

ERIS Technology Corporation Procedures for Acquisition or Disposal of Assets

Article 1

These Regulations are adopted in accordance with the provisions of the Securities and Exchange Act ("the Act") and the Procedures for Acquisition or Disposal of Assets by Financial Supervisory Commission (FSC).

Article 2

The term "assets" as used in these Regulations 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, investment property, and construction enterprise inventory) 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 in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

Article 3

Terms used in these Regulations 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: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and

Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

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, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
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 provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. "Latest Financial Statements" used herein means the financial statements of the Corporation audited or examined by a certified public accountant which has been disclosed in accordance with applicable regulation before the subject acquisition or disposal of assets.

Article 4

Limits of amounts of the acquisition of real estate and security investment for non-business use:

The amount of land, plants, and equipment by the Corporation and its Subsidiaries for business use is unlimited. The limits of amounts of other assets are defined as follows:

1. The acquisition of real estate s by the Corporation for nonbusiness use shall not exceed 40% of the Corporation's equity.
2. The total amount of long and short-term security investments of the Corporation shall not exceed 70% of the Corporation's equity.
3. The amount of investment of the Corporation in each individual security shall not exceed 40% of the Corporation's equity.

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 comply with the provisions of Article 5 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

Article 6

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

Article 7

The procedures of the Corporation's asset acquisition or disposal are as follows:

1. Appraisal and operating: When the Corporation engages in any acquisition or disposal of real estate, equipment, related right-of-use assets, in addition to ensuring the compliance with the provisions of fixed assets cycle of internal control system.
2. Transaction terms and authorization limit:
 - (1) The prices of real property acquired or disposed shall be determined based on the current official land prices, the values appraised and the trading prices of nearby real property, and shall be present to Chairman with analysis report. The transaction price below NTD\$30 million shall be approved by Chairman and submitting to the Audit committee meeting and next the board of directors for a resolution. The transaction price over NTD\$30 million shall further be approved by one-half or more of all audit committee members.
 - (2) The prices of equipment acquired or disposed shall be determined through any manner among price competition under restricted tendering, price negotiation under single tendering or open tendering. The transaction price below NTD\$500 thousand shall be approved by Associate. The transaction price between NTD\$500 thousand and NTD\$3 million shall be approved by general manager. The transaction price over NTD\$3 million shall be approved by Chairman and also by one-half or more of all audit committee members.
3. Executive units: The acquisition or disposal of the Corporation's real property, equipment or right-of-use assets shall be proceeded by the user department or executive unit.
4. The evaluation procedures of the Corporation's asset acquisition or disposal are as follows: Except for transactions with domestic government institutions, contracting third parties to construct on land owned or leased by the Corporation, or acquisition of equipment or related right-of-use assets for

business use, an appraisal report issued by a Professional Appraiser shall be obtained, prior to the Date of the Event for any acquisition or disposal of real estate, equipment or related right-of-use assets by the Corporation the amount for which is 20% of the Corporation's paid-in capital or NT\$300 million, and the following provisions shall be complied with:

- (1) If for any special reason, restricted price, specific price, or special price must be used as a reference for the transaction price, the transaction shall be approved by one-half or more of all audit committee members and the Board. The above procedures shall also be followed in case the transaction terms are changed subsequently.
- (2) If the transaction price is over NT\$1 billion, the Corporation shall retain at least two Professional Appraisers to perform the appraisal.
- (3) unless all the appraisal results for the assets to be acquired exceed the transaction price, or all the appraisal results for the assets to be disposed are less than the transaction price, the Corporation shall request a certified public accountant to handle the matter in accordance with the provision of Auditing Standard No.20 and issue a statement on the reasons for such discrepancy and the fairness of the transaction price.
 - A. the discrepancy between the result of the appraisal report of the Professional Appraiser and the transaction price exceeds 20% of the transaction price
 - B. the discrepancy between the two appraisal reports is over 10% of the transaction price
- (4) The appraisal report shall be issued within 3 months before the contract date; provided that if the asset's publicly declared value remains the same and the appraisal report was issued no longer than 6 months, the original Professional Appraiser may present supplemental opinions.

Article 8

The procedures of the Corporation's securities acquisition or disposal are as follows:

1. Appraisal and operating: When the Corporation engages in any purchasing and selling of securities, in addition to ensuring the compliance with the provisions of long and short-term cycle of internal control system.
2. Transaction terms and authorization limit:
 - (1) The securities obtained through the Centralized Trading Market or GreTai Securities Market ("GTSM") of the Republic of China shall be disposed based on the market at that time
 - (2) For the securities not obtained or disposed through the Centralized

Trading Market or GTSM, the prices shall be estimated on the financial statements of the Corporation audited or examined by a certified public accountant which has been disclosed in accordance with applicable regulation before the subject acquisition or disposal of assets, and taking into account the net worth per share, profitability, potential of future.

