

Powertech Technology Inc.

Procedures for Acquisition or Disposal of Assets

Article 1. These Procedures are established and modified based on “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the Financial Supervisory Commission.

Article 2. These Procedures shall apply to the following assets

1. 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 inventory of a construction company) and equipment.
3. Memberships;
4. Patents, copyrights, trademarks, franchise rights and any other intangible assets;
5. Right-of-use assets;
6. Derivatives;
7. Assets acquired or disposed through mergers, spin-offs, acquisitions or share transfers; and
8. Any other material assets.

Article 3. Definitions

1. “Derivatives” shall refer to instruments that derive their value from the performance of underlying 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 share transfers” shall refer to assets acquired or disposed through mergers, spin-offs or acquisitions under the Business Mergers and Acquisitions Act or any other acts, or share transfers to the Company in exchange for shares newly issued by the Company (hereinafter referred to as “share transfers”) under Article 156-3 of the Company Act.
3. “Related parties” and “subsidiaries” of a specified company shall be identified in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. “Professional appraisers” shall mean real property appraisers or other persons duly licensed by law to engage in the value appraisal of real property or equipment.

5. "Date of occurrence" shall mean date of agreement execution, date of delivery of proceeds, date of transaction, date of title transfer, date of the resolution of the Board of Directors or any other date on which the transaction party and the transaction amount can be ascertained, whichever is earlier. In respect of investments required to be approved by government authorities, date of occurrence shall mean any of the foregoing dates or date of receipt of approval letters of government authorities, whichever is earlier.
6. "Investments in Mainland China" shall refer to investments in Mainland China under the Regulations Governing the Permission for Investment or Technical Cooperation in Mainland China promulgated by the Investment Commission, Ministry of Economic Affairs.
7. "Within one year" shall mean within one year before the date of occurrence of a specified acquisition or disposal of assets. Any transaction which has been publicly disclosed may be excluded.
8. The "latest financial statements" shall mean the latest financial statements of the Company audited or reviewed by certified public accountants before a specified acquisition or disposal of assets.
9. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
10. 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.
11. 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 4. In addition to the provisions of applicable laws and regulations and the policies and procedures for asset management of the Company, acquisitions or disposals of assets by the Company shall be subject to these Procedures.

Article 5. Evaluation and Operating Procedures

1. Before the acquisition or disposal of assets, the personnel-in-charge shall evaluate the reason(s) for the proposed acquisition or disposal of assets, target assets, counterparties, prices, conditions precedent to closings, pricing reference and then submit the same to the manager(a)-in-charge for his/her approval.
2. All acquisitions or disposals of assets by the Company shall be subject to the relevant provisions of the internal control system of the Company.

Article 6. Terms and conditions for acquisition or disposal of assets shall be determined in accordance with the following

1. When acquiring or disposing publicly traded securities shall, the purchase price shall be determined based on the market price.
2. When acquiring or disposing which is not publicly traded OTC securities, in determining the purchase price, the equity attributable to owners, profitability, potentiality, market interest rates, the bond coupon rate and the debtor's credit, etc., shall be taken into consideration.
3. When acquiring or disposing any real property or assets other than those referred to in the preceding two paragraphs, either price comparison, price bargaining or bids invitation shall be undertaken to determine the purchase price. In addition, in determining the purchase price, current land value or current assessed building value published by the authorities and the actual trade prices of comparable real property in the neighborhood shall also be taken into consideration. In the case of any transaction required to be publicly disclosed and filed with the securities authorities under these Procedures, an evaluation report rendered by a professional appraiser shall also be referenced.
4. Delegation and Authorization:
 - (1) Acquisition or disposal of real property and other fixed assets
 - a. For Operating Use: Refer to the relevant delegation and authorization policies and procedures.
 - b. For Non-Operating Use:
 - i. Where the purchase price is less than or equal to NT\$100 million: Refer to the relevant delegation and authorization policies and procedures.
 - ii. Where the purchase price is more than NT\$100 million: In addition to the approval required under the relevant delegation and authorization policies and procedures, Board of Directors' approval is required.
 - (2) Acquisition or disposal of negotiable securities and other assets
 - a. Where the purchase price is less than or equal to NT\$100 million: Refer to the relevant delegation and authorization policies and procedures.
 - b. Where the purchase price is more than NT\$100 million: In addition to the approval required under the relevant delegation and authorization policies and procedures, Board of Directors' approval is required.

