

# Unimicron Technology Corp.

## Acquisition or Disposal of Assets Procedure

Revised by the regular shareholders' meeting on June 15, 2022

### **Section One Acquisition or disposal of assets**

#### Article 1: Basis

The Procedures for the Acquisition or Disposal of Assets (hereinafter referred to as “the procedure”) is based on Article 36.1 of the Securities and Exchange Act and the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” (hereinafter referred to as “the guidelines”). For the Company’s acquiring or disposing of assets, otherwise stipulated by law, it shall be handled in accordance with the procedure.

#### Article 2: The scope of assets

1. Securities (including stocks, government bonds, corporate bonds, financial bonds, securities of the commendation fund, depositary receipts, subscription (sales) warrants, beneficiary securities and asset-based securities).
2. Real estate (including land, houses and buildings, investment property, land use rights) and equipment.
3. Memberships.
4. Intangible assets (including patents, copyrights, trademarks, and franchise rights).
5. Right-of-use assets.
6. Derivatives.
7. Assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions or transfer of shares in accordance with law.
8. Other major assets.

#### Article 3: The terms used in this procedure are defined as follows:

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 mergers, demergers, acquisitions, or transfer of shares in accordance with law: Under the Business Mergers and Acquisitions Act ..., or to transfer of shares from another company through issuance of new shares of its own as the consideration

therefor (hereinafter referred to as "transfer of shares") under Article 156-3 of the Company Act.

3. Related person, subsidiary: refers to the provisions of the financial issuer's financial reporting standards.
4. Professional evaluator: refers to the real estate evaluator or other legal person who is engaged in real estate and equipment valuation.
5. The date of the fact: refers to the earlier date of the transaction signing date, payment date, entrusted transaction date, transfer date, board resolution date or other dates on which the transaction object and transaction amount are fully determined. However, for investors who are subject to the approval of the authority, it is the earlier date of the above or the date of approval by the authority.
6. Investment in the mainland: refers to the mainland investment in accordance with the licensing regulations of the Investment Review Committee of the Ministry of Economic Affairs for investment or technical cooperation in the mainland.

Article 4: Executive units, authorization quota, and level

The acquisition or disposal of the assets of the Company shall be handled in accordance with the following quotas and procedures:

1. For the acquisition or disposal of securities investment, the financial department shall prepare a valuation report and submit it to the relevant departments for execution after the approval of the Chairman. And then, it shall be submitted to the Board of Directors for verification. If the amount reaches NT\$300 million, it should be submitted to the Board of Directors for approval.
2. For the acquisition or disposal of real estate or its right-to-use assets, the financial department shall prepare a valuation report and submit it to the relevant departments for execution after the approval of the Chairman. If the amount reaches NT\$100 million, it should be submitted to the Board of Directors for approval. If the amount reaches NT\$300 million, it should be submitted to the Board of Directors for approval.
3. For the acquisition or disposal of equipment or its right-to-use assets, if the transaction amount does not reach NT\$10 million, the executive unit submits the relevant information to the general manager of the business office for approval. If the transaction amount reaches NT\$10 million, it should be submitted to the Chairman for approval and to the relevant departments for execution. If the amount reaches NT\$100 million, it should be submitted to the Board of Directors for approval.
4. For the acquisition or disposal of membership cards, the executive unit submits the relevant information to the Chairman for approval and to the relevant departments for execution. And then it shall be submitted to the Board of Directors for approval. If the amount reaches NT\$300 million, it should be submitted to the Board of Directors for approval.
5. Acquisition or disposal of derivative products shall be handled with the relevant provisions of Section Three of the procedure.

6. Assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions or transfer of shares shall be handled with the relevant provisions of Section Four of the procedure.
7. For the acquisition or disposal of equipment for business use among the Company and subsidiaries, or its right-to-use assets or real estate right-to-use assets between the Company and its subsidiaries, or among its subsidiaries whose issued shares or total capital are directly or indirectly 100% held by the Company, if the transaction amount does not reach NT\$60 million, the executive unit submits the relevant information to the general manager of the business office for approval. If the transaction amount reaches NT\$60 million but not NT\$300 million, it should be submitted to the Chairman for approval and to the relevant departments for execution. And then it shall be submitted to the earliest Board of Directors for approval.

