

Taiwan Cogeneration Corporation

Asset Acquisition and Disposal Operating Procedure

Established by the General Meeting of Shareholders on 20 June 2012

1st Amendment made by the General Meeting of Shareholders on 19 June 2014

2st Amendment made by the General Meeting of Shareholders on 21 June 2017

3rd Amendment made by the General Meeting of Shareholders on 20 June 2019

4th Amendment made by the General Meeting of Shareholders on 31 May 2022

Chapter I General Provision

Article 1 This Procedure is established in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies promulgated by the Financial Supervisory Commission (FSC).

Article 2 This Company shall acquire or dispose assets in accordance with this Procedure. This Company shall acquire or dispose assets in accordance with this Procedure.

Article 3 The term “assets” under this Procedure includes the following:

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 property (including land, houses and buildings, and investment property) and equipment.
3. Memberships.
4. Intangible assets including patents, copyrights, trademarks, franchise rights, and others.
5. Access right .
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, spin-offs, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

Article 4 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, spin-offs, acquisitions, or transfers of shares by law: Assets acquired or disposed through mergers, spin-offs, or acquisitions conducted under the Business Mergers and Acquisitions Act, and other acts, or transfers of shares from another company through issuance of new shares of its own as the consideration therefor

(hereinafter “transfer of shares”) under paragraph 3, Article 156, 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 date of contract signing, date of payment, date of consignment trade, date of transfer, date of resolutions made by boards of directors, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the Regulations Governing the Approval of Investment or Technical Cooperation in the Mainland China.
7. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located
8. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 5 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies 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 unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction
3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

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

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.

Chapter II Disposition Procedures

Section 1 Establishment of Disposition Procedures

Article 6 This Procedure shall be approved by BOD before submitting to all supervisors and the AGM for consent adoption, and the same shall apply to revisions thereof. Where a director disagrees with this Procedure and records or written statements are in place, the Company shall distribute such information to each supervisor. When submitting this Procedure to BOD for discussions, the opinion of each independent director shall be taken into full consideration, and their objections or qualified opinions shall be explicitly retained in the minutes of board meeting.

Article 7 In the transaction of real property, plant and equipment (PP&E) the handling department shall assess the analysis results, draws up transaction terms, submits them for approval according to the approval hierarchy, and makes approval according to the Company's authorization procedure.

In securities transactions, the handling department shall analyze and predict the future prospects with reference to the market condition so as to draw up transaction terms and makes approval according to the Company's authorization procedure.

This Company shall supervise subsidiaries to establish and implement their own asset acquisition and disposal procedures. The regulations of these company shall apply to subsidiaries that have not established their own procedures. A subsidiary shall provide information regarding asset acquisition and disposal for this Company at planned intervals for reference.

Personnel violating the procedures for asset acquisition and disposal shall be punished in accordance with the regulations for rewards and punishments of this Company.

Article 8 For acquisition or disposal of assets that shall be consented by over half of all audit committee members and resolved by BOD as specified by this Procedure or other laws, paragraphs 3 and 4 of Article 6 shall apply mutatis mutandis.

Section 2 Acquisition or Disposal of Assets

Article 9 In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal

report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent 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, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 10 The Corporation acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20% of the Corporation's paid-in capital or NT\$300 million or more, the Corporation shall additionally 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. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

Article 11 Where the Corporation acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Corporation 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.

Article 12 The transaction amount referred to in the foregoing three articles shall be calculated in accordance with paragraph 2 of Article 31, and "within one year" refers to the year before the date of occurrence of the current transaction. The section(s) with an appraisal report from a professional appraiser or the CPA opinion obtained in accordance with this Procedure shall be exempted.

Article 13 Where the Company acquires or disposes assets through the court auction procedure, the evidentiary documentation issued by the court may substitute the appraisal report or CPA opinion.

Section 3 Related Party Transaction

Article 14 When acquiring or disposing assets with a related party, apart from ensuring that the required resolutions are adopted and the fairness of the transaction terms is appraised in accordance with the this and previous sections, the Company shall obtain an appraisal report from a professional appraiser or the CPA opinion where the transaction amount exceeds 10% of the Company's net worth. The transaction amount referred to in the foregoing paragraph shall be calculated in accordance with Article 12. When judging whether or not the counterparty is a related party, in addition to the legal formalities, the substance of the relationship shall be considered.

