

E.SUN Financial Holding Co., Ltd. - Asset Acquisition or Disposal Procedures

Chapter I General Rules

- Article 1 These Procedures are established in accordance with Article 36-1 of the Securities and Exchange Act and the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" published by the Financial Supervisory Commission ("FSC") to facilitate the Company's asset management and implement information disclosure.
- Article 2 These Procedures apply to the following asset categories:
1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
 2. Real estate (including land, houses and buildings, investment property) and equipment.
 3. Memberships.
 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
 5. Right-of-use assets.
 6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
 7. Derivatives.
 8. Assets acquired or disposed of through mergers, divestments, business acquisitions or share exchange.
 9. Other key assets.
- Article 3 Terms used in these Regulations are defined as follows:
1. Derivatives: Forward contracts, option contracts, futures contracts, leveraged guarantee contracts, or swap contracts whose value is determined by specific interest rates, the prices of financial instruments or products, exchange rates, price or fee rate indices, credit ratings or credit indices, or other variables, or combinations of the foregoing contracts, or composite contracts or structured products with embedded derivatives. As used here, forward contracts do not include insurance contracts, contract performance contracts, after-sales service contracts, long-term rental contracts, or long-term stocking (sales) contracts.
 2. Assets acquired or disposed of through mergers, divestments, business acquisitions or share exchange: Refers to assets acquired or disposed of through mergers, divestments, 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.
 3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
 4. 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.
 5. Date of Occurrence: Refers to, the earliest of, the signing date, payment date, deal date, date of ownership transfer, the board of directors' resolution date or any other dates when the transaction counterparty and the amount can be verified with certainty. ; 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.
6. Investment in the Mainland Area: Refers to investments in the Mainland China area conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area announced by the Investment Commission of the Ministry of Economic Affairs.
 7. Professional investment enterprises: Financial holding companies, banks, insurance companies, bills finance companies, trust enterprises, securities dealers engaging in proprietary trading or underwriting services, and futures commission merchants, securities investment trust enterprises, securities investment consulting enterprises, and funds engaging in proprietary trading that have been established in accordance with law and are under the management of the local financial competent authority.
 8. Stock exchanges: Domestic stock exchanges refer to the Taiwan Stock Exchange Corporation; foreign stock exchanges refer to all securities markets that have an organization and are managed by the securities competent authority of the country where they are located.
 9. Place of business of securities dealers: The place of business of domestic securities dealers refers to the place where a securities dealer has established a counter for the implementation of transactions in accordance with the requirements of the Regulations Governing Trading of Securities on Over-The-Counter Markets; the place of business of foreign securities dealers refers to the place of business of a financial institution under the management of a foreign country's securities competent authority and permitted to engage in securities business.

Chapter II Appraisal and operating procedures

Section 1 Acquisition or Disposal of Assets

Article 4 In acquiring or disposing of real property, equipment or their right-of-use assets, where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, acquiring or disposing of equipment for business use, or their right-of-use assets, 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. If, for any reason, the company needs to use restrictive, specific or special pricing to serve as reference for the transaction price, then the transaction must be resolved by the board of directors before proceeding. Likewise in the case of any changes to the terms of the transaction are made subsequently.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. If a valuation conducted by a professional appraiser exhibits any of the following, a CPA must be engaged to provide an opinion with regards to the discrepant value and the reasonableness of the transaction price, except in situations where the valued price is higher than the acquisition price or lower than the selling price:
 - (1)The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 - (2)The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided that where the publicly announced current value for the same period is used and not more than 6

months have elapsed, an opinion may be issued by the original professional appraiser. In the event that the appraisal results are obtained from two or more professional appraisers in pursuant to Subparagraph 2 of the preceding paragraph, the different professional appraisers or appraisal officers may not be a related party or substantively related party of each other.