- (3) In determining whether to approve an acquisition or disposal of assets, the Board of Directors shall take into full consideration each Independent Director's opinion. Independent Directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the meeting of the Board of Directors.
5. In-Charges for Execution:
- (1) Transactions involving long-term or short-term investments or convertible bonds purchases: Finance Department and Investment Management Department.
 - (2) Transactions involving real property or other fixed assets: Department in use of the target assets and other personnel-in-charge.
 - (3) Transactions involving other assets: shall be reviewed and approved by the relevant personnel-in-charge.
6. The total value of real property purchased for non-operating use by the Company and its subsidiaries in the relevant industry may not exceed 10% of equity attributable to owners of the company on the most recent financial statement. A single, long-term or short-term, investment in securities made by the Company and its subsidiaries in the relevant industry may not exceed 30% of equity attributable to owners of the company on the most recent financial statement, and the accumulated amount of all investments in securities made by the same shall not exceed 60% of equity attributable to owners of the company on the most recent financial statement. The filing and disclosure requirements shall refer to the provisions set forth in these Procedures.
7. The total value of real property purchased for non-operating use by a subsidiary which is an investment company may not exceed 50% of its paid-in capital on the most recent financial statement. A single, long-term or short-term, investment in securities made by such subsidiary may not exceed 100% of its equity attributable to owners of the company on the most recent financial statement, and the accumulated amount of all investments in securities made by the same shall not exceed 150% of its equity attributable to owners of the company on the most recent financial statement. The filing and disclosure requirements shall refer to the provisions set forth in these Procedures.

Article 7. Filing and Disclosure

- 1. Whenever any of the following events occurs, the Company shall file the relevant information with the Financial Supervisory Commission and publicly disclose the same in accordance with the relevant regulations within two days (date of occurrence included):
 - (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, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

- (2) a merger, spin-off, acquisition or share transfer.
- (3) losses on derivatives transactions reaching the maximum allowed under the relevant policies and procedures.
- (4) The acquisition or disposal of asset classes or right-of-use assets are used for operating machinery and equipment and whose object is not a related party transaction, the transaction amount reach the following conditions:
 - a. When the Company's paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - b. When the Company's paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- (5) Prefectural self-built rental prefectural construction, joint construction of houses in building sharing, joining construction of way acquisition of real estate sales, and furthermore the transaction counterparty is not a related party, the company expects the transaction amount invested less than NT\$ 500 million.
- (6) other than transactions set forth in clauses (1) to (5), either an acquisition or disposal of assets, a disposal of claims by a financial institution or an acquisition or disposal of assets in Mainland China, in an amount equal to 20% of the Company's paid-in capital or NT\$300 million, or more. However, this clause does not apply to any of the following cases:
 - a. an acquisition or disposal of domestic government bonds or foreign bonds with a sovereign rating not lower than the sovereign rating of ROC;
 - b. an acquisition or disposal of bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.;

The transaction amount referred to in this clause (6) shall be calculated as follows:

- a. The amount in each transaction;
 - b. The cumulative amount of acquisitions or disposals of the same kind of asset from or to the same party within one year;
 - c. The cumulative amount of acquisitions or disposals of real property in the same development project or right-of-use assets within one year; or
 - d. The cumulative amount of acquisitions and disposals of the same securities within one year.
2. The Company shall each month file the information of derivatives transactions engaged by it and any of its subsidiaries which is not a Taiwan public company up to the end of the previous month with the securities authorities and publicly disclose the same in accordance with the relevant regulations.

