

**Sitronix Technology Corp.**  
**Procedures for Acquisition or Disposal of Assets**

Revision Date: June 20, 2024

Chapter 1      General

Article 1      Purpose and Legal Basis

To safeguard the Company's assets, implement the disclosure of information and strengthen the management of the Company's asset acquisition or disposal operations, these procedures are established in accordance with Article 36-1 of the Securities and Exchange Act (the "Act"), which authorizes the competent securities authority to establish the relevant provisions of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

Article 2      Scope of Assets

- I. Shares, government bonds, corporate bonds, bank debentures, securities that represent fund entitlements, depository receipts, call/put options, beneficiary securities, and asset-backed securities.
- II. Real estate (including land, building, and investment properties) 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 3      Terms used in these Procedures are defined as follows:

- 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 therefor (hereinafter "transfer of shares") under Article 156-3 of the 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: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Boards of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply. 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. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting businesses, futures commission merchants operating proprietary trading businesses, 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.
- VIII. 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.

#### Article 4 Exclusion of Related Parties

Professional appraisers and their officers, certified public accountants, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's 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 completion of service of the sentence, since expiration of the period of a suspended sentence, or since 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.

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 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.

- 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.

#### Article 5 Scope and Amount of Investment

The limits on the amount of real property and right-of-use assets thereof or securities acquired by the Company for non-operational use are as follows:

- I. The total amount of real property and right-of-use assets for non-operational use shall not exceed fifty percent of the Company's shareholders' equity as of the date of the most recent audited financial statements.
- II. Investments in marketable securities shall not exceed the total amount of the Company's shareholders' equity as of the date of the most recent audited financial statements.
- III. Investment in individual securities shall not exceed forty percent of the Company's shareholders' equity as of the date of the most recent audited financial statements.

#### Chapter 2 Procedures for Acquisition and Disposal of Assets

#### Article 6 Units Responsible for Implementation, Degree of Authority and Level Delegated

Acquisition or disposal of the Company's assets: The acquisition or disposal of the Company's assets shall be subject to the approval of the Board of Directors, unless under the below-listed circumstances.

- I. For the acquisition or disposal of marketable securities intended to be held for a long period of time, an appraisal report shall be submitted by the financial unit, and the amount of which is 20% or more of the paid-in capital at the end of the previous year shall be submitted to the Board of Directors for approval.
- II. The acquisition or disposal of short-term investments in securities with transaction amounts of less than NT\$220 million or US\$7 million (inclusive) shall be approved by the Chairman of the Board of Directors upon approval by the Finance Department. If the transaction amount exceeds NT\$220 million or US\$7 million, it shall be submitted to the Board of Directors for approval.
- III. For the acquisition or disposal of real property and its right-to-use assets, the management unit shall submit relevant information, and the amount of which is 20% or more of the paid-in capital at the end of the previous year shall be submitted to the Board of Directors for approval.
- IV. For the acquisition or disposal of other assets (including fixed assets, membership and intangible assets or their right-to-use assets), the Company shall comply with the relevant regulations of the Company's internal control system and the rules for approval of purchases and payment of various expenses.
- V. For the acquisition or disposal of derivative products, the Company shall follow the relevant regulations of the Procedures for Engaging in Derivative Products.
- VI. For the acquisition or disposal of assets by legal merger, demerger, acquisition or share transfer, the relevant provisions in Chapter V of this Procedure shall be followed.

If the Company acquires or disposes of assets that shall be approved by the Board of Directors in accordance with the prescribed procedures or other legal requirements,

and if any director expresses dissenting opinions and there are records or written statements, the information on the dissenting opinions of the directors shall be sent to the Audit Committee.

When the Company submits an asset acquisition or disposal transaction to the Board of Directors for discussion in accordance with the preceding paragraph, the Company shall first give due consideration to the opinions of the independent directors, and any dissenting opinions or reservations of the independent directors shall be recorded in the minutes of the Board of Directors' meeting.

For significant asset or derivative transactions, the Company shall obtain the approval of at least half of all members of the Audit Committee and submit a resolution to the Board of Directors to apply the provisions of Article 13, Paragraphs 4 and 5.

## Article 7 Evaluation Procedure and Price Determination Method

### I. Marketable Securities Investment

For the acquisition or disposal of marketable securities, the Company shall, prior to the date of event, obtain the issuing company's latest financial reports which are certified or reviewed by a certified public accountant for reference in appraising the transaction price, and if in circumstances where the transaction amount reaches 20% of the Company's paid-in-capital or exceeds NT\$300 million, the Company shall engage a certified public accountant to provide an opinion with respect to the reasonableness of the transaction price prior to the date of event. This requirement shall not apply to publicly quoted prices of an active market or is otherwise regulated by securities authorities.

### II. Real Properties, Equipment or Right-of-use Assets

For the acquisition or disposal of real properties thereof, the price shall be determined in reference to the current value under public announcement, appraised current value, and actual closing price of real properties in the vicinity; for the acquisition or disposal of equipment, relevant price information shall be collected in advance, and the decision shall be made after consultation, comparison, and negotiation.

