

# **Handling Procedures for Acquisition or Disposal of Assets**

## **Article 1**

In order to provide specific operating rules in respect of acquisition or disposal of assets by the Company, the  
Handling Acquisition or Disposal of

## **Article 2 Scope of Application**

- (1) Long term and short term investments such as stock, government bonds, corporate bonds, financial debentures, securities representing interest in a fund, depositary receipts, call/put warrants, beneficial certificates, and asset-backed securities;
- (2) Real property (including land, houses and buildings, and investment property) and equipment;
- (3) Certificates of membership;
- (4) Intangible assets such as patents, copyright, trademarks and franchises;
- (5) Right-of-use assets;
- (6) Derivative products;
- (7) Assets acquired or disposed of in merger, spin-off, acquisition or share transfer in accordance with the relevant laws and regulations; and
- (8) Other important assets.

## **Article 3 Evaluating and Operating Procedures**

To conduct any acquisition or disposal of assets, the in-charge division shall submit to the authority division the reason for the proposed acquisition or disposal, the object, the transaction counterparty, the transfer price, the payment terms, and the price reference for their approval in accordance with the Handling Procedures, and then the acquisition or disposal of assets shall be implemented by relevant division.

## **Article 4 Information Disclosure**

make a public announcement and file the necessary report(s) in the format prescribed by the FSC within two days from occurrence of the relevant event:

- (i) acquisition or disposal of real property or right-of-use assets thereof from any related party or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the  
-in capital, 10% or more of the Company's  
total assets, or NT\$300 million or more, except for trading in domestic government bonds, bond trading with repurchase and/or reverse purchase arrangement, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises;
- (ii) conducting merger, spin-off, acquisition or share transfer;
- (iii) the acquired and/or disposed assets are equipments or right-of-use assets thereof which are for business use

and the transaction counterparties are not related parties, and the transaction amounts reach any of the following,

- (a) NT\$500 million or more if the Company's paid-in capital does not reach NT\$10 billion,
- (b) NT\$1 billion or more if the Company's paid-in capital reaches NT\$10 billion or more.

(iv)   

mandating others to build on the rented land, joint construction with others to share the buildings, joint construction with others to acquire certain proportion of ownership of the buildings, or joint construction with others to separately sell the buildings, and the transaction counterparty is not a related party, and the proposed investment amount to be contributed by the Company reaches NT\$500 million or more.

(v) except for any of those referred to in the preceding four subparagraphs or investing in Mainland China, the transaction amount -in capital or NT\$300 million or more;  
provided, this shall not apply to the following circumstances:

- (a) trading in domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan;
- (b) bond trading with repurchase and/or reverse purchase arrangement, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

(2) The transaction amounts in the preceding paragraph shall be calculated as follows,

- (i) the amount of any individual transaction
- (ii) the cumulative transaction amount of acquisitions or disposals, of the same type of underlying asset with the same trading counterparty within one year
- (iii) the cumulative transaction amount of real property or right-of-use assets thereof acquisitions or disposals (acquisitions and disposals are accumulated separately) within the same development plan within one year
- (iv) the cumulative transaction amount of acquisitions or disposals (acquisitions and disposals are accumulated separately) of the same securities within one year.

(3) If any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the relevant rules, a public report of relevant information

shall mean the earlier of the respective above-mentioned date or the date of receiving the approval letter from the competent authority.

- (6) If there is any mistake or omission in the required announced items and the correction is required, the Company shall make public announcement of all required items again within two days commencing from the day when the Company knows such mistake or omission.