Article 15 Except for trading domestic government bonds and repurchase (RP)/reserve repurchase (RS) securities, subscribing or redeeming domestic money market funds (MMFs), when acquiring or disposing real property and its right-of-use assets with related parties, or acquiring or disposing assets other than real property and its right-of-use assets with related parties at a transaction amount up to 20% of the paid-in capital or 10% of the total assets of this Company, or over NT\$300 million, the Company shall submit the following data to BOD for approval and to supervisors for adoption prior to concluding the transaction agreement and disburse the payment:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason(s) for choosing the related party as a trading counterparty.
3. With respect to the acquisition of real property and its right-of-use assets from a related party, information regarding appraisal of the fairness of the preliminary transaction terms in accordance with Article 16 and Article 17.
4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
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. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the foregoing article.
7. Restrictive covenants and other important stipulations associated with the transaction.

The transaction amount referred to in the foregoing paragraph shall be calculated in accordance with paragraph 2, Article 31, and "within one year" referred to in this Procedure shall mean one year before the date of occurrence of the current transaction. Transactions that have been approved by BOD and adopted by supervisors can be exempted.

When engaging in the following transactions between the Company and subsidiaries, or with wholly-owned (both total issued shares or total authorized capital), either directly or indirectly, subsidiaries BOD may authorize the chairperson to directly proceed acquisition or disposal within a designated limit

and apply for adoption of the transaction in the next board meeting.

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

If the Corporation 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% or more of the Corporation's total assets, the Corporation shall submit the materials listed in paragraph 1 submitted 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 Corporation and the parent company or subsidiaries or between the subsidiaries. The calculation of the transaction amounts referred to in paragraph 1 and in the preceding paragraph shall be made in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction, which has been approved by the majority of the Audit Committee members in accordance with the "Procedures" and resolved by the shareholders meeting and the board of directors need not be counted toward the transaction amount.

Article 16 When acquiring real property or its right-of-use assets from a related party, the Company shall evaluate the fairness of the transaction cost by appraising:

1. The cost including the transaction price and necessary interest on funding of the related party and the buyer's cost. "Necessary interest on funding" is calculated based on the weighted average interest rate on borrowing in the year the Company purchases the property, provided that the rate shall not exceed the maximum lending rate of non-financial industries announced by the Ministry of Finance.
2. The total value appraised by the lending financial institution where a related party has mortgaged the real property to a financial institution, provided that the actual cumulative amount lent by the financial institution shall be above 70% of the appraised total value and the period of lending shall be over one year. This shall not apply where the financial institution is a related party of one of the trading counterparties.

Where both the land and premises of the same subject matter are purchased or leased in the same transaction, the transaction cost of the land and the premises can be appraised individually in accordance with either means in the foregoing two paragraphs.

When purchasing real property or its right-of-use assets from a related party, after appraising the cost in accordance with paragraphs 1 and 2, the Company shall consult a CPA to review and express specific opinion on the appraisal results.

Where acquiring real property or its right-of-use assets from a related party under any one of the following circumstances, the foregoing three paragraphs shall not apply, and the Company shall proceed in accordance with the Article 14:

1. The related party acquires the real property or its right-of-use assets through inheritance or as a gift.
2. More than five years have elapsed between the time when the related party acquires the real property or its right-of-use assets by contract and date of contract execution of 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. The real property right-of-use assets for operating use are acquired by this Company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 17 Where the results of appraisals conducted in accordance with paragraphs 1 and 2 of the foregoing article are lower than the transaction price, acquisition shall be proceeded in accordance with Article 18, except under the following circumstance otherwise and objective evidence and the opinion on the fairness of the price expressed by a professional real property appraiser and a CPA are presented.

1. When acquiring undeveloped land or leased land for development, a related party shall submit proof of compliance with any one of the following conditions:
 - (1) The sum of the value of undeveloped land appraised in accordance with the foregoing paragraph and the value of premises calculated in accordance with the construction cost plus reasonable construction profit of the related party exceeds the actual transaction price.
“Reasonable construction profit” shall be either the average gross profit margin of the related party’s construction sector over the last three years or the latest gross profit margin for the construction industry promulgated by the Ministry of Finance (MOF), whichever is lower.
 - (2) Completed transactions by unrelated parties within the previous year involving other floors of the same property or its right-of-use assets 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 or leasing market practices.
2. When acquiring real property or leasing its right-of-use assets from a related party, this Company shall provide evidence to prove that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the previous year.

Completed transactions for neighboring or closely valued parcels of land in the foregoing 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; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property or its right-of-use assets in the planned transaction; within the previous year refers to the year foregoing the date of occurrence of the acquisition of the real property or its right-of-use assets..

Article 18 Where the Company acquires real property or its right-of-use assets from a related party and the results of appraisals conducted in accordance with the foregoing two articles 15 and 16 are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with paragraph 1 of Article 41 of the Securities and Exchange Act against the difference between the real property transaction price of real property or its right-of-use assets and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under paragraph 1 of Article 41 of the Securities and Exchange Act shall

be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.

