnings or capitalize the reserve into new shares. If the investee of the Company accounted for under the equity method is a public company, recognize the stated amount as special reserve in proportion to shareholding pursuant to Article 41, Paragraph 1 of the Securities and Exchange Act.
2. The Supervisors shall proceed to Article 218 of the Company Act.
3. Report the status of the preceding two subparagraphs to the General Meeting of shareholders and disclose the detail of transactions in the annual report and the prospectus.

If special reserve has been recognized in accordance with the requirement of the previous paragraph, it may be utilized only after the recognition of loss deriving from the purchase or leased of assets at a higher price or disposition of the asset, or the leasing contract has been terminated, or appropriate compensation, or recovery has been made, or any other evidence indicated no unreasonable recognition of the amount and at the consent of the competent authority. 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.

Part 3 Derivative Trade

Article 16 The conduct of derivative trade by the Company shall be governed by the "Procedure for Derivative Trade" of the Company.

Part 4 Corporate Merger, Spinoff, Acquisition, and assignment of shares

Article 17 Before proceeding to Board session for resolution of corporate merger, spinoff, acquisition or acceptance of the assignment of shares, the Company shall appoint certified public accountants, lawyers, or securities underwriters to express opinions on the reasonability of the ratio of shares swap, acquisition price, cash or other property for distribution to the shareholders, and propose to the Board for discussion and approval.

The opinions of the experts on reasonability could be waived for the mergers among wholly-owned direct or indirect

subsidiaries by the Company and other subsidiaries or the wholly-owned subsidiaries of these subsidiaries.

Article 18 Companies that participate in the merger, spinoff, or acquisition shall compile the details of the agreements on the merger, spinoff, or acquisition as public documents for the shareholders before the General Meeting of shareholders is in session. The aforementioned opinions of the experts and notice of General Meeting shall be delivered to the shareholders together with the aforementioned information as reference for the shareholders in making decision for approval of the merger, spinoff, acquisitions, or the acceptance of the assignment of shares unless otherwise the laws provided that it is not necessary for the General Meeting of shareholders in resolving the merger, spinoff, or acquisition.

Article 19 If any of General Meeting of shareholders of the companies participating in the merger, spinoff, or acquisition lacked a quorum for the session, or majority for resolution of the motion, or under certain legal restriction that the General Meeting cannot be convened or make decision, or the motion was vetoed by the General Meeting, such company shall explain the cause, subsequent action, and the scheduled date of the session of General Meeting in public.

Article 20 Unless the law specified otherwise or the prior consent of Securities and Futures Bureau is necessary, the General Meeting of shareholders of the companies participating in the mergers, spinoff, or acquisitions shall convene on the same day to make decision on the merger, spinoff, or acquisition.

Unless the law specified otherwise or the prior consent of Securities and Futures Bureau is necessary, the General Meeting of shareholders of the assignees shall convene on the same day.

Companies listed in the stock exchange or OTC stock market participating in merger, spinoff, acquisition or acceptance of the assignment of shares shall compile the following information into a complete report for retention for 5 years:

1. Basic information on personnel: This will include the personnel or executors of the scheme for merger, spinoff, acquisition or acceptance of the assignment of shares before the information goes public, including the titles, names, ID number (passport number for foreign nationals).
2. Date of important events: this will include the signing of the statement of intent or MOU, appointment of financial or legal advisor, signing contracts and the sessions of the Board.
3. Important documents and minutes of meetings on record: this will include the plans for merger, spinoff, acquisition or the acceptance of the assignment of shares, statement of intent or MOU, important contract and the minutes of the Board meeting on record.

The information as specified in 1 and 2 of this article shall be declared at designated website via the Internet in designated format within 2 days after the resolutions of the Board.

If the companies participating in the merger, spinoff, acquisition or acceptance of the assignment of shares are not listed in the stock exchange or the OTC stock market, companies participating in the merger, spinoff, acquisition or acceptance of the assignment of shares listed on the stock exchange or OTC stock market shall enter into agreement with the former and proceed to the requirements specified in 3 and 4 of this article.