When the transaction of acquiring or disposing of assets is submitted to the Board of Directors for approval in accordance with the provisions of Item 1, the opinions of the independent directors should be fully considered. If the independent directors have objections or reservations, they should be stated in the proceedings of the Board of Directors

Article 5: Price determination method and reference basis

The pricing method and reference basis should be determined according to the nature of individual assets. In principle, if the market price is available for reference, the market price is the main reference. If not, the price is determined by price comparison, bargaining, or other reasonable means.

1. For acquiring or disposing of securities that have been traded on the stock exchange or over-the-counter (Taipei Exchange), the price is determined by the transaction price at the time.
2. For acquiring or disposing of securities that have not been traded on the stock exchange or Taipei Exchange, the price is determined by the net value per share, profitability, future development potential and the current transaction price, or the prevailing market interest rate, bond coupon rate and debtor's credit standing.
3. For acquiring or disposing of real estate, the price is determined by the announced present value, the assessed value and the actual transaction price of the adjacent real estate, etc.
4. For acquiring or disposing of equipment, one should be chosen among price comparison, bargaining or bidding.
5. For acquiring or disposing of membership cards, one should be chosen between price comparison and bargaining.
6. For acquiring or disposing of intangible assets, it shall be handled with the relevant laws and contracts.
7. For acquiring or disposing of derivative financial products, it shall be handled with the relevant provisions of Section Three of the procedures.

8. For acquiring or disposing of assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions or transfer of shares, it shall be handled with the relevant provisions of Section Four of the procedures.

Article 6: Evaluation and processing procedures

1. Securities

For acquiring or disposing of securities, the Company shall, before the date of the fact, take the target company's most recent financial statements audited or verified by an accountant as the reference for evaluating the transaction price.

If the transaction amount reaches 20% of the company's paid-in capital or NT\$ 300 million or more, before the date of the fact, the accountant should be invited to express specific opinions on the reasonableness of the transaction prices. However, if the securities have an open offer in an active market or comply with the following requirements or other requirements of the Financial Supervisory Commission (hereinafter referred to as FSC), this is not the case:

- (1) The establishment of promotion or stock flotation in accordance with the law, the acquisition of securities by cash, and the right that securities represent is equal to the proportion of capital contribution.
- (2) Companies participating in the subscription of the target company, in accordance with the relevant laws and regulations, increase capital by cash and issue the securities by face value.
- (3) Acquisition of securities directly or indirectly from 100% owned investee companies or among 100% owned investees proceeding new share issuance through capital injection.
- (4) Securities traded in Stock Exchange, OTC or other emerging markets.
- (5) Domestic treasury or repos and reverse repos.
- (6) Public funds.
- (7) Acquisition or disposal of listed companies' securities through Securities exchange or OTC's auction or bid regulations.
- (8) Acquisition of new share issuance through capital injection from domestic public offering companies or subscription to domestic bonds (including financial bonds), and the new shares acquired are not privatized.
- (9) For subscribing to domestic private equity funds before the establishment of the fund or subscribing to or buying back domestic private equity funds in accordance with Article 11.1 of the Securities Investment Trust and Consultant Law, if the trust contract has stated the investment strategy, except for the securities credit transaction and held uncovered securities related commodity, the investment scope of the remaining public funds is the same.

2. Real estate, equipment or right-of-use assets

In acquiring or disposing of real estate, equipment, or right-of-use assets thereof where the transaction amount reaches 20% 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 reaches NT\$1 billion or more, more than two professional evaluators should be invited to make an estimate.
  - (3) Except when the valuation result of the acquired assets is higher than the transaction amount, or the valuation result of the disposal assets is lower than the transaction amount, if the valuation result of the professional evaluator has one of the following situations, the accountant should handle this and express specific opinions on the reasons for the differences and the admissibility of the transaction price:
    - 1) The difference between the valuation results and the transaction amount is more than 20% of the transaction amount.
    - 2) The difference between the valuation results of two or more professional evaluators is more than 10% of the transaction amount.
  - (4) The date of the report issued by the professional evaluator and the date of the establishment of the contract shall not exceed three months. However, if the present announced value of the same period is applied and it has not been more than six months, the original professional evaluator may issue an opinion.
3. Memberships, intangible assets or rights-of-use assets
- Relevant information shall be collected for pricing comparison or negotiation in acquiring or disposing membership certificates. In acquiring or disposing of intangible assets or rights-of-use assets, relevant price information shall be collected, and relevant regulations and contract contents shall be carefully evaluated before the transaction price is determined.
- The Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.
4. Derivative financial products
- Handle with the relevant provisions of Section Three of the procedure.

5. Assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions or transfer of shares.

Handle with the relevant provisions of Section Four of the procedure.

6. Acquisition or disposal of assets other than the assets mentioned above shall be effected through price inquiry, price comparison, price negotiation, or public bidding, and references shall be made to public announcements of present value and price of real estate in the neighborhood.

If it meets the requirements of this processing procedure, the application standards shall be announced, and the evaluation report of the professional evaluator shall be consulted.

Article 6.1: The transaction amount in Article 6.1-3 is calculated in accordance with the provisions of Article 8.2. And within one year means that based on the date of the fact of the transaction, one year is retroactively calculated. The part in the valuation report issued by the professional evaluator or the accountant's opinion in accordance with the provisions of the procedure shall not be included.

Article 6.2: Professional appraisers and their officers, certified public accounts, 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:

1. May not have previously received a final and unappeasable 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 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.
3. 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.

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 appropriate and reasonable, and that they have complied with applicable laws and regulations.

Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 7: Preservation of data

Where the Company acquires or disposes of assets, it shall deposit the relevant contract, the proceedings, the record book, the valuation report, the accountant, the lawyer or the securities underwriter's opinions in the Company, and save for at least five years, unless otherwise stipulated by other laws.

Article 8: Public announcement and regulatory filing procedures

Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

1. Acquisition or disposal of real estate or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real estate or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under re-purchase and re-sale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Mergers, divisions, acquisitions or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
4. 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 reaches NT\$1 billion or more.
5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on 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. Where an asset transaction other than any of those referred to in the preceding five subparagraphs or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

- (1) Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.
- (2) Buying or selling bonds under repurchase/resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trusts.

The amount of transactions above shall be calculated as follows:

1. The amount of each transaction.
2. The amount of the transaction with the same counterpart in the same year to acquire or dispose of the same nature target.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real estate or right-of-use assets thereof within the same development project within the preceding year.
4. The amount of accumulatively acquiring or disposing of the same securities (acquired and disposed of separately) within one year.

Within one year in Item 2 means that based on the date of the fact of the transaction, one year is retroactively calculated. The part announced in accordance with the procedure shall not be included. The Company shall, on a monthly basis, before the tenth day of each month, enter into the information reporting website designated by the FSC trading in derivative products by the Company and its subsidiaries that are not domestic publicly-listed companies in accordance with the prescribed format.

**Article 9: Announcement Content**

If the Company shall handle the announcement of matters in accordance with the provisions of the preceding article, and the contents of the announcement shall be handled in accordance with the relevant provisions of the FSC.

**Article 10: Correction of the announcement**

If the Company shall make corrections due to any errors or omissions in the announcement in accordance with the provisions of Article 9, all items shall be re-announced within two days from the date of notification.

After the Company announces the transaction in accordance with the provisions of Article 9, if one of the following circumstances occurs, the Company shall, within two days from the date of the fact, report the relevant information on the designated website of the FSC:

1. The relevant contract signed in the original transaction has been changed, terminated or canceled.
2. Mergers, splits, acquisitions or share transfers are not completed on the contractual schedule.
3. The original announcement has changed.

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

The Company will supervise the subsidiaries of the Company to prepare their Procedures for the Acquisition or Disposal of Assets in accordance with the provisions of the procedures for the

acquisition or disposal of assets.

Information required to be publicly announced and reported in accordance with the provisions of Article 8 on acquisitions and disposals of assets by a subsidiary of the Company that is not itself a public company in Taiwan shall be reported by the Company.

The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 8.1.

Article 11.1: This procedure is related to the provision of 10% of the total assets, which is based on the most recent individual or individual financial statements in the Regulations Governing the Preparation of Financial Reports by Securities Issuers for the calculation of total asset amount.

