

CASwell, Inc.

Procedures for Acquiring or Disposing of Assets

Amended by the Shareholders' Meeting on June 16, 2022

Article 1. Purpose

This procedure is made to ensure investment, information release, and enhance management of the acquiring or disposing of the Company's assets.

Article 2. Base of the Procedures

This procedure is made subject to under paragraph 1 of of Article 41 of the securities exchange law.

Article 3. Asset Scope

The term "assets" as used in these Regulations includes the following:

- I. 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.
- II. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
- III. Memberships.
- IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- V. Right-of-use assets.
- VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VII. Derivatives.
- VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- IX. Other major assets.

Article 4. Definitions

- I. 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, as well as compounded contract comprising the above 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.

- II. 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.
- III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- IV. 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.
- V. 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.
- VI. 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.

VII. 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.

VIII. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 5 Exclusion of related persons

For the appraisal report or the opinion of the accountant, lawyer or securities underwriter obtained by the Company, the relevant professional appraising unit and its appraiser, accountant, lawyer or securities underwriter shall comply with the following requirements:

- I. 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.
- II. May not be a related party or de facto related party of any party to the transaction.
- III. 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-regulatory rules of the

industry Incorporations to which they belong and with the following provisions:

- I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- II. 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.
- III. 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.
- IV. 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.

Article 6. Scope and Amount Limitation of Investment

Except for those who participate in investment establishment or serve as directors and supervisors and intend to hold them for a long time, the total amounts of real property and right-of-use assets thereof or securities acquired by the Company and each subsidiary for business use, and limits on individual securities shall be as follows:

- I. The total amounts of real property and right-of-use assets shall not exceed 50 percent of the Company's net value.
- II. The total investment amounts of securities shall not exceed 35 percent of the Company's net value.
- III. The total investment amounts of individual securities shall not exceed 200 percent of the Company's net value.

Article 7. Evaluation procedures for the acquisition or disposal of assets

The undertaker shall conduct feasibility study subject to the following pricing and references:

I. Securities:

- (I) The price of securities traded on a centralized trading market or at the business premises of a securities firm shall be determined according to the market price of the securities at that time.
- (II) The price of securities not acquired or disposed of in a centralized trading market or the business premises of a securities firm shall be determined taking into account its net value per share, profitability, future development potential and with reference to the current trading price.
- (III) The Company acquires or disposes of securities, the latest financial statements of the subject company audited, certified or approved by the accountant shall be taken as a reference for evaluating the transaction price before the occurrence of the fact. In addition, if the transaction amount reaches 20% of the paid-in capital of the Company or more than NTD 300 million, the accountant shall be consulted to express his opinion on the rationality of the transaction price before the occurrence of the fact. If an accountant is required to use expert reports, it shall comply with the provisions of the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation. However, this restriction shall not apply to the publicly reported price of the priced securities with an active market or the provisions of the Financial Regulatory Commission.

2. Immovable and equipment or its right to use

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 NTD 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:

- (I) 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.
- (II) Where the transaction amount is NTD 1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (III) In case of any of the following valuation results of a professional valuer, except that all the valuation results of the acquired assets are higher than the transaction amount, or all the valuation results of the disposed assets are lower than the transaction amount, an accountant shall be consulted to express specific opinions on the reasons for the difference and the appropriateness of the transaction price:
 - 1. The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.
 - 2. The difference between the appraisal results of two or more professional appraisers is more than 10% of the transaction amount.
- (IV) 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.

III. Membership

Where the Company acquires or disposes memberships and the transaction amount reaches 20 percent or more of paid-in capital or NTD 300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.

IV. Intangible assets or right-of-use assets

Where the Company acquires or disposes of intangible assets or right-of-use assets thereof and the transaction amount reaches 20 percent or more of paid-in capital or NTD300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.

V. Other Assets:

Shall apply to price comparison, bargaining, bidding or other methods.

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

Article 8. Operating procedures for acquiring or disposing assets

After the undertaker conducts feasibility study, the report shall be reviewed subject to the following procedures:

- I. For government bonds, corporate bonds, financial bonds, securities representing interest in a fund: if the transaction amount is or less than 20 percent of the paid-in capital of the Company, it shall be approved by the chairman; if the amount exceeds 20 percent of the paid-in capital of the Company, it shall be approved by the board of directors.
- II. For stocks, depositary receipts, call (put) warrants, beneficial interest securities: if the transaction amount is or less than 5 percent of the paid-in capital of the Company, it shall be approved by the chairman; if the amount exceeds 5 percent of the paid-in capital of the Company, it shall be approved by the board of directors.
- III. For real property and other assets or their right-of-use assets: if the transaction amount is or less than NTD 50,000 thousand, it shall be

approved by the chairman; if the amount exceeds NTD 50,000 thousand, it shall be approved by the board of directors.