2. Supervisors shall proceed in accordance with Article 28 of the Company Act.
3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

After setting aside a special reserve under the foregoing paragraph, this Company shall not use the special reserve until it has been recognized as a loss on decline in market value of the assets it purchased or leased at a premium, or has been disposed, or the lease has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that no unfairness about the transaction is found, and the FSC has given its consent.

When acquiring real property or its right-of-use assets from a related party, this Company shall also comply with the foregoing two paragraphs if there is other evidence indicating that the acquisition is not an arm's length transaction.

Section 4 Derivatives Transaction

Article 19 The principles and policy of derivatives transactions of this Company:

1. Types of transactions: Currently, derivatives transaction of this Company is limited to forward foreign exchange. Transactions of other types of derivatives shall be engaged after BOD approval.
2. Operation and hedge strategies: This Company shall engage in derivatives transactions to avoid exchange risks. Hedge shall be implemented only after assessing the consistency of supply or demand derived from the actual or predicted foreign currencies receivable (payable).
3. Responsibility and authority: The Financial Department shall conduct derivatives transactions. The head of the Financial Department shall also assign personnel to take charge of transactions, settlements, and confirmations before submitting to the responsible officers for approval.
4. Performance assessment: The performance of hedge operation shall be measured and assessed in accordance with the Company's hedge strategy.
5. Contract total amount: The limit of hedge transaction, the position of actual foreign exchange required after assessing the overall foreign currency assets and liabilities shall not exceed the required foreign exchange position of the Company.
6. Loss upper limit: The upper limit of the Company's overall or individual forward exchange agreements shall not exceed 20% of respective agreements.
7. Operating procedures
 - (1) Planning: After consolidating forex position lists in accordance with the Company's forex supply or demand, derivatives trading personnel shall draw up the hedge operating and planning strategy with reference to the assessment of forex rate trends and present the strategy to responsible officers for approval prior to implementation.
 - (2) Implementation: After negotiating the transaction price with financial institutions with regards to the approved hedge operating and planning strategy, trading personnel shall compile a written derivatives transaction report and present it to the responsible officer for approval for the reference of settlement.

8. Accounting: Gains and losses from derivatives transactions shall be calculated, drawn, and billed in accordance with the current principles of financial accounting and disclosed in the financial statements.

Article 20 When engaging in derivatives transaction, this Company shall adopt the following risk management measures:

1. Risk management shall address credit, market price, liquidity, cash flow, operational, and legal risks.
2. Personnel engaging in derivatives transaction shall not serve concurrently in other operations such as confirmation and settlement.
3. Risk measurement, monitoring, and control personnel shall be assigned from departments different from that personnel in the foregoing item and shall report to BOD or higher-level officers with no responsibility for transaction or position decision-making.
4. Positions held for derivatives transaction shall be assessed at least once per week; however, positions for hedge transactions for business needs shall be assessed at least twice per month. Assessment reports shall be submitted to higher-level officers authorized by BOD.
5. Other important risk management measures.

Article 21 When engaging in derivatives transactions, BOD shall supervise and manage such transactions in accordance with the following principles:

1. Designate higher-level officers to pay continuous attention to monitoring and controlling derivatives transaction risks.
2. Periodically assess if transaction performance is consistent with established business strategy and of the risk undertaken is within the Company's permitted scope of tolerance.

Higher-level officers authorized by BOD shall manage derivatives transactions in accordance with the following principles:

1. Assess, at planned intervals, the suitability of the existing risk management measures and proceed transactions exactly in accordance with this Procedure and the derivatives transaction operating procedure of this Company.
2. Monitor the status of transactions and losses, take necessary actions against anomalies, if any, and immediately report to BOD. Independent directors shall sit in a board meeting and express their opinions.

After authorizing relevant personnel to conduct derivatives transaction in accordance with this Procedure, the Company shall report this to the next board meeting afterwards.

Article 22 When engaging in derivatives transactions, this Company shall establish a memorandum book in record in detail the types and amounts of derivatives transactions, BOD approval dates, and the matters required for careful assessment under item 4 of Article 20; item 2 of paragraph 1 and item 1 of paragraph 2 of the previous article.

Internal auditor of this Company shall periodically determine the fairness of internal controls on derivatives transactions and audit the procedural compliance of departments engaging in derivatives transactions, and records shall be maintained. Auditor shall inform all supervisors of any material violations in writing.