- Article 5 In case of acquisition or disposal of securities, the Company shall, prior to the date of occurrence of the event, obtain the financial statements of the issuing company for the most recent period which have been certified or reviewed by a certified public accountant. Such financial statements shall be used as a reference for appraising the transaction price. If the transaction amount has reached 20% of the company's paid-in capital or NT\$300 million, the Company shall, prior to the date of occurrence of the event, additionally engage a CPA to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to securities with publicly quoted prices from an active market, or if it has been otherwise provided by the regulations of the Financial Supervisory Commission (FSC).
- Article 6 If the dollar amount of intangible assets or their right-of-use assets or memberships to be acquired or disposed of by the Company is 20% or more of the Company's 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 provide an opinion regarding the reasonableness of the transaction price.
- Article 6-1 The calculation of the transaction amounts referred to in the preceding three articles shall be conducted in accordance with Article 25, paragraph 2 herein. In the meantime, "within one year" as used herein refers to the year proceeding to the date of occurrence of the current transaction. The basis for calculation, however, shall not include any transactions for which a professional appraisal report or CPA's opinion has been obtained according to the Procedures.
- Article 7 Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be used as a substitute for the appraisal report or CPA opinion.
- Article 8 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 must comply with the following regulations:
1. Have not violated this Act, the Company Act, Banking Act, Insurance Act, Financial Holding Company Act, or Business Accounting Act, or committed any instances of fraud, breach of good faith, embezzlement, forgery of documents, or other business-related criminal behavior, and received a confirmed sentence of more than one year of imprisonment. However, this condition shall not apply after three years have passed following the completion of the sentence, probation, or pardon.
 2. Are prohibited related parties or substantively related parties with the parties to the transaction.
 3. If the company should obtain appraisal reports from two or more appraisers, and the different estimators or estimation personnel may not be mutually related parties or substantively related parties.

If the foregoing personnel have provided an appraisal report or opinion, they must handle the case according to the self-regulatory rules established by their respective industry associations and the following:

1. Before accepting the case, they must thoroughly assess their own abilities, practical experience, and independence.
2. When executing a case, they must appropriately plan and implement suitable operating procedures, and must form conclusions and submit a report or opinion; all implemented procedures, collected data, and conclusions must be stated in detail in the case working papers.
3. An item-by-item review of the suitability and reasonableness of the data sources, parameters, and information used shall be conducted to provide a basis for the submitted appraisal report or opinion.
4. Stated matters should include the professional qualifications and independence of relevant personnel, a statement that the information used was suitable and reasonable, and a statement of compliance with relevant laws.

Section 2 Operating Procedures

Article 9 When the Company acquires or disposes of asset, unless otherwise regulated by these Procedures, the assessment and operating procedures, decision-making procedures of terms of transactions, unit responsible for implementation, public announcement procedures, investment scope and limit, and other matters that should be handled shall be conducted following the Company's Investment Policy, Property Acquisition or Disposal Operating Guidelines, and the Procedure for Processing Derivative Transactions.

Section 3 Total amounts of real property and its right-of-use assets and securities acquired by the company and each subsidiary for business use, and limits on individual securities

Article 10 The total amounts of real estate and its right-of-use assets and securities acquired by the Company's subsidiary for non-business use, and limits on individual securities, shall follow the Financial Holding Company Act and relevant regulations.

Unless otherwise regulated by relevant laws of the Company's subsidiaries or where the subsidiary is an investment specialist, the real property and its right-of-use assets acquired by the each subsidiary for non-business use may not exceed the net value of the invested real estate and its right-of-use assets. The total amount of securities acquired may not be more than 7 times the net value. The limits on investment in single securities may not be more than 5 times the net value.

Where each subsidiary is an investment specialist, the real property and its right-of-use assets acquired by each subsidiary for non-business use may not be more than two times the net value of the invested real estate; the total amount of securities acquired may not be more than 10 times the net value; and the limits on investment in a single securities may not be more than 5 times the net value.

