

## E & E Recycling Regulations Governing the Acquisition and Disposal of Assets

### Chapter 1 General Principles

#### Article 1

To ensure the protect assets and implement information disclosure, the special processing procedures should be handled in accordance with the prescribed procedures.

### Chapter 2 Basis

#### Article 2

These Regulations are adopted in accordance with the provisions of Article 36-1 of the “Securities and Exchange Act” and “Regulations Governing the Acquisition and disposal by Public Companies”. However, regulations provide otherwise, such provisions shall govern.

### Chapter 3 The term of assets

#### Article 3

3.1 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.

3.2 Real property (including land, houses and buildings, and investment property) and equipment.

3.3 Memberships

3.4 Patents, copyrights, trademarks, franchise rights, and other intangible assets.

3.5 Right-of-use assets.

3.6 Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).

3.7 Derivatives.

3.8 Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.

3.9 Other major assets.

### Chapter 4 Terms used in these Regulations are defined as follows

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4.1 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.

4.2 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 therefore (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

4.3 Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4.4 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.

4.5 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.

4.6 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.

## Chapter 5 Appraisal report and opinion

### Article 5

5.1 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.

5.2 When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory 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 6 Quotas for investing in non-business-use real property and its right-of-use assets and securities

Article 6. The amount of non-operating real property and its right-of-use assets and contingent securities acquired by the company and its subsidiaries are determined as follows:

- (1) The total amount of real estate and right-of-use assets not for business use shall not exceed 30% of the net value in the latest financial statement.
- (2) The total amount of investment in long-term and short-term securities shall not exceed 50% of the net value of the latest financial statement.
- (3) The amount invested in individual securities shall not exceed 25% of the net value in the latest financial statement.

#### Chapter 7 Procedures for acquiring or disposing of real estate, equipment or the right to use assets

##### Article 7.1 Evaluation procedure

- (1) Acquisition or disposal of real estate: Refer to the announced current value, appraised value, actual transaction price of adjacent real estate, etc., determine the transaction conditions and transaction price, prepare an analysis report and submit it to the general manager and chairman.
- (2) Acquisition or disposal of equipment or its right-to-use assets: one of the methods of price inquiry, price comparison, price negotiation or bidding shall be chosen.

##### 7.2 Obtaining a Valuation Report or Opinion

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.

#### 7.3 Authorization Quota

If the transaction amount is less than NT\$50 million, it should be submitted to the general manager and the chairman for approval and should be reported at the latest meeting of the board of directors; It can only be done after the approval of the board of directors.

#### 7.4 Execution unit

When the company acquires or disposes of real estate, equipment or its right-to-use assets, it shall be submitted for approval in accordance with the approval authority of the preceding paragraph, and the use department and management department shall be responsible for execution.

7.5 After the assets are acquired, they should be registered, managed and used in accordance with the provisions of the internal control system "real estate, plant and equipment asset circulation".

### Chapter 8 Procedures for acquiring or disposing of securities investment

#### Article 8.1 Evaluation procedure

(1) The purchase and sale of securities in the centralized trading market or the business premises of securities firms shall be determined by the responsible unit based on market conditions.

(2) For transactions of securities that are not conducted in a centralized trading market or a securities firm's business premises, the most recent financial statements of the target company that have been audited and certified by an accountant or reviewed should be taken as a reference for evaluating the transaction price, taking into account its net value per share, earnings Profitability and future development potential.

#### 8.2 Obtaining expert opinion

(1) The company 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.

(2) If the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company 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).

### 8.3 Authorization Quota

(1) If the transaction amount is less than NT\$50 million, it should be submitted to the general manager and the chairman for approval and should be reported at the latest meeting of the board of directors; It can only be done after the approval of the board of directors.

(2) For each transaction price or transactions with the same counterparty or purchase of the same company's equity and conversion of corporate bonds within a year, if the cumulative transaction amount reaches 20% of the company's actual receipts, an audit must be submitted. It can only be done after the approval of the committee and the approval of the board of directors.

### 8.4 Execution unit

When the company invests in securities, it shall be submitted for approval in accordance with the approval authority of the preceding paragraph, and the financial unit shall be responsible for the implementation, storage, and follow-up regular evaluation.

## Chapter 9 Procedures for acquires or disposes of membership or intangible assets or right-of-use assets

### Article 9.1 Evaluation procedure

(1) When obtaining or disposing of membership, the fair market value of the market should be considered to determine the transaction conditions and transaction prices, and an analysis report should be prepared and submitted to the general manager.

(2) To acquire or dispose of intangible assets, refer to expert evaluation reports or market fair market prices, determine transaction conditions and transaction prices, prepare analysis reports and submit them to the general manager.