- (3) Acquisition or disposal of long-term securities shall be approved by one-half of audit committee members, and submitted to the Board for resolution.
 - (4) Short-term securities market is for investing with a publicly quoted price from an active market and without high transaction fee and price loss. The disposal of the investing amount below NTD\$30 million shall be approved by Chairman. The disposal of the investing amount above NTD\$30 million shall be approved by one-half audit committee members, and submitted to the Board for resolution.
3. Executive units: The Corporation's investment in the long and short-term securities shall be executed by the Finance Department.
 4. Public Announcement and Declaration: Before the Date of the Event of the acquisition or disposal of securities, the latest financial statements of the target company audited or reviewed by a certified public accountant shall be obtained for the assessment and reference of the transaction price. Should the transaction price reach 20% of the Corporation's paid-in capital or NT\$300 million, a fairness opinion issued by a certified public accountant shall be obtained before the Date of the Event of such acquisition or disposal of securities. If the certified public accountant engaged needs to use the report of an expert as evidence, such certified public accountant shall do so in accordance with the provisions of Auditing Standard No. 20; provided however, that these requirements are not applicable if such securities have a publicly quoted price from an active market or if the regulatory authorities require otherwise.

Article 8-1

The Corporation shall not abandon the investment of capital increase of Keep High Ltd. every year; Keep High Ltd. shall not abandon the investment of capital increase of Forever Eagle Inc. every year; Forever Eagle Inc. shall not abandon the investment of capital increase of Jiecheng Electronic Trade (Shanghai) Co., Ltd. every year. The Corporation shall abandon the investment of capital increase of or dispose the shares of aforementioned companies in the future based on strategic alliance consideration or approval of other competent authorities after approved by one-half audit committee members and submitted to the Board for resolution.

Article 9 Related Party Transactions

1. When a public company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Corporation's total assets, the Corporation shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.
2. Appraisal and operating: When a public company intends to acquire or dispose of real property or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Corporation's total assets, or NT\$300 million or more. The Corporation may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by one-half of audit committee and submitted to the Board for resolution.
 - (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 - (2) The reason for choosing the related party as a transaction counterparty.
 - (3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the Article 9, paragraph 1 and 4.
 - (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Corporation 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 fund's utilization.
 - (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
 - (7) Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 14, 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 board of directors and recognized by the supervisors need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between a public Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Corporation's board of directors may pursuant to Article 7, paragraph 2, subparagraph 2 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.

3. Reasonableness of the transaction evaluation

(1) A public company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

A. 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 Corporation purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

B. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

(2) 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.

(3) A public company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the Article 9, paragraph 3, subparagraph 1 to 4 shall also engage a CPA to check the appraisal and

render a specific opinion.

(4) When the results of a public Company's appraisal conducted in accordance with the Article 9, paragraph 3, subparagraph 1 and 2 are uniformly lower than the transaction price, the matter shall be handled in compliance with the Article 9, paragraph 3, subparagraph 5. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

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

I. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

II. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

III. Leasing by unrelated parties within the preceding year involving other floors of the same property, where the land area and leasing 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.

B. Where a public company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the

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

(5) Where a public company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the Article 9, paragraph 3, subparagraph 1 to 2 are uniformly lower than the transaction price, the following steps shall be taken:

- A. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price 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 Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
- B. Audit committee shall comply with Article 218 of the Company Act.
- C. Actions taken pursuant to the Article 9, paragraph 3, subparagraph 5 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

A public 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.

(6) Where a public company acquires real property thereof from a related

party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the Article 9, paragraph 1 and 2, and the preceding paragraph 3, subparagraph 1 to 3 paragraphs do not apply:

- A. The related party acquired the real property thereof through inheritance or as a gift.
- B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property thereof to the signing date for the current transaction.
- C. The real property is acquired through signing of a joint development contract with the related party.

(7) When a public company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the Article 9, paragraph 3, subparagraph 1 to 3 if there is other evidence indicating that the acquisition was not an arm's length transaction.