Chapter 3 Related Party Transactions

Article 11 When engaged in the acquisition or disposal of assets from or to a related party, the Company shall, in accordance with the regulations stipulated in Section 1, Chapter 2 and in Chapter 3 of these Procedures, completes the relevant resolution procedures and appraisal of the reasonableness of the transaction terms. If the transaction amount reaches 10% of the company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in accordance with the provisions of the preceding Chapter.

With regard to the calculation of transaction amount prescribed in the preceding paragraph, the Company shall follow the procedures prescribed in Article 6-1 herein.

When determining whether the transaction counterparty is a related party, the Company shall take into account not only the legal formalities, but also the substance of the relationship.

Article 12 When this company acquires or disposes of real estate or its right-of-use assets from or to a related party, or acquires or disposes of assets other than real estate or its right-of-use assets from or to a related party, and the transaction amount exceeds 20% of the company's paid-in capital, 10% of the company's total assets, or NT\$300 million, except when purchasing domestic government bonds, bonds with repurchase (reverse repurchase) agreements, subscription or buy back of currency market funds issued by domestic securities investment trust enterprises, or otherwise specified by law, this company must submit the following information to the Audit Committee, and obtain its approval, and may sign a transaction contract and make the payment only after the transaction has been approved by a board resolution for the aforementioned transactions with related parties, the actual transaction status shall be reported to the latest shareholders' meeting report after the end of the year:

1. The purpose, necessity, and expected benefits for acquiring or disposing of the asset.
2. The reasons for transacting with the particular related party.
3. Where real estate is acquired from a related party, any information that is relevant to establish the reasonableness of transaction terms under Articles 13 and 14.
4. The date and price at which the related party originally acquired the asset, the original trading counterparty, as well as the relationship between the original trading counterparty and the Company/the Company's related parties.
5. 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.
6. Professional value's report or CPA's opinion obtained according to the previous Article.
7. Restrictive covenants and other important stipulations associated with the transaction.

When this company engages in any of the following transactions with a subsidiary, or subsidiaries in which this company holds 100% of all issued equity or total capital engage in the following transactions among themselves, the board may in accordance with Article 9 authorize the chairman to initially approve all such transactions within a certain amount, and subsequently submit the case to the next board meeting for retroactive acknowledgement:

1. Acquisition or disposition of equipment for operating use or its right-of-use assets.
2. Acquisition or disposition of right-of-use assets connected with real estate for operating use.

Where the Company or its subsidiary that is not a domestically listed company engages in any transaction listed in Paragraph 1 and the transaction amount reaches 10 percent of the Company's total assets, the information listed in Paragraph 1 shall be submitted to the shareholders' meeting for approval; only after such information has been approved by the shareholders' meeting may the contract be signed or payment be made. However, this does not apply to the transaction between the Company and its parent or subsidiary, or among subsidiaries.

The calculation of the transaction amounts referred to in Paragraph 1 and the preceding paragraph shall be conducted in accordance with Article 25, Paragraph 2 herein. In the meantime, "within one year" as used herein refers to the year proceeding to the date of

occurrence of the current transaction. Amounts that have already been approved by the Audit committee and resolved by a shareholders' meeting and the Board of Directors may be excluded from calculation.

Article 13 On acquiring real estate or its right-of-use assets from a related party, the Company shall adopt the following methods to assess the reasonableness of the transaction costs.

1. 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.
2. If the related party has previously pledged the property as collateral to borrow from a financial institution, then the value estimated by the financial institution should be used as reference, provided that the financial institution lent more than 70% of the property value for more than 1 year. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

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

When acquiring real estate or their right-of-use assets from a related party, the Company shall appraise the cost of the real estate in accordance with paragraph 1 and paragraph 2 above, in the meantime engaging a CPA to review the appraisal and render an opinion.