#### **Article 5 Evaluation Procedures**

- (1) Except for the assets which are dealing with a domestic government authority or by ways of mandating others any or equipments or right-of-use assets thereof which are to be acquired for business use, any acquisition or disposal of real property, equipment or right-of-use assets thereof -in capital or NT\$300,000,000 or more, shall be subject to obtaining the evaluation report issued by the professional appraisers prior to occurrence of the event and compliance with the following provisions:
- i) If a limited price, a specified price or a special price is used as a reference for determination of the transactional price due to special reason, such transaction shall be submitted to the Board of Directors for prior approval. The same procedure shall also be followed whenever there is any subsequent change to the transaction terms.
  - ii) If the transaction amount is more than NT\$1,000,000,000, the Company shall retain two or more professional appraisers to conduct an appraisal.
  - iii) If the appraisal made by professional appraiser indicates any of the following, 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 be retained to handle such situation and render the specific opinion on (i) the reason for difference between the actual transaction amount and the appraisal result and (ii) the appropriateness of the transaction price:
    - 1. the difference between the appraisal result and actual transaction amount is 20% or more of the actual transaction amount; or
    - 2. the difference between the respective appraisal results of two or more appraisers is more than 10% of the actual transaction amount.
  - iv) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, however, that 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.
- v d herein shall mean the real property appraiser or other person who are legally permitted to conduct the appraisal of real property and equipment.
- (2) The latest financial statements of the target company audited or reviewed by the certified public accountants shall be obtained prior to occurrence of the event for use as a reference to determine the transaction price of any acquisition or disposal of the securities. A certified public accountant shall be retained to issue a fairness opinion on the transaction price prior to occurrence of such event, if the transaction amount reaches 20% of the

-in capital or NT\$300,000,000 or more. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation of the Republic of China. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by the FSC.

- (3) If the transaction amount of any acquisition or disposal of intangible asset or right-of-use assets thereof or certificate of membership -in capital or NT\$300,000,000 or more, except for the assets which are dealing with a domestic government authority, a certificated public accountant shall be retained to issue a fairness opinion on the transaction price prior to occurrence of the event. The certificated public accountant shall issue such fairness opinion in accordance with the Statements of Auditing Standards No. 20 issued by Accounting Research and Development Foundation of the Republic of China.
- (4) The calculation of the transaction amounts referred to in the preceding three paragraphs shall be made in accordance with Article 4, paragraph (11) herein, and "within one 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.
- (5) The professional appraisers (and its personnel), the certified public accountants, the attorneys or the securities underwriters who issue evaluation report or opinions with respect to any transaction 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 Securities and Exchange Act, the Company Act, the Banking Act, 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 requirement does not apply if 3 years have already passed since the completion of service of the sentence, the expiration of the period of a suspended sentence, or a pardon was received.

ii) May not be a related party or de facto related party of any party to the transaction.

iii) 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.

- (6) When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:

i) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.

- ii) When conducting a case, they shall appropriately plan and execute adequate operation procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related operation procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
  - iii) They shall undertake an item-by-item evaluation of the appropriateness 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.
  - iv) 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 appropriate and reasonable, and that they have complied with applicable laws and regulations.
- (7) The certificate issued by the court may be substituted for the appraisal report or the fairness opinion issued by the certified public accountant, if the assets are acquired or disposed of through an auction procedure by the court.

#### **Article 6 Related Party Transactions**

- (1) When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised as provided in Article 5 and this Article, 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 accordance with Article 5. The calculation of the transaction amount shall be made in accordance with Article 5, paragraph (4) herein.
- (2) 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 -in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except for trading in domestic government bonds, bond trading with repurchase and/or reverse purchase arrangement, 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 and make a payment until the following matters have been approved by the audit committee and the board of directors:
- i) the purpose and necessity of such acquisition or disposal of assets and the estimated effect thereon;
  - ii) the reason to choose such related party as the transaction counterparty;
  - iii) with respect to the acquisition of real property or right-of-use assets thereof from a related party, the relevant information required for evaluation of the reasonableness of the proposed transaction terms in accordance with Paragraph (3), Paragraph (4), and Paragraph (5) of this Article;
  - iv) the date, price and transaction counterparty of the acquisition by the related party of such real property, and the relationship between the related party and such counterparty and the relationship between the Company and such counterparty;
  - v) the forecast of cash flow for each month of the coming year from the month during which the acquisition contract is to be executed and the evaluation of the transaction necessity, and the evaluation of

reasonableness of the use of proceeds; and

- vi) an appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding item
- vii) the restrictive terms and conditions and other material terms of such subject transaction.