Article 10 Acquisition or Disposal of Membership or Intangible Assets

1. Appraisal and operating: The Corporation's acquisition or disposal of membership or intangible assets shall be complied to fixed asset cycle of internal control system.
2. Transaction terms and authorization limit:
 - (1) The price of acquisition or disposal of membership shall be used market value and transaction terms and value as a reference, and shall be presented to Chairman and general manager with analysis report. The transaction price below NTD\$3 million shall be approved by Chairman and submitted to the audit committee meeting and next the board of directors. The transaction price over NTD\$3 million shall further be approved by one-half or more of all audit committee members and submitted to the Board for resolution.
 - (2) The price of acquisition or disposal of intangible assets shall be used appraisal reports, market value, transaction terms and value as a reference, and shall be presented to Chairman. The transaction price below NTD\$30 million shall be approved by Chairman and submitted to the audit committee meeting and next the board of directors. The transaction price over NTD\$30 million shall further be approved by one-half or more of all audit committee members and submitted to the Board for resolution.
3. Executive units: The Corporation's investment in the membership and intangible assets shall be executed by the Finance Department.
4. Membership and intangible assets appraisal report: Where a public company

acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent 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; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 11

The Corporation does not intend to engage in acquisition or disposal of receivables by a financial institution. If it subsequently wishes to engage in derivatives trading, it will still be required first to submit to audit committee, approved by one-half, and submitted to the Board for resolution.

Article 12

1. Transaction Discipline:

(1) Transaction Type:

- A. The Corporation's derivatives value is derived from assets, interest rates, foreign exchange rate, or index of prices or rates (Forward contracts, options contracts, futures contracts, interest rate or foreign exchange rate, swap contracts, or hybrid contracts combining the above contracts).
- B. The transaction of bond marginals shall be complied with Article 12 related regulation, while the transaction of bonds under repurchase agreements shall not be complied with this Article.

(2) Operating and hedging strategies: The Corporation may engage in derivatives trading for hedging purpose to exempt or minimize the financial risk from foreign exchange or interest rates fluctuations without aiming at making profit. Derivatives trading for other purposes shall cautiously examine, present to audit committee, approve by one-half, and submit to the Board for the resolution.

(3) Segregation of duties:

A. Financial personnel:

I. Trading personnel:

- Create strategies of derivatives transaction management
- In charge of the derivatives trading positions, forecasting trends, collecting relevant information, and evaluating risks. The approval of competent authority is required to support derivatives transactions
- Conduct derivatives transaction based on limits of authority
- When there are major changes in financial markets and related

personnel regard planned strategy as inadequate, evaluation report of revised strategy shall be submitted to Chairman to support derivatives transactions

II. Accounting personnel:

- Confirm the operation of derivatives transaction
- Audit the assurance of authority and strategy operation
- Produce monthly report to Chairman
- prepare accounting records based on relevant transaction vouchers
- Declare and announce based on the regulation of FSC

III. Settlement personnel: Conduct derivatives transaction settlement

IV. Limits of trading authorization

- Limits of authorization of hedging purpose transaction: The amount of total unsettled trading contracts for hedging purpose shall not exceed USD\$1 million and be approved by financial manager. The amount of total unsettled trading contracts between USD\$1-10 million shall be approved by Chairman.
- Limits of authorization of other purpose transaction: Reported to audit committee, approved by one-half of its members, and submitted to the Board for resolution.

B. Internal Audit Systems:

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 of engaging in derivatives trading, and prepare a report accordingly. If any material violation is discovered, all members of the Audit Committee shall be notified in writing.

(4) Performance evaluation:

- A. Hedging purpose transaction: assess the profit or loss with respect to the foreign currency position held on monthly basis to control trading evaluation risks
- B. Specific purpose transaction: analyze the position held and the profit or loss and produce reports senior management.

(5) The maximum number and loss limit of total contracts:

- A. The maximum number of total contracts:
 - I. hedging purpose transaction: The maximum amount of unsettled trading contracts for hedging purpose is two-third of the Corporation's net position. If the maximum limit is exceeded, the Chairman must be notified and approve.

audit of how faithfully derivatives trading by the trading department adheres to the procedures of engaging in derivatives trading, and prepare a report accordingly.

- (2) The audit report shall be, in conjunction with the annual internal audit performance report, submitted and declared to the security's regulatory authority in the prescribed format through the Internet no later than the last day of February of the ensuing year. The performance of corrective action in response to the irregularities shall also be submitted and declared to the security's regulatory authority no later than last day of May of the ensuing year. If any material violation is discovered, all members of the Audit Committee shall be notified in writing.

4. Methods of Regular Evaluation

- (1) The senior management personnel designated by the Board of Directors shall pay continuous attention to monitoring and controlling derivatives trading risk and periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Corporation's permitted scope of tolerance.
- (2) Unsettled derivatives transaction shall be evaluated on weekly basis, while derivatives transaction for sales shall be evaluated twice a month. The evaluation report shall be submitted to senior management personnel designated by the Board of Directors.