- IV. When entering into a sales contract with the counterparty, in order to meet the business needs and strive for timeliness, it must be approved by the chairman before entering into the contract, and then submitted to the latest board of directors for ratification.
- V. If, in accordance with the provisions of the Company Law or other laws and regulations, resolutions or reports of the shareholders' meeting are required, they shall be followed.

Article 9. The calculation of the transaction amounts referred to in Article 7 and 8 shall be made in accordance with Article 14, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have obtained an appraisal report from a professional appraiser and accounting opinion need not be counted toward the transaction amount.

Article 10. Related Party Transactions :

- I. 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 Company's total assets, the Company 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.
- II. When the Company acquires or disposes 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 agreed by more than two-thirds of all the members of the audit commission and approved by the board of directors, and Items 3 and 4 of Article 18 of this processing procedure shall be applied:

- (I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (II) The reason for choosing the related party as a transaction counterparty.
- (III) 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 Item 3 to 6 of this Article.
- (IV) 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.
- (V) 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.
- (VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- (VII) Restrictive covenants and other important stipulations associated with the transaction.

If the Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and 2 and the transaction amount will reach 10 percent or more of its total assets, the Company shall submit the above materials to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its parent company or subsidiaries or between its subsidiaries.

The calculation of the transaction amounts referred to in paragraph 1 and 2 shall be made in accordance with Article 14, paragraph 2 herein, 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 shareholders meeting or 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 the 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 Company's board of directors may pursuant to Article 8, paragraph 1, subparagraph 3 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:

- (I) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
- (II) Acquisition or disposal of real property right-of-use assets held for business use.

When a matter is submitted for discussion by the board of directors, the Company shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

- III. When 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 (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.):

- (I) 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.
 - (II) 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.
- IV. If the Company acquires real property or right-of-use assets from a related party, it shall appraise the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs, and shall also engage a CPA to check the appraisal and render a specific opinion.
- V. Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the preceding two paragraphs do not apply, but the acquisition shall be conducted in accordance with the second paragraph:
- (I) The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
 - (II) 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.
 - (III) 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.

(IV) 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.

VI. Where the Company acquires real property or right-of-use assets thereof from a related party, and the results of the appraisal conducted in accordance with the previous three paragraphs are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 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:

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

1. 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.

2. 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.

- (II) 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.
- (III) Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph (1) and (2) 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.

VII. 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 the paragraph (3) of this article are uniformly lower than the transaction price, the following steps shall be taken:

- (I) 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 the Company uses the equity method to account for its investment in another company, then the special reserve called for under paragraph 1 of of Article 41 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.

(II) The independent director members of the audit committee shall comply with Article 218 of the Company Act.

(III) Actions taken pursuant to the subparagraph (1) and (2) above shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

VIII. If the Company 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 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.

IX. 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 11. (deleted)

Article 11-1. (deleted)

Article 12. Engaging in Derivatives Trading

I. Operating or hedging strategies

When engaging in derivative commodity trading, the purpose should be to avoid risks. The selected trading commodities should mainly enable the Company to avoid risks arising from business operations, and the counterpart should be banks that usually have business dealings with the Company to avoid credit risks.

II. Segregation of duties

(I) Financial staff

1. Acquire market information, judge trends and risks, be familiar with financial commodities and related laws and regulations, operation skills, etc., and engage in transactions according to the instructions and authorization of the

competent authorities to avoid the risk of market price fluctuations.

2. Regular evaluation.
3. Regular announcement and report.

(II) Accounting staff

1. To provide information on risk exposure position.
2. Keep accounts and prepare financial statements in accordance with generally accepted accounting principles.
3. Measure, supervise and control transaction risks.

III. Essentials of performance evaluation

- (I) Hedge trades shall be evaluated at least once every two weeks, and the evaluation reports shall be submitted to the chairman for approval.
- (II) The performance evaluation should be compared with the pre-set evaluation basis on the evaluation date to serve as a reference for future decision-making

IV. Total amount of derivatives contracts that may be traded, and the maximum loss limit

- (I) Total amount of contracts: the accumulated outstanding balance of contracts at any one time of the total amount of contracts in which the Company may engage in derivative commodity trading shall not exceed 50 percent of the Company's net value at that time.
- (II) The maximum loss limit on individual contracts: 20 percent of the contract amount. In emergency, it shall be submitted to senior management personnel authorized by the board of directors for approval.
- (III) The maximum loss limit on total trading contracts: 20 percent of the total contract amount.