3. Should there be any error or omission in the required public disclosures, the Company shall publicly disclose the entirety again within two days counting inclusively from the date of knowing of such error or omission.
4. Unless otherwise provided by applicable laws, any and all written agreements, meeting minutes, memorandum books, appraisal reports and written opinions of certified public accounts, lawyers or securities underwriters in connection with assets acquisitions or disposals shall be kept at the office(s) of the Company for at least five years.
5. Should any of the following occur after filing and public disclosure of a transaction, the Company shall file the relevant information with the Financial Supervisory Commission and publicly disclose the same in accordance with the relevant regulations within two days (date of occurrence included):
 - (1) any amendment to, or termination or cancellation of the relevant agreement;
 - (2) a merger, spin-off, acquisition or share transfer not completed as scheduled in the relevant agreement; or
 - (3) any change to the original filing and public disclosure.
6. Subsidiaries' Transactions:
 - (1) Acquisitions or disposals of assets by any subsidiary of the Company shall also be handled in accordance with these Procedures.
 - (2) In case that any of the events set forth in paragraphs 1 & 5 occurs to any of the Company's subsidiaries which is not a public company in Taiwan, the Company shall file with the Financial Supervisory Commission and publicly disclose the information on behalf of such subsidiary.
 - (3) The filing and disclosure thresholds "20% of the paid-in capital" or "10% of the total assets" applicable to a subsidiary shall refer to such percentage of the Company's paid-in capital or total assets.
7. The threshold "10% of the total assets" provided herein shall refer to the amount of total assets shown on the latest individual or consolidated financial statements prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. In case the shares of the Company are with a par value other than NT\$10 or without par value, the threshold "20% of the paid-in capital" shall be substituted by "10% of the shareholders' equity attributable to the parent."; for calculations under the provisions regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.

Article 8. Appraisal Reports

1. Except transactions with domestic government agencies, retention of independent contractors to construct on land owned or rented by the Company, acquisitions or disposals of equipment for operating use, or other right-of-use assets, whenever the

Company is proposing to acquire or dispose real property, equipment or right-of-use assets in an amount equal to or more than 20% of the Company's paid-in capital or NT\$300 million, an appraisal report on the target(s) prepared by a professional appraiser shall be obtained before the relevant date of occurrence and the transaction shall be subject to the following:

- (1) If, for any reason, a restricted price, specific price or special price has to be used as a reference for the purchase price, the transaction and any change thereto shall be approved by the Board of Directors in advance.
 - (2) If the purchase price equals to NT\$1 billion or more, the Company shall retain at least two professional appraisers to perform the appraisal.
 - (3) In any case of the following occurs, the Company shall retain a certified public accountant to comment on the purchase price, analyze the reasons for the discrepancy and opine on the reasonableness of the purchase price, unless the appraised value of assets to be acquired is higher than the purchase price or the appraised value of assets to be disposed is lower than the purchase price:
 - a. the discrepancy between the appraised value and the purchase price is equal to or more than 20% of the purchase price; or
 - b. the discrepancy between the appraised values respectively given by two or more professional appraisers is equal to or more than 10% of the purchase price.
 - (4) The appraisal report shall be prepared no earlier than 3 months of the relevant date of transaction agreement; provided that if it applies the same current land value published by the authorities and is prepared no earlier than 6 months of the relevant date of transaction agreement, the appraisal report may still be referenced by incorporating the same professional appraiser's supplement opinions, instead of being substituted by a newly prepared one.
2. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountants' 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 self-regulation of association to which the one belongs and the following:

- (1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
 - (2) When executing 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 adequacy 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 adequate and reasonable, and that they have complied with applicable laws and regulations.
3. In the case of acquisition or disposal of securities, the Company shall obtain the latest financial statements of the issuer of the securities, audited or reviewed by certified public accountants, prior to the relevant date of occurrence as reference for the purchase prices. Should the purchase price equals to 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall also seek opinions in respect of the reasonableness of the purchase price from certified public accountants prior to the relevant date of occurrence. Unless the securities to be acquired or disposed have been quoted in an active public market or the securities authorities require otherwise.
 4. In the case of acquisition or disposal of intangible assets or right-of-use assets thereof or memberships in an amount equal to 20% of the Company's paid-in capital or NT\$300 million or more, except transactions with government agencies, the Company shall seek opinions in respect of the reasonableness of the purchase price from certified public accountants prior to the relevant date of occurrence.
 5. The purchase price or transaction amount referred to in this Article shall be calculated in accordance with the provisions of Article 7. "Within one year" shall mean within one year before the date of occurrence of a specified acquisition or disposal of assets. Any transaction which has been evaluated in an appraisal report or opined by certified public accountants in accordance with these Procedures may be excluded.
 6. In the case of acquisition or disposal of assets through an auction conducted by court, the Company may obtain the relevant court documentation in lieu of the required appraisal reports or opinions of certified public accountants.