Under the following circumstances, the Company shall follow the rules specified in Article 12 herein for acquiring real estate or its right-of-use assets from a related party. The provisions in the above three paragraphs shall not apply:

1. The related party has acquired the real estate or its right-of-use assets through inheritance or as a gift.
2. More than 5 years have elapsed from the time the related party signed the contract to obtain the real property or its right-of-use assets to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
4. When this company acquires right-of-use assets connected with real estate for operating use from a subsidiary, or subsidiaries in which this company holds 100% of all issued equity or total capital engage in such a transaction among themselves.

Article 14 The Company shall observe the rules prescribed in Article 15 herein if the appraised values arrived at according to paragraphs 1 and 2 of the preceding article are uniformly lower than the transaction price. The rule specified in the first paragraph, however, shall not apply to the following situations if the Company could provide objective evidence, professional appraisal reports and a CPA's opinion on the reasonableness of the transaction terms:

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 total appraised value of the undeveloped land and the buildings exceed the actual transaction price, where the undeveloped land has been evaluated in accordance with the methods prescribed in the preceding article and the buildings have been appraised by adding a reasonable construction profit to the construction cost paid by the related party. The "Reasonable construction profit" shall be deemed the average gross operating profit

margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

- (2) In cases of completed transaction cases with other non-related parties within the past year involving other floors of the same target real estate or adjacent areas, when the floor area is similar, and the transaction terms are considered similar after assessment on the basis of a reasonable floor or area price differential in accordance with accepted real estate purchase or rental practices.
2. Where the Company has provided evidence that the terms and conditions for purchasing the real estate or acquisition of real estate right-of-use assets by rental from the related party are equivalent to the terms of the transactions concluded in neighboring areas for similarly-sized parcels by other non-related parties within one year.

Completed transactions for neighboring parcels of land in the preceding paragraph in principle refer 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 for 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 one year" refers to one year dating back from the date of occurrence of acquiring of the real estate or its right-of-use assets.

Article 15 When the Company acquires real estate or its right-of-use assets from a related party and the appraised values arrived at in accordance with the two previous articles herein is uniformly lower than the transaction price, the following procedures shall be followed:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the transaction price and the appraised cost for the real estate or its right-of-use assets. These funds may not be distributed or used for capital increase or issuance of bonus shares. For a public company adopting the equity method to account for its investment in another company, the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall also be appropriated on a pro-rata basis according to the percentage of shares held by the investor.
2. The Audit Committee shall follow Paragraph 3, Article 14-4 of the Securities and Exchange Act, mutatis Article 218 of the Company Act.
3. Actions taken pursuant to the two previous 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.

When this company sets aside a special reserve as specified in the foregoing paragraph, the company may use monies from the special reserve only after it has recognized losses due to falling prices on assets that have been purchased or leased for high prices, or disposed of the assets or terminated the lease contract, or taken suitable action to compensate for or restore the assets' status, or taken other actions for which there is evidence confirming no unreasonable aspects, and the Financial Supervisory Commission has granted its consent.

The rules specified in the preceding two paragraphs shall also be followed if there is other evidence showing nonconformity with general business practices when the Company acquires real estate or its right-of-use assets from a related party.

Chapter 4 Engaging in Derivatives Transactions

Article 16 The Company shall comply with the regulations of the Company's Procedure for

Processing Derivative Transactions when engaging in derivative transactions.

Chapter 5 Corporate Mergers, Divestment, Acquisitions and Share Transfer

Article 17 In handling mergers, spin-offs, acquisitions or share transfers, the Company shall, before convening a board meeting to approve such matter, engage a CPA, attorney or securities underwriter to provide opinions on the reasonableness of the share exchange ratio, acquisition price, the cash or other property to be distributed to shareholders, etc. The proposal shall be submitted to the board of directors for deliberation and passage. However, professional appraisal as mentioned in the preceding paragraph is exempted when the Company directly or indirectly merges with subsidiaries holding 100% of the Company's outstanding shares or capital or when subsidiaries that directly or indirectly hold 100% of the Company's outstanding shares or capital are merged.