(3) With respect to the types of transactions listed below, when to be conducted between the Company and subsidiaries, or between subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the board of directors may delegate the board chairman to decide such matters when the transaction is within NT\$1 billion and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

- i) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
- ii) Acquisition or disposal of real property right-of-use assets held for business use.

(4) If the Company or subsidiaries thereof that is not a domestic public company will have a transaction set out in paragraph (2) and the transaction amount will reach 10 percent or more of the C Company shall submit the materials in all the subparagraphs of paragraph (2) to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and subsidiaries or between subsidiaries.

(5) The calculation of the transaction amount shall be made in accordance with Article 4, paragraph (2) herein and "within one year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the audit committee and the board of directors need not be counted toward the transaction amount.

(6) Acquisition of real property or right-of-use assets thereof from related party shall be subject to the evaluation of reasonableness of the transaction costs in accordance with the following methods and shall retain a certified public accountant to (i) check the reasonableness of the transaction costs made by the Company and (ii) issue the specific opinion thereon:

- i) the reasonableness of the transaction costs may be evaluated based on (i) the transaction price of the subject real property acquired by the related party plus interest required for funding and (ii) the costs to be borne by the buyer in accordance with the applicable law (the "interest required for funding" shall be calculated based on the weighted average interest rate of the funds borrowed by the Company in the year during which the subject assets are acquired by the Company, provided that such interest rate shall not exceed the interest rate ceiling for non-financial institutions published by the Ministry of Finance); or
- ii) if the subject assets have been mortgaged to the relevant financial institution as collateral for borrowing, the total value for such assets evaluated by such financial institution for the purpose of extending a loan

transaction costs, provided that the actual aggregate amount of the loans extended by such financial institution with respect to the subject assets must reach 70% or more of the evaluated value for loan purpose and the loan period must be more than one year. The above provision shall not apply, if the financial institution is the related party of either party of the subject transaction.

If the Company is to acquire or to rent both land and building, the transaction costs for such land and building may be evaluated, respectively, in accordance with any of the above methods

(7) Under any of the following circumstances, acquisition of real property or right-of-use assets thereof from related party shall be conducted in accordance with Paragraph (2) of this Article, and Paragraph (3) of this Article shall not apply:

- i) the subject real property or right-of-use assets thereof was acquired by related party by way of inheritance or gift;
- ii) the execution date of the relevant contract for the related party to acquire the subject real property or right-of-use assets thereof is more than five years prior to the contract execution date of the subject transaction; or
- iii) the real property is acquired by entering into a joint construction contract with the related party, or through engaging the related party to build real property, either on the Company's land or on rented land.
- iv) The real property right-of-use assets for business use are acquired by the Company with parent or subsidiaries, or by subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

(8) If the transaction cost evaluated under all the methods provided for in Paragraph (3) of this Article is less than the transaction price, acquisition of real property from related parties shall be handled in accordance with Paragraph (6) of this Article; provided, that, if in any of the following circumstances, objective evidence is provided and the Company obtains reasonable opinion on the transaction price from a real property professional appraiser and the certified public accountant, such acquisition of real property from a related party will not be subject to Paragraph (6) of this Article:

- i) if the related party purchased or rented a piece of undeveloped land for construction and the related party provides evidence to prove any of the following conditions:
  - (a) the aggregate value of the undeveloped land evaluated in accordance with the methods provided for in this Article and of the building calculated based on the related party's construction cost plus reasonable construction profit is more than the actual transaction price (the term "reasonable construction profit" department for the most recent 3 years or the most recent gross margin percentage for the construction industry published by the Ministry of Finance);
  - (b) if, for a purchase transaction, based on an evaluation of the price difference done in accordance with general real estate purchase/sale/leasing business practice, the terms of the target floor or area are similar to the terms of a similar transaction by an unrelated party transaction within the previous one year for similar size property in the same building or the neighborhood area where the target property is located;
- ii) the Company may provides evidence to prove that the terms of the target real property or obtaining real property right-of-use assets through leasing are similar to the terms of a similar transaction by an unrelated party transaction within the previous one year for similar size property in the neighborhood where the target property is located.