Section 5 Merger, Spin-off, Acquisition, and Transfer of Shares

Article 23 When conducting a merger, spin-off, acquisition, or transfer of shares, prior to convening a board meeting, the Company shall consult a CPA, legal counsel, or securities underwriter to express opinion on the fairness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit the opinion to BOD for discussions and approval.

Article 24 When conducting a merger, spin-off, acquisition, or transfer of shares project, the Company shall prepare a public report to shareholders specifying the important contractual contents and terms relevant to the merger, spin-off, or acquisition prior to a general meeting of shareholders and include the expert opinion referred to in paragraph 1 of the foregoing article when sending a notice general meeting of shareholders to shareholders for the reference of approval of the merger, spin-off, or acquisition; except when the resolution on mergers, spin-offs, or acquisitions made by AGM is otherwise exempted by other laws. Where the AGM of any one of the parties participating in a merger, spin-off, or acquisition fails to convene or pass a resolution due to the lack of a quorum, insufficient votes, or other legal restrictions, or the proposal is rejected by the general meeting of shareholders, the companies participating in the merger, spin-off, or acquisition shall immediately explain to the public the reason(s), the follow-up measures, and the scheduled date of the next general meeting of shareholders.

Article 25 Unless other law otherwise specifies or for special reasons that have been reported to and approved by FSC, the company participating in a merger, spin-off, or acquisition shall convene a board meeting and a general meeting of shareholders on the same day of transaction to resolve relevant matters when conducting a merger, spin-off, or acquisition. Unless other law otherwise specifies or for special reasons that have been reported to and approved by FSC, the company participating in transfer of shares shall convene a general meeting of shareholders on the same day of transaction when conducting a transfer of shares.

When conducting a merger, spin-off, acquisition, or transfer of shares, the Company shall document the following data and retain such data for five years for auditing

1. Basic data of personnel: Including the title, name, and citizen ID number (or passport number for aliens) of all persons involved in the planning or implementation of a merger, spin-off, acquisition, or transfer of shares prior to the disclosure of information.
2. Important dates: Including the date of execution of any letters of intent or memoranda of understanding; the date of appointment of a financial advisor or legal consult; the date of contract execution; and the date of the board meeting.
3. Important documents and minutes: Including the plan of a merger, spin-off, acquisition, or transfer of shares, any letters of intent or memoranda of understanding, important contracts, and the minutes of board meeting.

When participating in a merger, spin-off, acquisition, or transfer of shares, the Company report the data specified in items 1 and 2 to FSC over the internet in the required format within two days after BOD approval.

Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares is neither listed on an exchange nor has its shares traded on an

OTC market, this Company shall sign an agreement with them and proceed in accordance with two paragraphs mentioned above.

Article 26 Every person participating in or acknowledging the plan of a merger, spin-off, acquisition, or transfer of shares shall sign a non-disclosure agreement and shall neither disclose the contents of the plan nor trade any stocks or other equity-based securities of any companies related to the plan of a merger, spin-off, acquisition, or transfer of shares in their own name or in the name of other persons prior to the public disclosure of information.

Article 27 When conducting a merger, spin-off, acquisition, or transfer of shares, the Company shall not arbitrarily alter the share exchange ratio or acquisition price except for the following circumstances. The company shall also specify in the contract the circumstances for altering the terms of the merger, spin-off, acquisition, or transfer of shares.

1. Issuance of common stock for cash, convertible corporate bonds, bonus shares, corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
2. An action, such as a disposal of major corporate assets, that affects the Company's financial operations.
3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
4. An adjustment where any one of the companies participating in a merger, spin-off, acquisition, or transfer of shares buys back treasury stock by law.
5. An increase or decrease in the number of entities or companies participating in a merger, spin-off, acquisition, or transfer of shares.
6. Other terms/conditions that can be altered as specified in the contract and that have been publicly disclosed.

Article 28 When conducting a merger, spin-off, acquisition, or transfer of share, apart from the rights and duties of participants, the Company shall specify the following:

1. Handling of breach of contract.
2. Principles for handling equity-based securities previously issued or treasury stock previously bought back by a participant that will be extinguished after a merger or spin-off.
3. The quantity of treasury stocks that participants permitted to buy back by law after the base date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The way(s) for handling changes in the number of participating entities or companies.
5. Preliminary schedule for plan execution and the anticipated date of completion.
6. The procedures, including the scheduled date, for convening a general meeting of shareholders by law where the plan is overdue.

Article 29 Where a participant wishes to conduct a merger, spin-off, acquisition, or transfer of shares with another company after publicly disclosing a merger, spin-off, acquisition, or transfer of shares with this Company, all participants shall run again all procedures or legal actions that have been completed for the previous merger, spin-off, acquisition, or transfer of shares; except for a reduction of the number of participants that has been resolved and authorized the board of directors to change the authority by the general meeting of shareholders that

participants may be exempted from calling another general meeting of shareholders to resolve on the merger, spin-off, acquisition, or transfer of shares again.