### 9.2 Obtain appraisal report and expert opinion

(1) If the company acquires or disposes of membership, intangible assets or right-of-use assets whose transaction amount exceeds NT\$ 10,000,000, an expert should be invited to issue an appraisal report.

(2) If the company acquires or disposes of membership, intangible assets or right-of-use assets whose transaction amount reaches 20% of the company's paid-in capital or NT\$ 300 million or more, except for transactions with domestic government agencies, Accountants should be contacted to express their opinions on the rationality of the transaction price before the fact occurs.

### 9.3 Authorization Quota

If the amount is less than NT\$ 5 million, it should be submitted to the general manager for approval; if it is less than NT\$ 10 million, it should be submitted to the chairman for approval; if it exceeds NT\$10 million, it must be submitted to the audit committee for approval and then approved by the board of directors. You have to do it later.

#### 9.4 Execution unit

When the company obtains or disposes of membership cards or intangible assets, it shall be submitted for approval in accordance with the approval authority of the preceding paragraph, and the use department, finance department or administrative department shall be responsible for execution.

#### Chapter 10 The calculation of the transaction amounts

##### Article 10 The calculation of the transaction amounts

The transaction amount referred to in 7, 8, and 9 shall be handled in accordance with the provisions of 14.2, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

#### Chapter 11 Related Party Transactions

##### Article 11.1 Evaluation procedure

(1) The company's acquisition or disposal of assets from related parties shall be handled according to the nature of the assets and the evaluation and operating procedures stipulated in 7, 8, and 9 respectively.

(2) When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

##### 11.2 Obtain appraisal report and expert opinion

If the transaction amount reaches more than 10% of the company's total assets, an appraisal report from a professional appraiser or a CPA's opinion shall also be obtained in accordance with 7, 8, and 9.

##### 11.3 Authorization Quota

(1) When a public 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 and the shareholders' meeting for approved by the board of directors and recognized by the supervisors, however, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries.

A. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.

B. The reason for choosing the related party as a transaction counterparty.

C. 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 Article 11.4 and Article 11.5.

D. 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 company and the related party.

E. 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.

F. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the Article 11.2.

G. Restrictive covenants and other important stipulations associated with the transaction.

(2) The calculation of the transaction amount shall be handled in accordance with the provisions of 14.2, and the said within one year is based on the date when the transaction occurred as a basis, retroactively calculated for one year, and has been submitted to the shareholders meeting, audit committee and the board of directors for approval in accordance with regulations no further crediting.

(3) When the company engages in the following transactions with subsidiaries that directly or indirectly hold 100% of the issued shares or authorized capital, delegate the board chairman to decide such matters when the transaction is within Article 7.3 and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

A. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.

B. Acquisition or disposal of real property right-of-use assets held for business use.

#### 11.4 evaluate the reasonableness of the transaction costs

(1) 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 company 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 Article 11.4(1).

(3) 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 Article 11.4(1) 、(2) shall also engage a CPA to check the appraisal and render a specific opinion.

(4) Where the company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 11.3(1)~(3), and Article 11.4(1)~(3) do not apply:

A. The related party acquired the real property or right-of-use assets 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 or right-of-use assets 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, or through engaging a related party to build real property, either on the company's own land or on rented land.

D. The real property right-of-use assets for business use are acquired by the public 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.



11.5 When the results of the company's appraisal conducted in accordance with Article 11.4(1)(2) are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 11.7. 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:

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

A. Where undeveloped land is appraised in accordance with the means in Article 11.4, 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.

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

(2). Where the company acquiring real 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.

11.6 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.

11.7 Where the company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with Article 11.4 and 11.5 are uniformly lower than the transaction price, the following steps shall be taken:

(1). 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.

(2). Supervisors shall comply with Article 218 of the Company Act.

(3). Actions taken pursuant to Article 11.7(1)(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.

11.8 The 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.



11.9 The company obtains real property or right-of-use assets thereof from a related party, it shall also comply with Article 11.7 and 11.8 if there is other evidence indicating that the acquisition was not an arms length transaction.

#### Chapter 12 Engaging in Derivatives Trading

Article 12 Handled in accordance with the company's procedure "ERS-A4-02-034 Engaging in Derivatives Trading".

#### Chapter 13 Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

##### Article 13 Assessment and Operating Procedures

13.1 When the company handles mergers and consolidations, splits, acquisitions, and assignment of shares, it is advisable to appoint lawyers, accountants, and underwriters to jointly discuss the estimated timetable for statutory procedures, and organize a special case team to implement them in accordance with statutory procedures, 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 company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

13.2 The 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 Article 13.1 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.

13.3 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.

##### 13.4 The board of directors meeting

(1) The 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.

(2) The 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.

13.5 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:

- (1). 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.
- (2). 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.
- (3). 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 board of directors meetings.