V. Operating Procedures

- (I) Confirm the trading position
- (II) Analysis and judge relevant trends
- (III) Decide on specific measures to avoid risks:

institutions

1. Subject of trade
 2. Position of trade
 3. Target price and range
 4. Trade method and form
- (IV) Obtain trade approval
- (V) Execute trade
1. Trade object: Limited to domestic and foreign financial
 2. Trading personnel: The personnel who may execute derivative commodity trading of the Company shall first obtain the consent of the chairman and then be notify the current financial institutions of the Company. No person other than the above-mentioned person may engage in trading.
- (VI) Transaction confirmation: After the transaction, the transaction personnel shall fill in the transaction documents for the confirmation personnel to confirm whether the transaction conditions are consistent with the transaction documents, and send them to the responsible person for approval.
- (VII) Settlement: After the transaction is confirmed to be correct, the buyer shall prepare the fund and relevant documents by the designated settlement personnel on the settlement date and settle at the agreed price.

VI. Quota

- (I) For recurrent foreign exchange hedging transactions: Financial planners shall select a financial institution with better conditions, and sign a contract with it after petitioning the chairman for approval. The amount and risk of each transaction shall not exceed NTD 2,000 thousand, and the contract shall be approved by the chairman.
- Accumulated positions below NTD 6,000 thousand shall be submitted to the chairman for approval, and those exceeding

NTD 6,000 thousand shall be submitted to the board of directors for approval.

- (II) Non-hedging transactions: no matter the amount, all trades can only be carried out after being approved by the board of directors.

VII. Accounting method

Forward foreign exchange transactions are accounted for in accordance with International Financial Reporting Standards, International Accounting Standards, Explanations and Explanation Announcements approved by the FSC.

VIII. Internal Control

(I) Risk management measures

1. Credit risk management: The transaction object shall mainly be banks that have business dealings with the Company.
2. Market price risk management: The financial unit regularly evaluates the market price and pays attention to the possible profit and loss impact of future market price fluctuations on the positions held.
3. Liquidity risk management: In order to ensure liquidity, it is necessary to confirm with the fund personnel before trading that the trading quota will not cause insufficient liquidity.
4. Cash flow risk management: In order to ensure the stability of the Company's working capital turnover, the Company's sources of funds for derivatives trading are limited to its own funds, and when deciding its operating amount the capital demand of the cash receipts and payments forecast in the next three months should be considered.
5. Operational risk management: The authorized quota and operation process must be strictly observed to avoid operational risks.

6. Legal risk management: Any document signed with bank must be reviewed by the legal department before it is formally signed, so as to avoid legal risks.

(II) Internal control

1. Trading personnel and operators such as confirmation and delivery shall not be the same person.
2. The trading personnel shall deliver the trading vouchers or contracts to the registration personnel for records.
3. Registration personnel should regularly check accounts with the transaction object or register the record.
4. The registration personnel shall establish a memo book in which details of the type of derivative trading, amount, the date of approval by the Board of Directors and relevant matters that should be carefully evaluated shall be included for future reference.
5. The accounting personnel shall be responsible for the measurement, supervision and control of transaction risks, and shall report to the Board on a regular basis.

(III) Regular evaluation

1. The board of directors hereby designates the general manager to pay constant attention to the supervision and control of derivatives trading risks in accordance with the Detailed Rules for the Implementation of Internal Control, and to regularly assess whether the trading performance conforms to the established business strategy and whether the risks undertaken are within the allowable range.
2. The general manager shall periodically assess whether the current risk management procedures are appropriate and in accordance with these procedures.
- 3 Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per

month. Evaluation reports shall be submitted to the general manager.

4 When irregular circumstances are found, appropriate measures shall be adopted and a report immediately made to the board of directors by the general manager, and an independent director shall be present at the meeting and express an opinion.

5 The company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with these Procedures.

IX. Internal audit system

(I) Subject to the internal audit system, 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 for Acquiring or Disposing of Assets for engaging in derivatives trading, analysis the trade cycle, and prepare an audit report. If any material violation is discovered, all members of the audit commission shall be notified in writing.

(II) In accordance with the provisions of the Guidelines for the Establishment of Internal Control Systems by Public Companies, the audit report and the improvement of abnormal matters referred to in the preceding paragraph shall be reported to the FSC for future reference on time.

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

I. If the Company conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, it 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 the 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.

- II. The company 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 fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the Company shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.
- III. 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.

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:

- (I) 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.
- (II) 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.
- (III) 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.

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.

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.

- IV. Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares of the Company 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.
- V. The company 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:
 - (I) 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.
 - (II) An action, such as a disposal of major assets, that affects the Company's financial operations.
 - (III) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 - (IV) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - (V) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - (VI) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- VI. The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the Company, and shall also record the following:
 - (I) Handling of breach of contract.
 - (II) 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.