Article 21 All personnel who have participated in or acknowledged the corporate merger, spinoff, acquisition, or acceptance of the assignment of shares shall declare in writing for undertaking of confidentiality thereby shall not disclose any of the content before the information goes public, and shall not purchase the stocks or other equity securities of the companies involved in the corporate merger, spinoff, acquisition or acceptance of the assignment of shares under their own names or using the name of a third party.

Article 22 Unless under the following circumstances, the ratio for shares swap or acquisition price for the merger, spinoff, acquisition or acceptance of the assignment of shares cannot be change freely and the conditions for making change shall be inscribed in the agreements on the merger, spinoff, acquisition, or acceptance of the assignment of shares:

1. Raising capital by issuing new shares, issuance of convertible bonds, stock dividend, and issuance of corporate bonds featuring subscription warrant, preferred shares featuring subscription warrants, subscription warrants, and other equity securities.
2. Disposition of major assets or other behaviors that influenced the financial position and operation of the Company significantly.
3. The outbreak of major disasters, significant change in technology that influenced the shareholders' equity or stock price of the Company.
4. Adjustment of the repurchase of treasury shares by any of the companies participating in the merger, spinoff, acquisition, or acceptance of the assignment of shares under law.
5. Changes in the subject or number of participants in the merger, spinoff, acquisition or acceptance of the assignment of shares.
6. Conditions that could be modified as stated in the agreement and have been disclosed.

Article 23 The rights and obligations of the companies participating in the merger, spinoff, acquisition or acceptance of the assignment of shares shall be inscribed in the agreements on merger, spinoff, acquisition or acceptance of the assignment of shares including the following:

1. Action in response to breach of contract.
2. The principles for handling the equity securities issued by or the repurchase of treasury shares previously by the acquire under merger or the split company for spinoff.
3. The principles for the participating companies for the repurchase of the quantity of treasury shares after the day of setting the ratio for shares swap.
4. The response to changes in the subject company or the number of participating companies.
5. The projection of progress schedule and estimated date of completion.
6. In case the progress falls behind schedule, the anticipated date of convention for the General Meeting of shareholders and related procedures.

Article 24 If any of the companies participating in the merger, spinoff, acquisition, or acceptance of the assignment of shares desires to proceed with other companies in merger, spinoff, acquisition, or the acceptance of the assignment of shares after the disclosure of information on the merger, spinoff, acquisition or acceptance of the assignment of shares, the participating companies are not required to call for General Meeting of shareholders for a new round of resolution except the number of participants decreased and the General Meeting of shareholders have previously resolved with authorization to the Board for making change. In addition, all participating companies shall repeat the action taken in the previous merger, spinoff, acquisition or the acceptance of the assignment of shares with relevant procedures accomplished or legal action taken.

Article 25 If the companies participating in the merger, spinoff, acquisition or the acceptance of the assignment of shares are not listed in the stock exchange or the OTC stock market, the Company shall enter into agreement with such companies in accordance with Article 20, Article 21, and Article 24 of This Procedure.

Chapter 3 Disclosure of information

Article 26 If any of the following is applicable to the acquisition or disposition of assets by the Company, the organizer shall notify the Finance department of the Company at once and declare at the designated website of the competent authority in the required format by nature of the content within 2 days after the day of deed:

1. The acquisition or disposition of real property or right-of-use assets thereof with related parties (regardless of the amount), or the acquisition or disposition of assets beyond real property or right-of-use assets thereof with related parties with transaction amount exceeding 20% of the paid-in capital or 10% of the total assets of the

parent company or NT\$300 million except for the trading of domestic government bonds, bonds featuring R/P and reverse R/P, the subscription or redemption of money market funds issued by domestic securities investment trust firms.