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 price exceeds NT\$1 billion, appraisal reports from two or more professional appraisers shall be required.
- (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 be engaged to render a specific opinion regarding the reason for the discrepancy and the fairness of the transaction price:

1. The discrepancy between an appraisal report and the transaction price reaches

20% or more of the transaction price.

2. 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.

### III. Intangible Assets or Right-of-use Assets or Membership

For the acquisition or disposal of membership, the price shall be determined in consideration of the return that may be generated and in reference to the latest closing price at the time. For the acquisition or disposal of intangible assets or right-of-use assets thereof, the price shall be determined in reference to international or market practice, remaining life and the impact on the Company's technology and business after careful evaluation of the relevant laws and regulations and contractual content.

When the Company's acquisition or disposal of intangible assets or the right-of-use thereof, or membership exceeds 20% of the Company's paid-in-capital or NT\$3 billion, unless the transaction is conducted with domestic government bodies, the Company shall engage a certified public accountant to render an opinion on the reasonableness of the transaction price prior to the date of event.

IV. For the acquisition or disposal of derivative transactions, the Company shall refer to the trading conditions of the futures market, exchange rate and interest rate trends, and follow the relevant regulations of the Company's Procedures for Engaging in Derivative Products.

V. For the acquisition or disposal of assets acquired or disposed of pursuant to a legal merger, demerger, acquisition or transfer of shares, the nature of business, net worth per share, asset value, technology and profitability, production capacity and future growth potential shall be considered and handled in accordance with the relevant provisions of Chapter V of this Procedure.

### VI. Other Important Assets

For the acquisition or disposal of debentures, derivative products, assets merged, demerged, acquired or transferred in accordance with laws and regulations, and other important assets of financial institutions, prior price information shall be collected depending on the subject matter of the assets to be traded, and the transaction price shall be determined after careful evaluation of relevant laws and regulations and contractual contents.

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

Article 7-1 The calculation of the transaction amount in the preceding Paragraphs 1 to 3 shall be compliant with Article 9, Paragraph 2, and the "within a year" mentioned refers to a period of one year calculated retroactively from the date of event of the transaction. Items for which a professional appraiser has issued the appraisal report or a certified public accountant has issued an opinion in accordance with the Procedures are exempted from inclusion in the calculation.

### Article 8 Data Retention

When the Company acquires or disposes of assets, it shall keep all relevant contracts, meeting minutes, log books, appraisal reports, and opinions of CPAs, lawyers, and

securities underwriter at the Company, and retain them for 5 years unless as otherwise provided by the law.

#### Article 9 Announcement and reporting procedures

For the acquisition or disposal of assets by the Company with any of the following situations, relevant data shall be prepared in the prescribed format based on its nature and public announcement and report the information on the designated website of the competent securities authority within two days from the date of the event:

- I. Acquisition or disposal of real estate or the right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real estate 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:
  - (I.) Paid-in capital of the Company is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
  - (II.) Paid-in capital of the Company is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- V. 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.
- VI. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
  - (I.) Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.
  - (II.) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

- I. The amount of any individual transaction.
- II. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding 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 Regulations 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 any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the securities authorities by the 10th day of each month.

#### Article 10 Amendment and Change of Announcement and Regulatory Filing

According to Article 9, where 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 again be publicly announced and reported in their entirety within two (2) days counting inclusively from the date of knowing of such error or omission.

According to the preceding article, 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 securities authorities within two (2) days counting inclusively from the date of occurrence of the event:

- I. Change, termination, or rescission of a contract signed in regard to the original transaction.
- II. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
- III. Change to the originally publicly announced and reported information.

#### Article 11 Control procedures for the acquisition and disposal of assets by subsidiaries

- I. The acquisition or disposal of assets by the Company's subsidiaries shall be handled in accordance with the Procedures for Acquisition or Disposal of Assets formulated by the subsidiaries.
- II. If any subsidiary of the Company is not a publicly listed company and if the asset acquired or disposed of reaches the threshold for public announcement filing, the Company shall be notified on the date of occurrence of the fact and the Company shall make filing for public announcement on the designated website in accordance with the rules.
- III. If the subsidiary is not a public company, its acquisition or disposal of assets that meet the requirements for public announcement and regulatory filing as stipulated in Article 9 of the Procedures, the Company will make the required announcement and regulatory filing on behalf of the subsidiary.
- IV. The paid-in capital or total assets of the Company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to Article 9 requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.

#### Article 12 Scope and Amount of Investment of the Subsidiaries

The limits on the amount of real property and right-of-use assets thereof or securities acquired by the subsidiaries for non-operational use are as follows:

- I. The total amount of real property and right-of-use assets for non-operational use shall not exceed the subsidiaries' shareholders' equity as of the date of the most recent audited financial statements.