- (III) 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.
- (IV) The manner of handling changes in the number of participating entities or companies.
- (V) Preliminary progress schedule for plan execution, and anticipated completion date.
- (VI) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

VII. After public disclosure of the information, if the Company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer of other company, the Company shall carry out a new 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 the shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, the Company may be exempted from calling another shareholders meeting to resolve on the matter anew.

VIII. 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 III, IV and VII of this Article.

Article 14. Procedures for Public Disclosure of Information

- I. The company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated report website in the appropriate format as prescribed by

regulations within 2 days counting inclusively from the date of occurrence of the event:

- (I) 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 NTD 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.
- (II) Merger, demerger, acquisition, or transfer of shares.
- (III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
- (IV) Where asset type belonging to 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 meets any of the following criteria:
 - 1. The paid-in capital is less than NTD 10 billion, the transaction amount reaches NTD 500 million or more.
 - 2. The paid-in capital is NTD 10 billion or more, the transaction amount reaches NTD 1 billion or more.
- (V) 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 NTD 500 million. (Based on the amount planned to be invested by the Company)

(VI) Where an asset transaction other than any of those referred to in (1) to (5) above, 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 NTD 300 million; provided, this shall not apply to the following circumstances:

1. Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.
2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

II. The amount of transactions above shall be calculated as follows:

- (I) The amount of any individual transaction.
- (II) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
- (III) 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.
- (IV) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

III. "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.

IV. 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.

- V. 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.
- VI. If the Company acquires or disposes of assets, it 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.
- VII. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported as required, 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:
 - (I) Change, termination, or rescission of a contract signed in regard to the original transaction.
 - (II) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - (III) Change to the originally publicly announced and reported information.

Article 15. Control procedures for the acquisition and disposal of assets by subsidiaries:

- I. The subsidiaries shall also formulate and implement the Procedures for Acquiring or Disposing of Assets subject to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. The acquisition or disposal of assets by subsidiaries of

the Company shall be handled in accordance with the internal control system and relevant procedures prescribed by each subsidiary, and shall report to the Company in writing the single or accumulated transaction amount of the same nature acquired or disposed of assets in the previous month before the 5th day of each month. The Company's audit unit shall audit the acquisition or disposal of assets by subsidiaries quarterly, and the audit status shall also be included as a necessary item for reporting the audit business to the Board of Directors and members of the Audit Committee.

- II. For assets acquired or disposed of by a subsidiary of the Company, which is not a public company, the Company shall do so if the disclosure of such assets is required under the preceding paragraph. For subsidiaries referred to in the preceding paragraph subjecting to the provisions on paid-in capital or total assets of the Company as set out in Article 14, paragraph 1, of the Announcement Reporting Standard, the paid-in capital or total assets of the Company shall prevail.

Article 16: The Company may, depending on the seriousness of the case, impose warnings, demerits, demotions, suspensions, salary reductions or other sanctions on the personnel who violate the procedures and the relevant laws and regulations, and take them as internal review matters.

Article 17: Matters not covered in this procedure shall be handled in accordance with relevant laws and regulations of the Company. Should the competent authority amend the Procedures for Acquisition or Disposal of Assets, the Company shall comply with the provisions of its new order.

Article 18: This procedure shall be approved by more than half of all members of the audit committee, be submitted to the board of directors for approval, and then submitted to the shareholders' meeting for approval before implementation, and the same applies to amendments.

When the Procedures for Acquiring or Disposing of Assets is submitted for discussion by the board of directors according to the above regulations, the Company shall take into full consideration each independent director's opinions. If an independent director objects to

or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

If the procedure under the paragraph 1 is not approved by more than half of all members of the audit committee, it may be carried out with the consent of more than two-thirds of all the directors, and the resolution of the audit committee shall be stated in the minutes of the board of directors.

All the members of the audit committee referred to in paragraph 3 and all the directors referred to in the preceding paragraph shall be counted as those who are actually in office.

Article 19. Where the Company's acquisition or disposal of assets is approved by the Board of Directors in accordance with the prescribed procedures, approval authority or other legal provisions, the opinions of independent directors shall be fully considered, and any objections or reservations of independent directors shall be stated in the minutes of the Board of Directors.

For material transactions of assets or derivative commodities of the Company, the approval of more than one-half of all members of the Audit Committee and the resolution of the Board of Directors shall apply to the provisions of paragraphs 3 and 4 of Article 18 of the Procedures.

Article 20. The 10 percent total assets requirement of this procedure shall be calculated based on the total assets in the latest individual or separate financial report as stipulated in the Financial Reporting Standards for Securities Issuers.