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

Article 12: The total amount of real estate or securities that the Company may purchase for non-business use and the individual securities to be invested are as follows:

1. The total amount of real estate that is not used for business use shall not exceed 60% of the net value of the latest financial report of the Company.
2. The total amount of securities obtained shall not exceed 100% of the net value in the latest financial report of the Company.
3. The limit for obtaining individual securities shall not exceed 50% of the net value in the latest financial report of the Company.

Article 13: The company's related party transactions, derivative product transactions, business mergers, divisions, acquisitions or share transfer, in addition to the provisions of the section, shall be handled in accordance with the provisions of Sections 2 - 5 of the procedure.

## **Section Two Related party transactions**

Article 14: For acquiring or disposing of assets between the Company and its related parties, except for matters such as the relevant resolution procedures and evaluating the reasonableness of the terms of the transaction in accordance with the provisions of the preceding section and this section, if the transaction amount reaches more than 10% of the Company's total assets, the valuation report by a professional evaluator or accountant's opinion shall also be obtained in accordance with the provisions of the preceding section.

The calculation of the above transaction amount shall be handled in accordance with the provisions of Article 6.1. When judging whether the transaction object is a related person, in addition to paying attention to its legal form, the substantive relationship should be considered.

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

1. The purpose, necessity and expected benefits of acquiring or disposing of assets.
2. The reason for choosing the related party as the counter party.
3. With respect to the acquisition of real estate or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 16 and Article 17.
4. The date and price of the related party, the transaction object and its relationship with the Company and its related parties.
5. Expected forecast of cash receipts and payments for each month in the coming year starting from the contract month, and assess the necessity of the transaction and the rationality of the use of funds.
6. The valuation report issued by the professional evaluator obtained in accordance with the provisions of the preceding article, or the opinion of the accountant.
7. The restrictions and other important matters of this transaction.

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% of the issued shares or authorized capital, the company's board of directors may pursuant to Article 4 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:

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. Acquisition or disposal of real estate 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.

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 its parent company or subsidiaries or between its subsidiaries.

The calculation of the transaction amounts referred to in paragraph 1 and the preceding paragraph shall be made in accordance with Article 8, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders meeting or board of directors and recognized by the supervisors need not be counted toward the transaction amount.

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

1. Transaction price for a related party plus the necessary capital interest and the cost that the buyer should bear according to law. The so-called necessary capital interest cost is calculated based on the weighted average interest rate of the borrowings of the Company in the year of purchasing assets, but it shall not be higher than the non-financial industry maximum borrowing rate announced by the Ministry of Finance.
2. If the related party has set the subject matter to the financial institution as collateral, the financial institution will estimate the total value of the loan to the subject matter, but the cumulative value of the actual loan lending by the financial institution to the subject matter shall reach more than 70% of the total value of the loan evaluation, and the loan period has been more than one year. However, if the financial institutions and one party to the transaction are related to each other, this is not applicable.

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 estate or right-of-use assets thereof from a related party and appraises the cost of the real estate 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.

The Company acquires real estate 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 Article 15, and the preceding three paragraphs do not apply:

1. The related party acquired the real estate or right-of-use assets thereof through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real estate or right-of-use assets thereof to the signing date for the current transaction.
3. Acquiring real estate by signing a joint construction contract with a related party, or acquiring real estate by entrusting a related party to build real estate in the form of construction of local land and construction of land leases.
4. The real estate 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% of the issued shares or authorized capital.

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

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
  - (1) The plain land is evaluated according to the method stipulated in the preceding article, the house is calculated at the construction cost of the related party plus the reasonable construction profit, and the total number exceeds the actual transaction price. The reasonable construction profit shall be based on the the lower amount between the average operating gross profit margin of the related party construction department in the last three years and the latest construction industry gross profit margin announced by the Ministry of Finance.
  - (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. Where the Company acquiring real estate, or obtaining real estate 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% 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 estate or obtainment of the right-of-use assets thereof.

Article 18: Where the Company acquires real estate 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. The difference between the transaction price of the real estate or its right-to-use assets and the estimated cost, a special reserve shall be accrued in accordance with Article 41.1 of the Securities and Exchange Act, and shall not be assigned or transferred to capital increase and share allotment. If the investor who evaluates the investment in the Company using the equity

method is the public Company, it shall accrue a special reserve according to shareholding ratio in accordance with Article 41.1 of the Securities and Exchange Act.