- II. Investments in marketable securities shall not exceed the total amount of the subsidiaries' shareholders' equity as of the date of the most recent audited financial statements.
- III. Investments in individual marketable securities shall not exceed the total amount of the subsidiaries' shareholders' equity as of the date of the most recent audited financial statements.
- IV. This subsidiary engages in investment activities. Its acquisition of non-operating real estate and usage rights assets is limited to a maximum of twice the shareholders' equity as stated in the most recent audited and certified financial statements of the subsidiary by CPAs. The total amount of securities acquired and the limit for individual securities should not exceed twice the shareholders' equity as stated in the most recent audited and certified financial statements of the subsidiary by CPAs.

Article 13 Penalty:

If the relevant personnel of the Company violate the provisions of this procedure and the related laws and regulations, the Company may issue a warning, demerit, demotion, suspension, salary reduction or other penalty depending on the severity of the case, and conduct an internal review of the matter.

Chapter 3 Related party transaction

Article 14 Scope of Application

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 in accordance with both the previous Chapter and this Chapter and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent 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 the preceding Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 7-1 herein.

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

Article 15 Resolution Procedure

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 percent or more of paid-in capital, 10 percent 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 anticipated benefit of the acquisition or disposal of assets.
- II. The reason for choosing the related party as a transaction counterparty.
- 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.

- 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. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- VI. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- VII. Restrictive covenants and other important stipulations associated with 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 subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may 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-of-use assets thereof held for business use.
- II. Acquisition or disposal of real property right-of-use assets held for business use.

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.

The matters for which paragraph 1 requires recognition by the supervisors shall first be approved by one-half or more of all audit committee members and then submitted to the Board of Directors for a resolution, and shall be subject to *mutatis mutandis* application of Article 30, Paragraphs 4 and 5.

If the Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10 percent or more of the Company's total assets, the Company shall submit the materials in all the subparagraphs of paragraph 1 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 the parent company or subsidiaries or between the subsidiaries.

The calculation of the transaction amounts referred to in paragraph 1 and the preceding paragraph shall be made in accordance with Article 9, Paragraph 2 herein. "Within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders' meeting, Audit Committee or Board of Directors need not be counted toward the transaction amount.

## Article 16 Procedure of Evaluation

When the Company acquires real property or right-of-use assets thereof from a related party, it 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 the costs to be duly borne by the buyer. "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 been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

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 real property or right-of-use assets thereof through inheritance or as a gift.
- II. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
- III. 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.
- 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 percent of the issued shares or authorized capital.

Article 17 When the results of the Company's appraisal conducted in accordance with paragraphs 1 and 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, this restriction shall not apply:

- I. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
  - (I.) 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.

- (II.) 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 in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

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. 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 1 of the Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company. Where the Company uses the equity method to account for its investment in another company, a special reserve shall be set aside pro rata in a proportion consistent with the share of Company's equity stake in the other company in accordance with Article 41, Paragraph 1 of this procedure.
- II. Independent directors shall comply with Article 218 of the Company Act.
- III. Actions taken pursuant to the preceding two subparagraphs shall be reported to the 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 securities authorities have given 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 arms length transaction.

Article 19 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. In addition, attention shall be paid to risk and audit matters to implement the internal control system.

## Chapter 5 Mergers and Consolidations, Splits, Acquisitions and Assignment of Share

Article 20 The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Article 21 The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders' meeting and include it along with the expert opinion referred to in the preceding Article when sending shareholders notification of the shareholders' meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, demerger, or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.

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 securities authorities are notified in advance of extraordinary circumstances and grant 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 securities authorities are notified in advance of extraordinary circumstances and grant consent.

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

- I. Basic identification data 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.
- 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, demerger, acquisition, and share

transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the securities authorities for recordation.

When participating in a merger, demerger, acquisition, or transfer of another company's shares neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.

Article 23 Every person of the Company and other 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 When the Company 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 transfer 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. The handling of a 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 handing 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. Scheduled date for convening the legally mandated shareholders' meeting if the plan exceeds the deadline without completion, and relevant procedures.

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 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 In the event where a company participating in the merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the company and handle relevant matters in accordance with the relevant regulations.

## Chapter 6 Additional Provisions

Article 28 Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations, and the Company's rules and regulations.

Article 29 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.

Article 30 This procedure shall be approved by the Audit Committee and submitted to the Board of Directors for approval, and then submitted to the shareholders' meeting for approval, as amended. If a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee.

The opinions of each independent director shall be taken into full consideration when a matter is submitted to the Board of Directors for discussion in accordance with preceding paragraph. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board meeting.

The Company shall formulate or amend these Procedures with the approval of at least half of all members of the Audit Committee and submit a resolution to the Board of Directors.

If approval of more than half of all audit committee members as required in preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board meeting.

“All audit committee members” mentioned in Paragraph 3 and “all Directors” mentioned in the preceding paragraph refer to the actual number of persons currently holding those positions.