Article 30 Where the participant of a merger, spin-off, acquisition, or transfer is not a public company, the Company shall sign an agreement with this participant and proceed in accordance with articles 25 and 26, and the previous article.

Chapter III Public Disclosure of Information

Article 31 When acquiring or disposing assets, this Company shall publish/report relevant information by the asset type in the required format on the website designated by FSC within two days after occurrence under any one of the following circumstances:

1. Acquiring or disposing real property or its right-of-use assets with related parties, or acquiring or disposing assets other than real property or its right-of-use assets with related parties at a transaction amount up to 20% of this Company's paid-in capital, or up to 10% of the total assets, or over NT\$300 million, except for trading domestic bonds and RP/RS securities, subscribing or redeeming domestic MMFs.
2. Conducting mergers, spin-offs, acquisitions, or stock transfers.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts specified in the relevant procedures.
4. Acquiring or disposing assets or their right-of-use assets for operating use with counterparties who are not a related party at an amount up to any one of the following:
 - (1) When the Company's paid-in capital is under NT10 billion and a transaction amount is over NT\$500 million.
 - (2) When the Company's paid-in capital over NT10 billion and a transaction amount is over NT\$1 billion .
5. Acquiring real property through outsourcing construction projects on own real property, outsourcing construction projects on leased real property, or joint construction not from a related party at a planned investment amount over NT\$500 million.
6. Asset transactions, obligations disposed by financial institutions, or investments in mainland China other than that mentioned in the foregoing five paragraphs at an amount above 20% of the Company's paid-in capital or over NT\$300 million, except for 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) Trading RP/RS securities, subscribing or buying back MMFs issued by domestic securities investment trust companies.

The amount of the said transactions shall be calculated as follows:

1. The amount of individual transactions.
 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within one year.
 3. The cumulative transaction amount of real property or its right-of-use assets and disposals (cumulative acquisitions and disposals, respectively) under the same development project within one year.
 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year.
- “Within one year” referred to in this Procedure shall mean the one year prior to

the date of occurrence of the current transaction. Transactions that have been published in accordance with this Procedure can be exempted.

This Company shall publish in the format and on the information disclosure website designated by the FSC by the 10th of each month on the information regarding the status of derivatives transactions in the previous month of this Company and the subsidiaries of a non-public company at home or abroad. Where there are mistakes or omissions of the items required for disclosure requiring corrections or supplementations found at the time of disclosure, this Company shall re-disclose all items.

Unless other law otherwise specifies, when acquiring or disposing assets, this Company shall retain for at least five years all relevant contracts; minutes of meetings; memorandum books; appraisal reports; and the opinion expressed by the CPA, legal counsel, and securities underwriter.

- Article 32** After publishing/reporting a transaction as specified above, the Company shall publish/report relevant information on the website designated by FSC within two days from occurrence under any one of the following circumstances:
1. Alteration, termination, or rescission of signed contracts relating to the transaction.
 2. A merger, spin-off, acquisition, or transfer of share is not completed as scheduled.
 3. Change in the published information.

Chapter IV Addendum

Article 33 This Company and subsidiaries shall not purchase real property and its right-of-use assets not intended for business with a total amount exceeding 10% of that company's net worth. This Company shall not purchase securities with a total amount exceeding 200% of that Company's net worth. A subsidiary shall not purchase securities with a total amount exceeding 130% of its net worth. This Company and subsidiaries shall not invest in any single security with an amount over 130% of that company.

Article 34 This Company may represent a subsidiary that is not a domestic public company in acquisition or disposal of assets that shall be disclosed in Chapter III. The paid-in capital or total assets of the Company shall be the criteria for determining if a subsidiary referred to in the foregoing paragraph is subject to paragraph, paragraph 1 of Article 31, requiring the publication and regulatory filing where the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.

Article 35 The transaction restriction at 10% of total assets in this Procedure shall be calculated in accordance with the amount of total capital disclosed in the latest individual financial statements prepared in accordance with the Preparation of Financial Reports by Securities Issuers Where shares have no par value or a par value other than NT\$10, the transaction restriction at 20% of the paid-in capital as specified in this Procedure shall be calculated at 10% of the equity attributed to owners of the parent company; and the transaction restriction for paid-in capital of NT\$10 billion shall be at NT\$20 billion of the equity attributed to owners of the parent company.

Article 36 This Procedure shall take effect as of the date of AMG approval, same for the amendments.