2. The independent directors of the Audit Committee shall be handled in accordance with Article 228 of the Company Act and Article 14.4.4 of the Securities and Exchange Act.
3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When a public company obtains real estate 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.

### **Section Three Engage in trading of Derivative financial products**

#### Article 19: Trading Principles and Guidelines

1. Types of derivatives transactions:  
The derivative products traded by the Company shall be limited to those mentioned in Article 3 of the procedure.
2. Business or hedging strategy:  
The Company's hedging strategy first seeks internal offset and the net position as the operational basis. Trading in derivatives should be relevant to the company's business operating profit and avoid risks arising from fluctuations in exchange rates, interest rates or asset prices.
3. Division of powers and responsibilities:
  - (1) Financial division: It is the hub of the foreign exchange management system. It controls the foreign exchange positions of the Company as a whole. The forecasting and calculating of the positions must collect from information provided by the accounting, material management and sales divisions. The collection of market information, judgment of trends and risks, familiarity with financial products, rules and laws, and operational skills must be mastered at all times to support the operation of itself and other relevant departments. The traders and confirmation of the operation of the derivative products shall be independent of the operator and the delivery personnel. The authorized personnel of the transaction shall be approved by the Chairman of the Board of Directors, and the Company shall sign a written agreement with the financial institution in writing.

- (2) Accounting division: According to the settle voucher and related transaction vouchers, log in to the accounting account.
4. Performance evaluation essentials:
- (1) For the purpose of hedging: The annual business objectives of each currency exchange rate or interest rate set by the Company at the time of budgeting are listed as performance evaluation targets. Traders should try their best to achieve this goal and use it as the basis for performance evaluation.
- (2) Other special-purpose transactions: The profit and loss should be assessed on the position held every week, and an evaluation report should be submitted to the senior executives authorized by the board for reference.

5. Total contract amount and loss limit:

The total amount of outstanding transaction derivative contracts that the Company can engage in is 100% of the operating income of the most recent quarter. For transactions for the purpose of hedging, the total contract loss limit is 20% of the total contract amount of the transaction, and the individual contract loss limit is 20% of the individual contract amount; for other specific-purpose transactions, the total contract loss limit is 10% of the total contract amount of the transaction, and the individual contract loss limit is 5% of the individual contract amount. In the above scope, the transaction authorized personnel shall discuss with the first-level supervisor of the financial department, and submit a written report to discuss the measures for reducing losses and the impact on the Company. After approval by the financial department supervisor, general manager and Chairman, the authorized personnel will abide by the approved resolution to take countermeasures and report to the audit committee and Board of Directors afterwards.

Article 20: Procedures

1. Authorization limit

- (1) Authorization limits and levels for the purpose of hedging are as follows:

1) Loan subsidiary funds and foreign exchange positions:

| Authorization levels                               | Authorization limit of each transaction                         | Authorization limit of transactions on each day                  |
|--|---|--|
| Chairman   | More than US\$20 million  | More than US\$50 million   |
| First-level supervisor of the financial department | More than US\$5 million to less than US\$20 million (inclusive) | More than US\$25 million to less than US\$50 million (inclusive) |
| Financial unit manager                             | Less than US\$5 million (inclusive)                             | Less than US\$25 million (inclusive)                             |

2) Others:

| Authorization levels | Authorization limit of each transaction | Authorization limit of transactions on each day |
|----------------------|---|---|
|----------------------|---|---|

|  |   |  |
|--|---|--|
| Chairman   | More than US\$5 million to less than US\$15 million (inclusive) | More than US\$20 million to less than US\$50 million (inclusive) |
| First-level supervisor of the financial department | More than US\$3 million to less than US\$5 million (inclusive)  | More than US\$10 million to less than US\$20 million (inclusive) |
| Financial unit manager                             | Less than US\$3 million (inclusive)                             | Less than US\$10 million (inclusive)                             |

- (2) The basis, standard and upper limit of the authorized transaction for various hedging purposes are as follows:
- 1) Foreign exchange position: The principle of natural hedging is based on the Company's monthly demand for each currency, and the net position of each currency (*i.e.* the difference between foreign currency assets and liability of each currency), and reference to the estimated cash flow is used as risk avoidance amount.
    - A. Forward foreign exchange transaction authorization:

The authorized trader shall be based on the net position of the daily balance sheet of the foreign currency generated by the Company, and shall be subject to the transaction after discussion with the first-level supervisor of the finance department. The transaction price range shall be based on the foreign currency assets of the Company at that time and the liability record cost as the reference basis for the transaction price, and the transaction due date should match the liquidity demand of the company's working capital turnover. In addition, the maturity extension of forward foreign exchange is required for the control of foreign currency cash flow and does not affect the company's risk. Therefore, the amount in paragraph 1, item 1 is not applicable and can be handled with the permission of the first-level supervisor of the finance department.
    - B. Other foreign exchange derivative financial products (such as SWAP or CCS products)

Each transaction authorized person shall issue an evaluation report stating the name of the transaction type, the amount of the purchase/sale, the period, the purpose of the transaction, the details of the transaction, the fee, the object of the transaction, the nature of the transaction should be approved by the supervisor in accordance with paragraph 1, item 1 of this Article.
  - 2) Interest rate and other positions (such as: securities, precious metals and other related products): the transaction authorization is limited to the total amount of related positions or total number of units currently held by the company, and to avoid risks of the price, exchange rate, or interest rate of the issuance of overseas equity (such as ADR, GDR, etc.) and bonds at home or abroad (such as ECB, EB or domestic corporate bonds, etc.) or long-term bank borrowings, limited to the total amount of the outstanding balance, and to avoid risks of price fluctuations of commodities such as precious metals (gold, copper, or other raw materials for production, etc.),

appropriately hedged by the total number of units of the estimated use of the commodity in the next three months. Each transaction authorized person shall issue an evaluation report, be approved by the financial supervisor in accordance with paragraph 1, item 1 of this Article, and be agreed by the Chairman according to actual needs.

- (3) If the transaction amount or number of units for the purpose of hedging exceeds the authorized limit or upper limit of the preceding two paragraphs, or is a transaction for other specific purposes, the transaction authorized personnel shall issue an evaluation report, which shall be submitted to the first-level supervisor of the financial department in accordance with paragraph 1, item 1 of this Article. It can only be processed after the approval of the Chairman and the ratification of the Board of Directors.

2. Execution unit and transaction process:

- (1) Executing unit: The transaction personnel of the financial unit shall conduct the transaction to the financial institution within the scope of the authorized quota. After each transaction is completed, the transaction order shall be immediately filled in according to the transaction return of the financial institution, and the contents shall be marked and signed by the authority. The statistical position and a copy of the transaction slip is sent to the accounting unit.
- (2) Confirmation of transaction: The accounting unit of delivery and registration shall confirm the transaction according to the copy of the transaction order made by the trading unit, and then provide the delivery and registration details according to the number confirmed by the transaction. The financial unit shall make the monthly consolidation report and send it to the accounting unit as the basis of accounting evaluation.
- (3) If the Company engages in the transaction of derivative products and authorizes relevant personnel to handle them in accordance with the provisions of the procedure, it shall report to the most recent Board of Directors afterwards.

Article 21: Risk management measures

1. Scope of risk management:

- (1) Credit risk management: The target of the transaction is based on the principle of internationally renowned banks with good credit standing. After the transaction, the login personnel should log in to the quota control list and reconcile with the current bank on a regular basis.
- (2) Market price risk management: products selected are the internationally traded financial products, reducing the use of specially designed products. The registrant should check whether the total transaction amount meets the limits set by the procedure at all times. The accounting unit shall conduct the market price assessment at any time, and pay attention to the possible profit and loss of the held position due to future market price fluctuations.

- (3) Liquidity and cash flow risk management: In order to ensure market liquidity, in selecting financial products, financial institutions that trade with the Company must have sufficient equipment, information and trading capabilities, and traders should always pay attention to the Company's cash flow to ensure that cash is enough to pay in delivery.
  - (4) Operational risk management: The authorization quota and operation process must be strictly observed.
  - (5) Legal risk management: The documents signed with the transaction object are mainly based on the general contract of the market, and any unique contract must be reviewed by legal personnel or lawyers.
2. Internal control:
- (1) Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
  - (2) The risk measurement, supervision and control personnel shall be in different departments from those mentioned above and shall report to the Board of Directors or to senior executives who are not responsible for the transaction or position decision-making.
  - (3) The accounting personnel shall log in to the transaction after checking the relevant transaction documents. At the end of each month, the profit and loss shall be assessed according to the market price information provided by the financial personnel. The relevant transaction subpoena shall be approved by the competent authority.