Article 18 When participating in a merger, spin-off, acquisition or transfer of shares, the Company shall prepare a public report to shareholders detailing important contractual content and matters crucial to the merger, spin-off or acquisition prior to the shareholders' meeting and include it along with the expert opinion mentioned in Item 1 when sending shareholders notification of the shareholders' meeting for reference in deciding whether to approve the merger, spin-off or acquisition. However, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, spin-off or acquisition, this restriction shall not apply.

Where the shareholders' meeting of the Company participating in a merger, spin-off, 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 Company shall immediately explain publicly the reason, the follow-up measures and the preliminary date of the next shareholders' meeting.

Article 19 Unless otherwise regulated by law or approved in advance by the Financial Supervisory Commission for any special reason, all participants of a merger, divestment or business acquisition must convene board of directors meetings and shareholders' meetings on the same day to resolve any details related to the merger/divestment/business acquisition.

Unless otherwise provided by law or agreed in advance by the FSC for special reasons, the Company participating in share transfer shall convene a board of directors meeting on the same day with the company participating in share transfer.

When engaged in merger, divestment, acquisition or share exchange, the Company shall keep a complete written record including the following information, which shall be retained for five years for review and audit purposes:

1. Basic Personnel Information Including the job title, name and ID number (or passport number in the case of foreign nationals) of all personnel involved in the planning or implementation of the merger, divestment, acquisition, or share exchange prior to public disclosure of the information.
2. Dates of Important Events including the dates of signing a letter of intent/memorandum of understanding, commissioning a financial or legal advisor, signing contracts or holding board of directors meetings.
3. Important Documents and Meeting Minutes Including the plans for merger, divestment, acquisition or share exchange, letter of intent or memorandum of understanding, important contracts and minutes of the board of directors meetings.

When participating in merger, divestment, acquisition, or share exchange, the Company shall, within 2 days from the date of passage of the board resolution, submit to the FSC

for recordation the information required in subparagraphs 1 and 2 of the preceding paragraph. The information shall be compiled according to the specified format and transmitted via the Internet.

If any of the participating companies in the merger, divestment, acquisition, or share exchange is not a listed company or a company having its shares traded on an OTC market, the Company shall sign an agreement with such participating companies, while abiding by the provisions of the previous two paragraphs herein.

Article 20 All of the Company's personnel participating in or privy to the plan for the merger, spin-offs, acquisition, or transfer of shares shall be required to issue an undertaking of confidentiality in writing not to disclose the content of the plan prior to public disclosure of the information. Neither shall they, in their own name or under the name of a third person, trade in any stock and other equity securities of any company related to such plan.

Article 21 Except for the following circumstances, the Company shall not arbitrarily change the share exchange ratio or acquisition price when participating in the merger, divestment, acquisition or share exchange. The Company shall, in the meantime, stipulate in the relevant contracts for the merger, spin-offs, acquisition, or share exchange the conditions where such changes are allowed:

1. Administering capital increase in cash or issuance of convertible corporate bonds, bonus shares, and corporate bonds with warrants, preferred shares with warrants, stock warrants or other equity based securities.
2. Disposal of the Company's major assets or other activities which may influence the financial operations of the Company.
3. Significant events such as major disasters or material technology changes which will influence the shareholders' equity or share price of the Company.
4. Adjustments made by any of the participating companies of the merger, divestment, acquisition or share exchange due to the lawful buyback of treasury stock.
5. Changes in the entities or number of participating companies for the merger, spin-offs, acquisition, or share exchange.
6. Other terms and conditions in which changes are permitted, subject to that they have been stipulated in the relevant contracts and publicly disclosed.