5. Derivatives Transaction Management

- (1) the senior management personnel designated by the Board of Directors shall periodically evaluate
 - A. whether the risk management measures currently employed are appropriate and whether such measures are faithfully conducted in accordance with the Procedures.
 - B. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, the manager in Finance Department shall take appropriate measures and shall immediately report to the Board of Directors. Independent director(s) shall be present at the Board Meeting and express his/her opinion.
- (2) The senior management personnel designated by the Board of Directors shall pay continuous attention to monitoring and controlling derivatives trading risk and periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Corporation's permitted scope

of tolerance.

- (3) If, in accordance with the Procedures, the Corporation authorizes related personnel to engage in derivative trading, such trading shall be reported to the next meeting of the Board of Directors afterwards.
- (4) The Corporation engaging in derivatives trading shall establish a memorandum book in which details of the types and amounts of derivatives trading engaged in, Board of Directors' approval dates, and the matters required to be carefully evaluated under paragraph 4 and 5 of Article 12 shall be recorded in detail in the memorandum book.

Article 13 Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

1. Appraisal and operating:

- (1) A public company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.
- (2) A public company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall

immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

2. Others Announcement:

- (1) A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
- (2) When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:
 - A. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
 - B. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
 - C. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of the Board of Directors' meetings.
- (3) When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.
- (4) Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public

disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

- (5) Public companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
 - A. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
 - B. An action, such as a disposal of major assets, that affects the company's financial operations.
 - C. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 - D. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - E. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - F. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- (6) The contract for participation by a public company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
 - A. Handling of breach of contract.
 - B. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 - C. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 - D. The manner of handling changes in the number of participating entities or companies.
 - E. Preliminary progress schedule for plan execution, and anticipated

completion date.

- F. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- (7) After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
- (8) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 25, Article 26, and the preceding article.

Article 14 Public Disclosure of Information

1. Under any of the following circumstances, a public 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 property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements.
- (2) Merger, demerger, acquisition, 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 Corporation.
- (4) Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20

percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

- A. Trading of domestic government bonds.
 - B. Where done by professional investors—securities trading on securities exchanges or OTC markets.
 - C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
 - D. 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 is below NTD\$500 million.
 - E. Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NTD\$500 million.
 - F. Where land is acquired under an arrangement on engaging others to build on the Corporation'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 Corporation expects to invest in the transaction reaches NT\$500 million.
2. The amount of transactions above shall be calculated as follows. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.
- (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 transaction counterparty within the preceding year.
 - (3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
 - (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security

within the preceding year.

3. A public company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Corporation and any Subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
4. When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.
5. A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.
6. Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
 - (1) Change, termination, or rescission of a contract signed in regard to the original transaction.
 - (2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - (3) Change to the originally publicly announced and reported information.

Article 15

1. The acquisition and disposal of assets of the Corporation's subsidiaries shall be complied with this Article
2. The Corporation's subsidiaries that is not itself a public company reach a threshold requiring public announcement and regulatory filing under Article 3, and the Corporation shall disclose for its subsidiaries.
3. The paid-in capital or total assets of the public 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.

Article 16

In case of a breach of the fore-mentioned Guidelines or Procedures, the Corporation's personnel in execution unit will be subject to penalty in accordance with the Corporation's Performance Rating Regulations and Disciplines.

Article 17

The Procedures adopted or amended shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution, and resolved by the shareholders' meeting. The same shall be applicable in case of amendment. If any director expresses dissent and it is recorded in the minutes of Board of Directors meeting or in a written statement, the Corporation shall submit the director's dissenting opinion to each member of the Audit Committee

When submitting the Procedures to the Board of Directors for discussion in accordance with the requirements of the preceding Article, the Board of Directors shall take into full consideration each independent director's opinions. Any objection or reservation expressed by an independent director should be recorded in the minutes of the Board of Directors meeting.

When the Procedures are adopted or amended, they shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all Audit Committee members as required is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting. The terms "all Audit Committee members" and "all directors" in this Article shall be counted as the actual number of people currently holding those positions.

Article 18

For matters not provided for herein, it shall be handled in accordance with relevant laws and regulations.

Article 19

These Articles of Incorporation are agreed on June 16, 2009.

The first Amendment on January 19, 2010.

The second Amendment on June 25, 2012.

The third Amendment on October 13, 2014.

The fourth Amendment on March 31, 2016.

The fifth Amendment on May 31, 2019.

The sixth Amendment on October 15, 2020.