Article 22: Internal Audit System

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

Article 22.1: Principles of accounting treatment:

Derivatives transactions are accounted for or disclosed in accordance with the Financial Accounting Standards Bulletin and the relevant provisions of the accounting system, and when the monthly transactions occur and are settled, the realized and unrealized gains and losses are calculated and accounted for or disclosed according to regulations

Article 23: Regular evaluation methods and exception handling

1. The position held by the derivative product exchange shall be assessed at least once a week, but if the risk-avoidance transaction required for the business is to be assessed at least twice a month, the evaluation report shall be submitted to the senior executive authorized by the Board of Directors.
2. The Board of Directors shall appoint senior executives to pay attention to the supervision and control of the risk of derivative product trading at all times, and shall regularly assess whether

the performance of the derivative product transactions is in conformity with the established business strategy and whether the risks assumed are within the allowable range.

3. The senior executives authorized by the Board of Directors shall periodically assess whether the risk management measures currently in use are appropriate and in accordance with the guideline and the procedures.
4. In supervising the transaction and the profit and loss situation, when an abnormal situation is found, the senior executive authorized by the Board of Directors shall take the necessary countermeasures and report to the Board of Directors immediately. The Board of Directors shall have independent directors present and express their opinions.

Article 24: When the Company is engaged in the trading of derivative products, it shall establish a checklist for the details of the type and amount of the derivative product transactions, the date of the adoption of the Board of Directors, and the consideration which shall be carefully evaluated in Article 23 for future reference.

#### **Section Four Business Merger, Division, Acquisition and Transfer of Shares**

Article 25: When the Company handles mergers, divisions, acquisitions or transfer of shares, it shall, before the resolution of the Board of Directors, appoint an accountant, lawyer or securities underwriter to express opinions on the reasonableness of the share conversion ratio, the purchase price or the cash allotted to shareholders or other property and submit it to the Board of Directors for discussion and approval. However, when the Company merges a subsidiary where it directly or indirectly holds 100% of the issued shares or total capital, or a merger between the subsidiaries that it directly or indirectly holds 100% of the issued shares or total capital, it is exempted from obtaining reasonable opinions from the former experts. .

Article 26: When the Company participates in a merger, division or acquisition, it shall, before the shareholders' meeting, provide important agreed contents about the merger, division or acquisition and related matters into public documents to the shareholders, together with the expert opinions of the preceding article and the notice of the shareholders' meeting, it is delivered to the shareholders as a reference for whether or not to agree to the merger, division or acquisition. However, in accordance with other laws and regulations, if it is not necessary to convene the shareholders' meeting to discuss mergers, divisions or acquisitions, then this is not the case.

If any party's shareholders' meeting of the Company and other companies involved in the merger, division or acquisition, due to the number of attendees, insufficient voting rights or other legal restrictions, may not convene, make a decision, or the proposal is rejected by the shareholders' meeting, the Company and other companies involved in the merger, division or acquisition shall immediately disclose the reasons for the occurrence, the subsequent processing operations and the date of the expected shareholders meeting.

Article 27: Unless otherwise stipulated by other laws or with special factors approved by the FSC beforehand, the Company and other companies involved in the merger, division or acquisition shall convene the

Board of Directors and the shareholders' meeting on the same day, and make a decision on the merger, division, or acquisition.

Unless otherwise stipulated by other laws or with special factors approved by the FSC beforehand, the Company and other companies involved in the transfer of shares shall convene the Board of Directors on the same day.

When the Company participates in a merger, division, acquisition, or transfer of shares, the following information shall be recorded in full and kept for five years for verification:

1. Basic personnel information: including those who participated in the merger, division, acquisition, or share transfer plan or plan execution before the news is published, the title, name, and identity card number (the passport number for foreigner).
2. Date of important events: including the date of signing the letter of intent or memorandum, entrusting financial or legal counsel, signing the contract and the board meeting.
3. Important books and proceedings: including mergers, divisions, acquisitions or share transfer plans, letters of intent or memoranda, important contracts and minutes of directors' meetings.