2. Proceed to merger, spinoff, acquisition, or the acceptance of the assignment of shares.
3. The loss resulting from derivative trade amounted to the upper limit as stated in the procedure or the upper limit of loss on particular contract.
4. The assets acquired or disposed are business equipment or right-of-use assets thereof and the counterparties are not related parties, and the transaction amount exceeds NT\$500 million
5. Where land 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 furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
6. Further to the asset trade, disposition of creditor right by financial institutions or investment in Mainland China as specified in the previous 5 paragraphs, the transaction amount exceeds 20% of the paid-in capital of the parent company or NT\$300 million except under the following circumstances:
 - (1) Trading of domestic government bonds.
 - (2) Investment is the principal business with engagement in securities trade in stock exchanges or OTC stock markets, or the subscription or offering of corporate bonds and bank debentures unrelated to equity in the primary market (excluding subordinated debt), or subscription or redemption of securities investment trust funds or futures trust funds, or, as securities dealers in underwriting, and act in the capacity of introducing securities dealers in the subscription of securities in accordance with the GreTai Securities Market of the Republic of China.
 - (3) Bonds featuring R/P and reverse R/P, subscription or redemption of money market funds issued by domestic securities investment trust firms

The aforementioned amount of transaction shall be calculated in accordance with the following methods:

1. The amount for each transaction.
2. The amount of transaction with particular counterparty on particular subject matter in one year on an accumulative basis.
3. The amount of the acquisition or disposition (accumulated separately for acquisition and disposition) of real property or right-of-use assets thereof in particular development project in one year on an accumulative basis.
4. The amount of the acquisition or disposition (accumulated separately for acquisition and disposition) of particular security in one year on an accumulative basis.

The accounting department of the Company shall declare the status of derivative trade conducted by the Company and its subsidiaries which are not domestic public companies in the previous month by the 10th day of the month at designated website of the competent authority in the required format.

In case of mistake or missing information in the content of declaration, make correction in a new round of declaration at the website within 2 days upon acknowledgement.

In the acquisition or disposition of assets, the Company shall properly keep related agreements, minutes of meetings on record, registries, appraisal report, and opinions of the CPAs, lawyers, or securities underwriters in the facility of the Company for retention of at least 5 years.

Article 27 If any of the following is applicable to the transactions already declared, the accounting department of the Company shall make declaration on related information at the designated website of the competent authority within 2 days after the day of deed:

1. Change, termination or discharge of the agreements already signed.
2. The merger, spinoff, acquisition or assignment of shares has not completed as scheduled.
3. Change in the original content of declaration.

Chapter 4 Miscellaneous

- Article 28
1. The Company shall supervise the subsidiaries to institute the procedure for the acquisition or disposition of assets in accordance with This Procedure.
 2. If the subsidiaries of the Company acquire or dispose assets subject to declaration as stated in Chapter 3 of This Procedure, the accounting department of the parent company shall make declaration on behalf of the subsidiaries.
 3. For the transactions of the subsidiaries meeting the requirement for declaration at 20% of the paid-in capital or 10% of the total assets as required by Article 26, Paragraph 1 of This Procedure, the paid-in capital or total assets of the parent company shall be used in the calculation.
- Article 29
- The Directors and Supervisors appointed by the Company to the subsidiaries shall supervise the subsidiaries in proper implementation of the procedure for the acquisition or disposition of assets. The Company shall also appoint internal auditors to conduct audit on the suitability of the procedure for acquisition or disposition of assets enforced at the subsidiaries.
- Article 30
- Related personnel of the Company shall duly observe This Procedure in the acquisition or disposition of assets and related matters to protect the Company from any loss from improper operation. In the event of violation of applicable laws or This Procedure, the offenders shall be subject to punishment in accordance with the personnel regulations of the Company.
- Article 31
- This Procedure shall come into full force at the resolution of the Board, distribution to the Supervisors for review, and the final approval of the General Meeting of shareholders. The same procedure is applicable to any amendment thereto. If there is an adverse opinion from the Directors on record or in written declaration, distribute the information to the Supervisors.
- If the Company has established the seats for the Independent Directors, and present the details of the acquisition or disposition of assets to the Board for discussion in accordance with This Procedure, the opinions of the Independent Directors shall be fully considered. If there is an adverse opinion or qualified opinion from the Independent Directors, note down as minutes of the Board meeting on record.
- Article 32
- Instituted on December 16 1999.
- Amended on June 27 2003.
- Amended on June 15 2007.
- Amended on June 19 2009.
- Amended on June 28 2012.
- Amended on June 17 2014.
- Amended on June 9 2015.
- Amended on June 22 2017
- Amended on May 30 2019