Article 9. Transactions with Related Parties

1. In the case of acquisition or disposal of assets from or to a related party in an amount equal to 10% of the Company's total assets or more, in addition to the evaluation and approval process required in the preceding Articles, the Company shall also obtain appraisal reports or seek opinions from certified public accountants in accordance with the preceding Article. The transaction amount referred to herein shall be calculated in accordance with paragraph 5, Article 8. In determining whether a counterparty is a related party, in addition to the form, the substance of the relationship shall also be taken into consideration.
2. In the case of acquisition or disposal of real property or right-of-use assets thereof or other fixed assets from or to a related party in an amount equal to 20% of the Company's paid-in capital, 10% of the Company's total assets or NT \$300 million, or more, except for government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, the following shall be submitted to the Audit Committee and presented to the Board of Directors for its approval prior to signing the transaction agreement and/or making any payment thereunder:
 2. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and the board of directors.
 - (1) The purposes, necessity and anticipated benefits of the acquisition or disposal of assets.
 - (2) The reasons for transacting with the related party.
 - (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.
 - (4) The date and price at which the related party originally acquired the assets and the original seller, and such seller's relationship with the Company and the related party.
 - (5) Monthly cash flow forecasts for one year commencing from the scheduled month of signing the transaction agreement, and evaluation of the necessity of the proposed transaction and the reasonableness of the application of funds.
 - (6) An appraisal reports or opinions of certified public accountants obtained under the preceding Article.
 - (7) Restrictive covenants and other material terms regarding the proposed transaction.

When acquisition or disposal of equipment or right-of-use assets thereof held for business use or acquisition or disposal of real property right-of-use assets held for business use to be conducted between the Company and the subsidiaries, or between the Company's subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may delegate the board chairman to decide such matters when the transaction is within 500 million NT Dollars and have the decisions subsequently submitted to and ratified by the next board of directors meeting.

When the Company or any subsidiaries that are not domestic public companies conduct the transaction with respect to paragraph 2, and the transaction amount reaches 10 percent or more of the company's total assets, the Company may not proceed to enter into a transaction contract or make a payment until the matters referred to paragraph 2 have been approved by the Shareholders' Meeting. However, this provision does not apply to the transaction between the Company and the subsidiaries or between the subsidiaries.

The transaction amount referred to the preceding paragraph shall be calculated in compliance with the procedures set out in Article 7. "Within one year" shall mean within one year before the date of occurrence of a specified acquisition or disposal of assets. Any transaction which has been approved by the Shareholders' Meeting and the Board of Directors in accordance with these Procedures may be excluded.

In determining whether to approve an acquisition or disposal of assets, the Board of Directors shall take into full consideration each Independent Director's opinion. Independent Directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the meeting of the Board of Directors.

3. In the case of acquisition of real property or right-of-use assets thereof from a related party, the Company shall evaluate the reasonableness of the transaction cost as follows:
 - (1) based on the purchase price plus necessary interest on funding and the costs to be borne by the Company. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year of the acquisition; provided, it may not be higher than the maximum non-financial industry lending rate prescribed by the Ministry of Finance.
 - (2) if the related party has previously created a mortgage on the real property as security for a loan provided by a financial institution which is not a related party of any party to the proposed transaction for more than one year and the cumulative loan balance has been 70% or more of the value of the real property appraised by the financial institution, based on the value appraised by the financial institution.

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.

4. The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion. In the case of any of the following, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:
 - (1) The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
 - (2) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof 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) The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.
5. If the transaction cost evaluated in accordance with paragraph 3 are uniformly lower than the purchase price and none of the following circumstances exists (the existence shall be supported by objective evidence and appraisal reports or reasonableness opinions of certified public accountants), paragraph 6 shall apply:
 - (1) where the related party acquired undeveloped land or leased land for development,
 - a. The aggregate value of the undeveloped land, which is evaluated in accordance with paragraph 3, and the structures thereon, which is evaluated by the sum of the related party's construction costs and reasonable construction profits, exceeds the purchase price in the proposed transaction. "Reasonable construction profits" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three 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.
 - b. The terms of the completed transaction are similar to those of the sales and purchases of other flats in the same structure or of other equivalent real property in the same neighborhood between unrelated parties within one year, after reasonably adjusted in accordance with market practices to reflect the difference of floors or parcels; or