(9) If the transaction cost evaluated under all the methods provided for in this Article is less than the transaction price, the Company shall conduct the following for acquisition of real property or right-of-use assets thereof from the related party:

- If a special reserve is required to be set aside under this Article, such special reserve may not be utilized until the Company 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 has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has granted its consent. When the Company acquires 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 arms length transaction.

The Company shall conduct derivative transactions in accordance with the Handling Procedures for Conducting Derivative Transactions.

(1) The Company shall retain a certified public accountant, lawyer or underwriter to issue the fairness opinion on share swap ratio, acquisition price or the amount of cash or other property distributed to shareholders prior to convening the relevant board of directors meeting to discuss the subject merger, spin-off, acquisition, or share transfer. Such fairness opinion should be submitted to the board of directors for discussion and approval. It is not required to obtain the fairness opinion issued by the above-mentioned experts for mergers between the

Company and its subsidiaries which are directly or indirectly 100% owned by the Company, or the mergers between the Company's subsidiaries which are directly or indirectly 100% owned by the Company.

a merger, spin-off, or acquisition, the material terms of or the matters relating to a merger, spin-off, or acquisition shall be included in a public documents together with the above-mentioned fairness opinion and the meeting notice delivered to shareholders prior to the shareholders meeting as a reference to shareholders to decide vote for or against such merge, spin-off or acquisition.

approve the merger, spin-off, or acquisition due to the insufficient quorum or other legal restrictions, the Company shall immediately make a public announcement of the reasons for such occurrence, the follow-up measures to be taken, and the date scheduled for convening the shareholders meeting.

- (3) Unless otherwise provided by laws or under special circumstances where the prior approval has been obtained from the FSC, the Company and other companies participating the subject merger, spin-off or acquisition shall discuss and approve such merger, spin-off or acquisition.

Unless otherwise provided by laws or under special circumstances where the prior approval has been obtained from the FSC, the companies participating the share transfer shall convene the board of directors meetings on the same date.

- (4) All persons participating in or knowing the proposed merger, spin-off, acquisition, or share transfer shall sign the undertaking(s) to covenant not to disclose the proposed merger, spin-off, acquisition or share transfer prior to the relevant information becomes public information nor purchase/sell, by such person or its nominee, shares or other equity securities of any company which is involving in the proposed merger, spin-off, acquisition or share transfer.
- (5) Except in any of the following circumstances, the share swap ratio or acquisition price cannot be changed and the permitted situations for changing such share swap ratio or acquisition price must be included in the contract for merger, spin-off, acquisition or share transfer:
- i) issuance of new shares for cash, issuance of convertible corporate bonds, free distribution of stock dividends and issuance of corporate bonds with warrants, preferred shares with warrants, subscription warrants, and other equity securities;
  - ii) conducting any act which will have material effect on the Company's financial conditions or business, such as disposal of material assets;
  - iii) occurrence of the event which will affect the Company's shareholders equity or the securities price, such as the material disasters or significant change on technology;
  - iv) any adjustment of the treasury stock purchased by any company participating in the merger, spin-off, acquisition, or share transfer;
  - v) any change on the parties to or the number of companies participating in the merger, spin-off, acquisition, or share transfer; or
  - vi) other circumstances which have been stipulated in the contract for amendment to certain terms and have

been disclosed to the public.