13.6 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 article 13.5(1)(2) to the FSC for recordation.

13.7 Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of article 13.5 and 13.6.

13.8 Undertaking of confidentiality:

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.

13.9 Principles for the merger, demerger, acquisition, or transfer of shares:

The 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:

- (1). 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.
- (2). An action, such as a disposal of major 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 of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
- (5). An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
- (6). Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

### 13.10 The contract should contain content

The contract for participation by the company in a merger, demerger, acquisition, or of shares shall record the rights and obligations and shall also record the following:

1. Handling of breach of contract.
2. 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.
3. 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.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

### 13.11 When there is a change in the number of companies involved a merger, demerger, acquisition, or of shares transfers:

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.

### 13.12 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 and convene board of meeting with the non-public company whereby the latter is required to abide by the provisions of Article 13.4 to Article 13.7, Article 13.8 Undertaking of confidentiality, and Article 13.11 involved a merger, demerger, acquisition, or of shares transfers.

## Chapter 14 Public Disclosure of Information

Article 14.1 Under any of the following circumstances, the company shall publicly announce and report the relevant information 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, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- (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 company.
- (4). Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.

(5). Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.

(6). Where an asset transaction other than any of those referred to in the preceding six 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 or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.

B. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded notes, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.

C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

14.2 The amount of transactions above shall be calculated as follows:

(1). The amount of any individual transaction.

(2). The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same 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.

14.3 "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.

14.4 Announcement and declaration procedures

(1) The company shall announce and declare the relevant information on the M.O.P.S website designated by the Financial Supervisory Commission R.O.C.(Taiwan).

(2) The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company 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.

(3) When the 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.

(4) The 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.

14.5 Where any of the following circumstances occurs with respect to a transaction that the 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.

14.6 The 10% of total assets stipulated in this Standard shall be calculated based on the total assets in the most recent individual or individual financial report stipulated in the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

#### Chapter 15 Matters to be handled by the subsidiaries of the company

Article 15 Subsidiaries of the company shall comply with the following regulations:

- (1) When a subsidiary acquires or disposes of assets, it shall also follow the company's regulations and implement the procedures.
- (2) Subsidiaries shall formulate procedures for the acquisition or disposal of assets in accordance with laws and regulations, and shall be approved by the board of directors of the subsidiaries and submitted to the supervisors of the subsidiaries for review. The same shall apply for amendments.
- (3) If the subsidiary company is not a public offering company, and the acquisition or disposal of assets reaches the announcement reporting standard stipulated in the " Regulations Governing the Acquisition and Disposal of Assets by Public Companies ", the parent company should also handle the announcement reporting matters on behalf of the subsidiary company.
- (4) In the reporting standard of the announcement of the subsidiary company, the requirement of "twenty percent of the company's paid-in capital" or "ten percent of the total assets" refers to the parent (this) company's paid-in capital or The amount of total assets shall prevail.

#### Chapter 16 Penalties

Article 16 If the company's employees undertake the acquisition and disposal of assets in violation of the " Regulations Governing the Acquisition and Disposal of Assets by Public Companies " or the provisions of this handling procedure, they will be punished according to the company's employee work rules.

#### Article 17 Implementation and revision

17.1 The company's "Regulations Governing the Acquisition and Disposal of Assets" has been approved by the Audit Committee and the Board of Directors, and submitted to the shareholders' meeting for approval. The same is true for amendments. When submitting the "Regulations Governing the Acquisition and Disposal of Assets" to the board of directors for discussion, the opinions of independent directors shall be fully considered, and their objections or reservations shall be recorded in the minutes of the board meeting , the company should also send the director's objection materials to the Audit Committee.

Where an audit committee is established in accordance with laws and regulations, the formulation or amendment of the procedures for acquiring or disposing of assets shall be approved by more than half of all members of the audit committee and submitted to the board of directors for resolution. If the preceding paragraph is not approved by more than half of all members of the audit committee, it may be implemented with the consent of more than two thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board meeting.

All members of the audit committee referred to in the third paragraph and all directors referred to in the preceding paragraph shall be counted by those actually in office.

17.2 The company's "Regulations Governing the Acquisition and Disposal of Assets" is formulated in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies ". Act in accordance with the law.

**formulate**

The Regulations was established on 24th February 2012.

The first amendment on 22nd April 2013

The second amendment on 7th April 2014

23rd April 2003

The third amendment was approved by the board of directors on 6th November 2017, and submitted to the shareholders' meeting on 26th April 2018 for approval.

The fourth amendment was approved by the board of directors on 5th March 2019, and submitted to the shareholders' meeting on 23rd April 2019 for approval.

The fifth amendment was approved by the board of directors on 9th November 2021, and submitted to the shareholders' meeting on 25th April 2022 for approval.

The sixth amendment on 26th April 2023.