- (2) Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction.
6. In the case of acquisition of real property or right-of-use assets thereof from a related party, if the transaction cost evaluated in accordance with either of the preceding three paragraphs are uniformly lower than the purchase price, the Company shall take the following steps:
- (1) a special reserve shall be duly set aside against the difference between the purchase price and the transaction cost, and may not be distributed or capitalized as dividends or bonus shares. Where the real property is acquired by a company which the Company has invested in and adopted the equity method to account for such investment, the Company shall duly set aside a special reserve against the difference between the purchase price and the transaction cost in proportion to its equity holding percentage in such invested company.
- (2) The evaluation report shall be presented to the Shareholders at a shareholders' meeting, and the details of the transaction shall be disclosed in the applicable annual report and prospectus.

Special reserves set aside under this paragraph 6 may not be distributed or capitalized until the Company has recognized a loss on decline in market value of the real property acquired at a premium, or such property has been disposed of, or the Company has been adequately compensated, or the status quo ante has been restored, or there is evidence supporting the reasonableness of the transaction, with the approval of the Financial Supervisory Commission.

Even if it is found that a specific acquisition of real property from a related party is irregular, paragraph 6 shall still apply.

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

When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

Article 10. Acquisition or disposal of financial derivatives by the Company shall be conducted in accordance with the Company's Procedures for Financial Derivatives Transactions, and the Company shall adopt adequate risk management and auditing measures to control financial derivatives transactions. The General Manager shall monitor and control financial derivatives transactions and evaluate the performance and result on a regular basis to oversee how well they fit in the Company's overall business and operating strategies and to review if the associated risks thereof have exceeded the Company's risk tolerance.

Article 11. Merger, Spin-off, Acquisition or Share Transfer

1. In the case of a merger, spin-off, acquisition or share transfer under applicable laws, the Company shall retain a certified public accountant, lawyer or securities underwriter to render opinions on the reasonableness of the share exchange ratio, acquisition price or other consideration, and present such opinions to the Board of Directors for deliberation. 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. The Company shall give a public notice to the Shareholders detailing material terms and matters relevant to a merger, spin-off or acquisition participated by the Company, together with expert opinions referred to in paragraph 1 and the notice of shareholders' meeting at which the merger, spin-off or acquisition would be discussed and resolved, unless the approval of shareholders is not required to effect the merger, spin-off or acquisition. If any company participating in a merger, spin-off or acquisition participated by the Company (a)(i) fails to convene a shareholders' meeting, or (ii) its shareholders present at the relevant shareholders' meeting cannot resolve to approve the merger, spin-off or acquisition due to lack of a quorum, insufficient votes or other legal restriction, or (b) its shareholders present at the relevant shareholders' meeting resolve not to approve the merger, spin-off or acquisition, the Company shall immediately give a public notice stating the reasons, the follow-up actions and the rescheduled date of shareholders' meeting.
3. The Company participating in a merger, spin-off or acquisition shall convene a board meeting and a shareholders' meeting respectively on the dates same as other participating companies to discuss and resolve matters relevant to the merger, spin-off

or acquisition, unless otherwise provided by applicable laws or prior approved by the Financial Supervisory Commission due to extraordinary reasons.

The Company participating in a share transfer shall convene a board meeting on the date same as other participating companies to discuss and resolve matters relevant to the share transfer, unless otherwise provided by applicable laws or prior approved by the Financial Supervisory Commission due to extraordinary reasons. When participating in a merger, spin-off, acquisition or share transfer, the Company shall prepare a full written record of the following information and preserve it for five years:

- (1) Basic information of working personnel: Including the occupational titles, names and national ID numbers (or passport numbers in the case of foreigners) of all persons involved in the planning or implementation of any merger, spin-off, acquisition or share transfer prior to public disclosure of the merger, spin-off, acquisition, or share transfer.
- (2) Dates of material events: Including the date of signing any letter of intent or memorandum of understanding, the date of retaining a financial or legal advisor, the date of transaction agreement, and the date of board meeting.
- (3) Material documents and meeting minutes: Including the merger, spin-off, acquisition or share transfer plans, any letter of intent or memorandum of understanding, material agreements and board meeting minutes.