- (6) The contract for conducting merger, spin-off, acquisition, or share transfer shall specify the rights and obligations of the companies participating in such merger, spin-off, acquisition, or share transfer and shall also specify the following:
- i) handling of the breach of contract;
  - ii) principles for handling of equity securities issued by, or treasury stock purchased by, the extinguished company in a merger or the spun-off company;
  - iii) the quantity of treasury stock that a company participating in a merger, spin-off, acquisition, or share transfer may legally permitted to purchase after the record date for calculation of the share swap ratio and relevant handling principles;
  - iv) principles for handling of change on parties to or number of companies participating in the merger, spin-off, acquisition, or share transfer;
  - v) the estimated timetable for implementation of the proposed transaction and the estimated completion date; and
  - vi) if the implementation is not completed within the scheduled timetable, the date scheduled to convene the shareholders meeting in accordance with the applicable laws and regulations and other handling procedures.
- (7) After the proposed merger, spin-off, acquisition, or share transfer becomes public information, if any party participating in such merger, spin-off, acquisition, or share transfer intends to conduct a further merger, spin-off, acquisition, or share transfer with another company, any procedures or legal actions already carried out by the companies participating in the initial merger, spin-off, acquisition, or share transfer shall be carried out by all the companies participating in the further merger, spin-off, acquisition, or share transfer, except that if the number of participating companies decreases and the board of directors has been authorized by the
- o amend terms of the subject merger, spin-off, acquisition or share transfer, the participating companies are not required to convene the shareholders meeting(s) to approve such amendment.
- (8) When participating in a merger, spin off or acquisition, the Company shall prepare a full written record of the following information and retain such record for five years for examination and check.
- i) 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, spin off or acquisition prior to public disclosure of the information.
  - ii) 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.
  - iii) Important documents and minutes: Including merger, spin off or acquisition plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.
- (9) When participating in a merger, spin off, acquisition, or transfer of another company's shares, the Company shall, within two days commencing from the relevant resolutions were adopted by the board of directors, shall

report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs (i) and (ii) of the preceding paragraph to the FSC for recordation.

- (10) Where any of the companies participating in a merger, spin off, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such non-listed company whereby the latter is required to abide by the provisions of paragraphs (8) and (9).
- (11) If any participating company is a non-public company, the Company must enter into an agreement with such non-public company to ensure such non-pu , 7 and 8 above of this Article.

#### **Article 9 Penalty**

If any manager or person in-charge of the acquisition or disposal of assets, due to his/her negligence, violates the Handling Procedures and as a result causes serious damages to the Company, such manager or person shall report to his/her direct superior and the most senior decision-making officer of the finance division immediately. Such relevant internal personnel and administration regulations of the Company. If it is found that such manager or person intentionally violated the Handling Procedures and as a result caused damages to the Company, the Company may, in addition to the punishment made in accordance with its relevant internal regulations, require such manager or person to reported to the next Board of Directors meeting.

#### **Article 10 The Procedures for Supervising Acquisition or Disposal of Assets by Subsidiaries**

handling procedures for acquisition or disposal of assets which shall be adopted in Regulations Governing the Acquisition and Disposal of Assets by Public Companies promulgated by Procedures shall be ap

- (2) If the above mentioned subsidiary is not a domestic public company and the subject acquisition or disposal of assets by such subsidiary is required to subject to the information disclosure as provided in Article 4 hereof, the Company shall make a public announcement and file the necessary report(s), for and on behalf of such subsidiary, of acquisition or disposal of the subject assets by such subsidiary. handling procedures for acquisition or disposal of assets nd regulations or not and whether andling procedures for acquisition and disposal of assets.
- (4) The Company s internal auditing personnel shall review and check the examination reports produced by each subsidiary.

- (1) transfer used in the Handling Procedures means issuance of new shares as the  
ny Law.
- (2) The term related party and used in the Handling Procedures shall have the same meaning as  
defined in the Regulations Governing the Preparing of Financial Reports by Securities Issuers.
- (3) For the calculation of 10 percent of total assets as used in the Handling Procedures, the total assets stated in the  
most recent parent company only financial report or individual financial report prepared under the Regulations  
Governing the Preparing of Financial Reports by Securities Issuers shall be used. Where the subsidiary is  
subject to the information disclosure requirement in connection with the paid-in capital or the total assets as  
provided in Paragraph (1) of Article 4 hereof, such requirement means the amount of acquisition or disposal of  
total assets.
- (4) ment used in the Handling Procedures shall have the same meaning as  
defined in Regulation Governing the Approval for Investment and Technical Cooperation in Mainland  
promulgated by the Investment Commission, Ministry of Economic Affairs.
- (5) e Handling Procedures,  
shall mean information disclosure posted in the website designated by the FSC.
- (6) In the case of a company whose shares have no par value or the par value is not NT\$10 per share, for the  
calculation of transaction amounts of 20% of the paid-in capital shall mean 10% of equity attributable to  
owners of the parent company and for the calculation of transaction amounts of NT\$10 billion or more of the  
paid-in capital shall mean NT\$20 billion of equity attributable to owners of the parent company.
- (7) Matters not provided for in this Handling Procedures shall be governed by the applicable laws, regulations, and