When the Company participates in the merger, division, acquisition or transfer of shares, it shall, within two days from the date of the resolution of the Board of Directors, report in the prescribed format the information in the first and second paragraphs of the previous Article to the online information collection system for FSC's examination.

If a company that participates in a merger, division, acquisition, or share transfer has a company that is not listed or whose shares are traded in the securities firm's business premises, the company shall sign an agreement with it and comply with the provisions of Item 3 and 4.

Article 28: The Company and all other persons who participate in or are aware of the company's merger, division, acquisition, or share transfer plan shall issue a written confidentiality undertaking, and the contents of the plan shall not be disclosed before the information is disclosed. They may not buy or sell stocks of all companies related to mergers, divisions, acquisitions, or share transfer cases and other securities of an equity nature on their own or in the name of others.

Article 29: When the Company participates in a merger, division, acquisition or transfer of shares, the proportion of shares to be converted or the purchase price shall not be arbitrarily changed except in the following cases, and the circumstances of the change shall be in the merger, division, acquisition, or share transfer contract:

1. Handling cash capital increase, issuing convertible corporate bonds, stock grants, issuing warranted corporate bonds, warranted special stocks, warrants and other securities of equity nature.
2. Disposal of the Company's major assets and other activities affecting the company's financial business.
3. Major disasters, major technological changes, etc., affecting the Company's shareholders' equity or securities prices.

4. The adjustment of buying back the treasury shares according to law of any one of the companies involved in the merger, division, acquisition, or share transfer.
5. The number of entities or companies involved in the merger, division, acquisition, or share transfer may increase or decrease.
6. Other conditions of change that have been recorded in the contract and have been publicly disclosed.

Article 30: When the Company participates in a merger, division, acquisition or transfer of shares, the contract shall specify the rights and obligations of the company involved in the merger, division, acquisition or transfer of the company, and shall state the following:

1. Handling of default.
2. The principle of dealing with issued equity-type securities or purchased treasury shares of the company that was eliminated or divided due to merger.
3. The number of treasury shares that the companies involved shall buy back according to law and the principle of handling it after calculating the shareholding ratio base date.
4. The handling method of the increase or decrease in the number of participating entities or companies.
5. Estimated project execution progress and expected completion schedule.
6. When the plan is overdue, the relevant processing procedures such as the scheduled date of the shareholders' meeting in accordance with the law.

Article 31: Any party that participates in a merger, division, acquisition or transfer of shares shall, after the disclosure of the information, intend to merge, division, acquire or transfer shares with other companies, except for that the number of participating parties decreases, and the shareholders' meeting has resolved and authorized the Board of Directors to change the authority, participating companies do not have to convene the shareholders' meeting to make decisions again, the completed procedures or legal acts in the original merger, division, acquisition, or share transfer case shall be performed by all participating companies.

Article 32: If a company that participates in a merger, division, acquisition or transfer of shares is a non-publicly-listed company, the company shall sign an agreement with it, and handle this in accordance with Articles 27, 28 and 31.

## **Section Five Supplementary Provisions**

Article 33: Penalties

If the relevant executive personnel of the Company violate the procedures or the guidelines, they shall be handled according to the Company's assessment, reward and punishment measures.

Article 34: The procedure shall be approved by more than one-half of all members of the Audit Committee, and shall be submitted to the shareholders' meeting for approval after the resolution of the Board of

Directors. It is the same case for amendments. If a director expresses objection and has a record or written statement, the Company shall send the director's objection information to the audit committee.

When the Procedures for the Acquisition or Disposal of Assets are submitted to the Board of Directors for discussion in accordance with the provisions above, the opinions of the independent directors should be fully considered. If the independent directors have objections or reservations, they should be stated in the proceedings of the Board of Directors.

If it is not possible to have the consent of more than one-half of all members of the Audit Committee in accordance with the procedure, more than two-thirds of all directors may agree to do so, and the resolutions of the Audit Committee shall be stated in the minutes of the Board of Directors.

All members of the Audit Committee and all directors referred to in the preceding item shall be counted as actual incumbents.