Article 22 When participating in the merger, spin-offs, acquisition, or transfer of shares, the Company shall state clearly in the relevant contracts the rights and obligations of the participating companies and shall clearly specify the following matters:

1. Procedures for handling breach of contract.
2. Principles for handling equity securities previously issued or treasury stock previously bought back by a company which has been divested, or extinguished in the process of a merger.
3. The amount of treasury stock that can be lawfully purchased back by the participating company after the record date for calculating the share exchange ratio and the administrative principles.
4. Methods for handling changes in the entities or number of participating companies.
5. The implementation timetable and expected date of completion for the project.
6. The scheduled date for the shareholders' meeting required by law and the relevant procedures in case of any failure to meet the project deadline.

Article 23 In the event that, after the public disclosure of the information for the merger, spin-off, acquisition or share exchange participated in by the Company, the Company intends to engage another company (companies) in such activities, all the participating companies shall again go through all the procedures and legal actions which have already been completed for the original merger, spin-off, acquisition or share transfer. The Company, however, may be exempted from calling another shareholders' meeting to reapprove the plan, if the number of participating companies has decreased and the Board of Directors of the Company have received approval and authorization from the shareholders' meeting to change the authority.

Article 24 When the company involved in a merger, division, acquisition, or stock transfer case is not a public company, this company shall sign an agreement with that company, and handle the case in accordance with the requirements of Articles 19 and 20 and the previous article.

Chapter 6 Disclosure of Information

Article 25 Under any of the following circumstances, the Company shall, within 2 days from the date of occurrence of the event, publicly announce and report the relevant information about the acquisition or disposal of assets on the designated website of the Financial Supervisory Commission using the specified format:

1. When acquiring or disposing of real estate or its right-of-use assets from or to a related party, or acquiring or disposing of assets other than real estate or its right-of-use assets from or to a related party, and the transaction amount exceeds 20% of the company's paid-in capital, 10% of the company's total assets, or NT\$300 million. However, the purchase of domestic government bonds, bonds with repurchase (reverse repurchase) agreements, or the subscription or buy back of currency market funds issued by domestic securities investment trust enterprises law shall not be subject to this restriction.
2. Mergers, divestments, business acquisitions, or share exchanges.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the provisions herein.
4. Acquisition or disposal of operating equipment or its right-of-use assets with non-related parties that amounts to more than NT\$1 billion.
5. Where land is acquired under an arrangement 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, where the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction is more than NT\$500 million.
6. Asset transactions other than the ones specified in the five preceding clauses, disposals of debt entitlement by a financial institution, or investments in Mainland China that amount to 20% of the company's paid-up capital or more than NT\$300 million. This shall not apply to the following circumstances:
 - (1) Trading of domestic government bonds, or a foreign government bond with a sovereign rating not lower than the sovereign rating of the ROC.
 - (2) When purchasing or selling securities on the stock exchange or at a securities dealer's place of business, or subscribing to foreign government bonds, ordinary corporate bonds or ordinary financial bonds (not including junior bonds) issued on the primary market for fund-raising purposes, or subscribing to or buying back

securities investment trust enterprise funds or future trust funds, or subscription to or buying back of exchange-traded notes, or when a securities dealer subscribes to securities in accordance with Taipei Exchange regulations due to its underwriting services or because it is the recommended securities dealer assisting an OTC-listed company.

- (3) Trading of bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds that are issued by securities investment trust companies.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
3. The cumulative transaction amount of real estate or its right-of-use assets acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.

The Company shall, in accordance with requirements, compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by Company and its subsidiaries that are not publicly-listed companies in Taiwan and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

When the Company at the time of public announcement makes an error or omission in an item required by the regulations to be publicly announced and is required to correct it, all the items shall be again publicly announced and reported in their entirety within 2 days commencing immediately from the date on which the error or omission is known.

After the Company publicly announces its investment in Mainland China in compliance with Subparagraph 4, Paragraph 1 herein, should the competent authority approves of such investment announcement, the Company shall disclose the date of the original public announcement, the name of the investee company in China, the estimated investment amount, trading counterparty, and the date of approval by the competent authority.