Enactment of or amendment to the Handling Procedures shall be approved by a majority of all members of the Audit Committee and further submitted to the board of directors for resolution. If enactment of or amendment to the Handling Procedures is not approved by a majority of all members of the Audit Committee, alternatively, such may be approved by two-thirds of all directors, provided that in such case, the resolutions adopted by the Audit Committee shall be recorded in the minutes of the meeting of the board of directors.

The Handling Procedures shall be approved by the board of directors and further submitted to the shareholders meeting for approval and will become effective afterwards. The same shall apply to amendments to the Handling Procedures.

## Article 13

The Board of Directors is authorized to set the aggregate limit on securities investment, the individual limit on the securities investment and the aggregate limit on real property or right-of-use assets thereof investment for the

purpose rather than business use. Such limits should be appended to the

## Appendix (After Amendments)

(in NTD thousands / %)

| Asset Item                                                        | Approver                                                                      | Authority                                              | Aggregate Investment Limit | Individual Investment Limit |
|-------------------------------------------------------------------|-------------------------------------------------------------------------------|--------------------------------------------------------|----------------------------|-----------------------------|
| Real property or right-of-use assets thereof not for business use | Board of Director                                                             |                                                        | <u>10% of the equity</u>   | <u>5% of the equity</u>     |
| <u>Equity investment in 100% held subsidiaries</u>                | <u>Board of Director</u><br><u>Chairman</u>                                   | <u>&gt;=300,000</u><br><u>&lt;300,000</u>              | <u>150% of the equity</u>  | <u>150% of the equity</u>   |
| <u>Equity investment in non 100% held subsidiaries</u>            | <u>Board of Director</u><br><u>Chairman</u>                                   | <u>&gt;=300,000</u><br><u>&lt;300,000</u>              | <u>100% of the equity</u>  | <u>50% of the equity</u>    |
| <u>Other investment in equities</u>                               | <u>Board of Director</u><br><u>Chairman</u>                                   | <u>&gt;=300,000</u><br><u>&lt;300,000</u>              | <u>50% of the equity</u>   | <u>25% of the equity</u>    |
| <u>Long term investment in secured bonds</u>                      | Chairman<br>President                                                         | <u>&gt;=300,000</u><br><u>&lt;300,000</u>              | <u>20% of the equity</u>   | <u>10% of the equity</u>    |
| <u>Long term investment in unsecured bonds</u>                    | <u>Board of Director</u>                                                      |                                                        | <u>10% of the equity</u>   | <u>5% of the equity</u>     |
| Short term investment in bonds and bond funds                     | <u>Functional Head of Finance</u><br><u>Center/Sub-center Head of Finance</u> | <u>&gt;=300,000</u>                                    | 30% of the equity          | 15% of the equity           |
|                                                                   | <u>Division Head of Finance</u>                                               | <u>&gt;=200,000; &lt;300,000</u><br><u>&lt;200,000</u> |                            |                             |
| Other securities                                                  | Chairman<br>President                                                         | <u>&gt;=300,000</u><br><u>&lt;300,000</u>              | 10% of the equity          | 5% of the equity            |

Explanation :

1. The equity means the equity attributable to stockholders of the Company on the balance sheet.
2. The subsidiaries means the subsidiaries include in the Company's consolidated financial statement.
3. Short term investment in bonds should not expand the effect on profit by leverage through hypothecation, guarantee or any means.