The Company shall, within two days of the board resolution approving the merger, spin-off, acquisition or share transfer, file the information set forth in clauses (1) and (2) with the Financial Supervisory Commission, using the prescribed format and via the internet-based information system, for record.

The Company shall also enter into agreements with any other participating companies whose shares are not listed on an exchange nor traded on an OTC market in accordance with relevant laws and regulations.

4. Each person involved in or aware of the planning or implementation of any merger, spin-off, acquisition or share transfer shall sign a written undertaking of confidentiality, undertaking not to disclose any content of the plan of merger, spin-off, acquisition or share transfer prior to public disclosure of the same, and not to trade, in its own name or under the name of others, in any stock or other equity security of any company participating in the merger, spin-off, acquisition or share transfer.
5. The share exchange ratio or acquisition price in a merger, spin-off, acquisition or share transfer may not be modified unless any of the following events occurs, and such events shall be set forth in the relevant transaction agreement:
 - (1) Issuance of new shares for cash consideration, convertible bonds, bonus shares, bonds with warrants, preferred shares with warrants, stock warrants or other equity based securities.

- (2) Any action, such as a disposal of major assets, that affects any participating company's financial or business status.
 - (3) Any event, such as a major disaster or major change in technology, that affects shareholder equity or share price of any participating company.
 - (4) Buyback of shares by any participating company.
 - (5) One or more additional companies joining the plan of merger, spin-off, acquisition or share transfer or one or more participating companies withdrawing from the plan of merger, spin-off, acquisition or share transfer.
 - (6) Any other event which has been set forth in the relevant transaction agreement and disclosed to the public.
6. The following matters and other terms of a merger, spin-off, acquisition or share transfer shall be set forth in a transaction agreement:
 - (1) Remedies for breach of contract;
 - (2) Effect on the equity-based securities issued by the merged company or the divided company and/or on its treasury shares;
 - (3) Number of shares which a participating company is allowed to buy back after the valuation date for the determination of share exchange ratio and the effect thereon;
 - (4) Result of one or more additional companies joining the plan or one or more participating companies withdrawing from the plan;
 - (5) Schedule of the plan and the anticipated completion date.
 - (6) Scheduled date of the shareholders' meeting required in the event that the plan does not proceed or is not completed as scheduled.
7. After the disclosure of a plan of merger, spin-off, acquisition or share transfer to the public, if there is any change to co-participating companies, the Company shall initiate a new process to evaluate, approve and implement the plan, unless such change is resulted from withdrawal of the plan by one or more participating companies only and the Board of Directors has been authorized to modify the plan in the event of such change.
8. The Company shall also enter into agreements with any other participating companies whose shares are not listed on an exchange nor traded on an OTC market and require compliance with paragraphs 3, 4 & 7.

Article 12. The Company's managers and other persons-in-charge violating these Procedures shall be sanctioned subject to the Company's discipline rules.

Article 13. The adoption of these Procedures and any amendment hereto shall be approved by a majority of members of the Audit Committee and then submitted to the Board of Directors for its approval. Without the approval of the Audit Committee, these Procedures and any amendment hereto may also be approved and adopted by two third (2/3) of members of the Board of Directors with the detail of the Audit Committee's

decision being recorded in the Board meeting minutes. In determining whether to approve and adopt these Procedures and any amendment hereto, the Board of Directors shall take into full consideration each Independent Director's opinion. Independent Directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the meeting of the Board of Directors.

The first amendment hereto was adopted on Dec 10, 1999.

The second amendment hereto was adopted on Mar 27, 2002.

The third amendment hereto was adopted on Jun 18, 2003.

The fourth amendment hereto was adopted on May 18, 2004.

The fifth amendment hereto was adopted on Jun 19, 2009.

The sixth amendment hereto was adopted on Jun 24, 2011.

The seventh amendment hereto was adopted on Jun 15, 2012.

The eighth amendment hereto was adopted on Jun 26, 2014.

The ninth amendment hereto was adopted on May 26, 2017.

The tenth amendment hereto was adopted on May 31, 2019.

The eleventh amendment hereto was adopted on May 27, 2022.