When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and opinions of the certified public accountant, attorney and securities underwriter at the Company headquarters, where they shall be retained for five years, except where another act provides otherwise.

Article 26 If the following situations arise after the Company has announced or reported transactions according to the preceding article, the Company shall announce and report such matters within two days on the website specified by the FSC:

1. Change, termination or rescission of a contract signed in regard to the original transaction.
2. Failure to complete the merger, divestment, acquisition, or share exchange within the deadline prescribed in the contract.
3. Change to the originally publicly announced and reported information.

Chapter 7 Control procedures for the acquisition and disposal of assets by

subsidiaries

- Article 27 Information required be publicly announcing and reporting in accordance with Chapter 6 on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company.
Where the Company's subsidiary is not a publicly listed company, the paid-in capital or total assets of the Company shall be the standard when the calculation of the paid-in capital or total assets prescribed in these Procedures are subject to Article 25, paragraph 1 requiring a public announcement and regulatory filing. The subsidiary shall be the standard when calculating the remaining paid-in capital or total assets prescribed in these Procedures.
- Article 28 The Company's internal auditors shall no periodically review the self-inspection report pertaining to the acquisition or disposal of assets by the Company and its subsidiaries.
Any employee of the Company who violates these Procedures when handling the acquisition or disposal of assets shall be subject to punishment in accordance with the work rules of the Company and its subsidiaries, in addition to legal responsibilities as required by law.
- Article 29 The Company shall oversee that its subsidiaries to formulate and implement asset acquisition or disposal handling procedures in accordance with FSC's "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".
The Company shall oversee that its subsidiaries inspect whether their asset acquisition or disposal handling procedures comply with relevant regulations, and whether matters relevant to their acquisition, disposal, and asset transaction are conducted following their established handling procedures.

Chapter 8 Supplementary provisions

- Article 30 These Procedures shall be approved by the Audit Committee, submitted to the Board of Directors for resolution, and presented to the shareholders' meeting for approval. The same procedures shall apply for future amendments. If any director expresses dissent and it is contained in the minutes or a written statement, the director's dissenting opinion shall be submitted to the Audit Committee.
- Article 31 Acquisition or disposal of assets by the Company must be approved by the board of directors according to these Procedures or other regulations. If any director expresses dissent and it is contained in the minutes or a written statement, the director's dissenting opinion shall be submitted to the Audit Committee.
When the acquisition or disposal of assets is proposed for discussion by the board of directors as prescribed in the preceding paragraph, independent directors' opinions must also be fully taken into consideration. Any objections or qualified opinions made by independent directors must be detailed in board meeting minutes.
- Article 32 The acquisition or disposal of assets by the Company shall follow the FSC's "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and these Procedures, except where financial laws provide otherwise.
- Article 32-1 For the calculation of 10% of total assets under the Procedures, the total assets stated in the 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 33 These Procedures were established on March 23, 2003 in the 7th session of the 1st meeting of the board of directors.
The 1st amendment was made on May 15, 2003 in the 8th session of the 1st meeting of the board of directors.
The 2nd amendment was made on February 14, 2007 in the 13th session of the 2nd meeting of the board of directors.
The 3rd amendment was made on March 3, 2008 in the 17th session of the 2nd meeting of the board of directors.
The 4th amendment was made on March 16, 2012 in the 9th session of the 4th meeting of the board of directors.
The 5th amendment was made on February 24, 2014 in the 22nd session of the 4th meeting of the board of directors.
The 6th amendment was made on March 24, 2017 in the 22nd session of the 5th meeting of the board of directors.
The 7th amendment was made on January 18, 2019 in the 13th session of the 6th meeting of the board of directors.
The 8th amendment was made on March 11, 2022 in the 18th session of the 7th meeting of the board of directors.
The 9th amendment was made on April 19, 2024 in the 10th session of the 8th meeting of the board of directors.