

TTY BIOPHARM COMPANY LIMITED

Procedures for Acquisition or Disposal of Assets

Article 1 *Legal Basis:*

These Procedures are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act.

Article 2 *Scope of Assets:*

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

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights (including drug permit license), and other intangible assets.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets: Related matters of acquisition and disposal of such assets shall be processed in accordance with these Procedures hereto.

Article 3 *Definition of Terms:*

Terms used in these Procedures are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 3 of the Company Act.
3. Related party or subsidiary: As defined in the Procedures Governing the

Preparation of Financial Reports by Securities Issuers.

4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Procedures Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
8. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 4 *Operation Procedures for Acquisition or Disposal of Assets:*

1. The Company's "Internal Approval Authority Guidelines" shall prepare asset acquisition or disposal approval authority in accordance with authorized amounts and levels prescribed in these Handling Procedures hereto. Acquisition or disposal of various assets shall only be conducted after being approved in accordance with "Internal Approval Authority Guidelines."
2. Authorization Amounts and Levels:
 - (1) Acquisition or disposal of long term equities investment shall be submitted to the Board of Directors' Meeting for approval. Contents for other securities and investment amount limits shall be submitted to the Board of Directors' Meeting for approval before being executed by the Board Director within approved limits.
 - (2) For acquisition or disposal of real property, equipment or right-of-use assets is made for amount exceeding NTD30 million, prior approval from the Board of Directors' Meeting shall be obtained before being executed.
 - (3) In principle, the Company will not be engaged in acquisition or disposal of membership card or financial institution's claim trading. In the event of necessity of such trading from business needs, such trading will be submitted to the Board of Directors' Meeting for approval before related operation procedures are drafted.
3. Assessment, Operation Procedures and Implementation Unit:
 - (1) For acquisition or disposal of long term equities investment, supervisors of related departments shall form an investment assessment team to conduct feasibility assessment. Acquisition or disposal of other securities shall be

assessed by financial and accounting units. Financial and accounting units shall be responsible for execution after aforementioned investments have been approved in accordance with approval authority.

- (2) With respect to acquisition of real property and equipment or right-of-use assets, demanding unit shall first prepare a capital expenditure plan and feasibility assessment, compile capital expenditure budget, and submit for approval in accordance with approval authority before executing accordingly. As for disposal of real property and equipment, utilizing unit shall fill in application form or submit for project approval, explain disposal reason and method, and forward to administration units for assessment. Disposal shall be proceeded accordingly in accordance with approval obtained.
- (3) With respect to intangible asset or right-of-use assets, feasibility assessment shall be conducted by intellectual property units which shall then submit for approval in accordance with approval authority. Intellectual property units shall be responsible for execution after approval is obtained.
4. With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the Company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to Audit Committee.
5. When a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors 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.
6. Any transaction involving major assets or derivatives shall be approved by more than half of all Audit Committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 14.4 and 14.5. The so-called major asset transaction shall mean and refer to transaction amount reaches 20 percent of the Company's paid-in capital, 10% of total asset, or exceeds NTD300 million.

Article 5 Price determination method and reference basis:

1. For the acquisition or disposal of real estate or its right-of-use assets, announced present values, assessed values, or actual transaction prices of adjacent real estate properties shall serve as the main reference for the determination of transaction conditions and prices.
2. For the acquisition or disposal of equipment or its right-of-use assets, price inquiries, comparison, negotiations, or invitation to tender shall be conducted by competent units.
3. The prices for marketable securities traded on securities exchanges and OTC markets shall be determined in accordance with market transaction values; where marketable securities are not traded on securities exchanges and OTC markets, investment assessment team shall comply with Paragraph 2 of Article 6 hereto and assess reasonable prices which shall serve as references for price negotiation. Price will then be determined through both parties' negotiation.

4. For the acquisition or disposal of intangibles or their right-of-use assets, prices shall be determined in consideration of useful life and impact on the company's technologies and services with reference to international or market conventions.

Article 6 ***Acquisition of Expert Report:***

1. In acquiring or disposing of real property or equipment or right-of-use assets 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 institution, 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 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, and the same procedure shall be followed for any future changes 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 perform the appraisal and 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.
2. Where the Company acquires or disposes of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 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).
3. Where the Company acquires or disposes of intangible assets or right-of-use

assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government institution, 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.

4. The calculation of the transaction amounts referred to in the preceding three paragraphs shall be done in accordance with Article 11.1.(2) herein, 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.
5. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company 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.
6. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-discipline rules of its association and the following:
 - (1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
 - (2) When executing, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
 - (3) They shall undertake an item-by-item evaluation of the adequacy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
 - (4) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and adequate, and that they have complied with applicable laws and regulations.
7. 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 7 *The Company and its subsidiaries may acquire non-business purpose real property, right-of-use assets or securities with total amount and limits for respective securities as follows:*

1. Total amount for the Company's purchase of non-business real property, right-of-use assets or securities shall not exceed 150% of the Company's paid-in capital or 100% of parent company's owner's equities from the latest financial statement, whichever is higher. Investment in individual securities shall not exceed 100% of the Company's paid-in capital. Total amount from the holding of short term investment and undisposed idle asset or real property shall not exceed the 70% of parent company's owner's equities from the Company's latest financial statement.
2. Total amount for respective subsidiary's purchase of non-business real property, right-of-use assets or securities shall not exceed 150% of respective subsidiary's paid-in capital, or 100% of parent company's owner's equities from the latest financial statement, whichever is higher. Investment in individual securities shall not exceed 100% of the respective company's paid-in capital. Total amount from the holding of short term investment and undisposed idle asset or real property shall not exceed the 70% of parent company's owner's equities from respective company's latest financial statement.

Article 8 *Related Party Transactions:*

1. When the 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. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 6-4 herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.
2. Assessment and Operation Procedures:
 - (1) When the Company intends to acquire or dispose of real property or right-of-use assets 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 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 domestic money market funds issued by a domestic securities investment trust enterprise (SITE), the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and board of directors.
 - (a) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 - (b) The reason for choosing the related party as a trading counterparty.
 - (c) With respect to the acquisition of real property or right-of-use assets from a related party, information regarding appraisal of the

reasonableness of the preliminary transaction terms in accordance with Article 15 and Article 16.

- (d) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
 - (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 preceding article.
 - (g) Restrictive covenants and other important stipulations associated with the transaction.
- (2) With respect to the types of transactions listed below, when to be conducted between the Company and its 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 4.2 and 4.3 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:
- (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.
- (3) When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors 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.
- (4) The matters for which paragraph 1 requires review by the Audit Committee shall first be approved by more than half of all Audit Committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 14.4 and 14.5.
- (5) In the event that the Company or a subsidiary of non-domestically listed company is engaged in transaction prescribed in subparagraph 1 and transaction amount reaching more than 10% of the Company's total assets, the Company can only enter transaction agreement and proceed with payments after materials prescribed in respective items in subparagraph 1 are submitted to Shareholders' Meeting for approval. However, this shall not apply to transactions between the Company and subsidiaries, or between subsidiaries.
- (6) Calculation of transaction amount prescribed in subparagraph 1 and aforementioned subparagraph shall be conducted in accordance with subparagraph 2, paragraph 1 of Article 11. The so-called "within one year" shall mean and refer to one year counting back based on the date of occurrence of fact for this transaction, excluding those which have already been submitted to Audit Committee, Board of Directors and Annual General

Meeting for approval in accordance with the processing procedures hereto.

- (7) In the event that the company engaged in transactions with related parties as outlined in subparagraph 1, actual transaction details (including actual transaction amounts, terms of the transaction and all the details specified in subparagraph 1) should be submitted to the latest shareholders meeting following the end of the year.

3. Reasonableness evaluation of the transaction costs

- (1) The Company that acquires real property or right-of-use assets 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 trading counterparties.
- (2) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (3) The Company that acquires real property from a related party and appraises the cost of the real property in accordance with paragraph 1 and paragraph 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 paragraph preceding article, and the preceding three paragraphs 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 or right-of-use assets thereof signed the contract to obtain the real property 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 Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.
- (5) Where the Company acquires real property or right-of-use assets from a

related party and the results of appraisals conducted in accordance with Article 8.1 to 8.4 and 8. 7 to 8.8 are uniformly lower than the transaction price, the following steps shall be taken:

- (a) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the 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 apportionment consistent with the share of public company's equity stake in the other company.
 - (b) Independent director members of the Audit Committee shall comply with Article 218 of the Company Act.
 - (c) Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
- (6) 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 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.
- (7) When the Company obtains real property or right-of-use assets from a related party, it shall also comply with the preceding 2 paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:
- (a) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (i) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (ii) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

- (b) 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.
- (8) Completed transactions for 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; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.
- 4. For the calculation of 10 percent of total assets under these Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by the Company shall be used.

Article 9 *Handling Procedures for Acquisition or Disposal of Derivative Products:*

The Company has prepared separate derivative product transaction handling procedures with which shall be complied during handling of derivative products acquisition or disposal.

Article 10 *Handling Procedures for Merger, Demerger, Purchase and Transfer of Shares:*

1. When conducting a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, the Company 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. Nevertheless, obtainment of aforementioned expert's rationality comments may be waived in the event of the Company's merger with a subsidiary of which 100% of shares issued or total capital amount are directly or indirectly held by the Company, or merger between subsidiaries of which 100% of shares issued or total capital amount are directly or indirectly held by the Company. When participating in a merger, demerger, acquisition, or transfer of shares, 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 of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.
2. When participating in a merger, demerger, or acquisition, the Company 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.

3. 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.
4. When participating in a merger, demerger, acquisition, or transfer of shares, 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:
 - (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.
5. The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
 - (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.

6. 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.
7. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 2, Article 3, Article 6 and Article 8 and Article 10.
8. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company 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.
9. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.
10. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the preceding 2 paragraphs.

Article 11 Public Announcement Procedures:

1. Matters for the Company's Public Announcement:
 - (1) Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:
 - (a) Acquisition or disposal of real property or right-of-use assets from or

to a related party, or acquisition or disposal of assets other than real property or right-of-use assets 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 domestic money market funds issued by a domestic securities investment trust enterprise (SITE).

- (b) Merger, demerger, acquisition, or transfer of shares.
- (c) Where the type of asset acquired or disposed is equipment/machinery or right-of-use assets for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.
- (d) Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million.
- (e) Where an asset transaction other than any of those referred to in the preceding four 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:
 - (i) Trading of domestic government bonds or international government bonds which credit rating is not lower than domestic government bonds.
 - (ii) Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds issued by a domestic securities investment trust enterprise (SITE).

(2) The amount of transactions above shall be calculated as follows:

- (a) The amount of any individual transaction.
- (b) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
- (c) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
- (d) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

(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 Procedures need not be counted toward the transaction amount.

2. Information required to be publicly announced and reported - subsidiary

- (1) For a subsidiary which is not a domestic public company and acquisition or disposal of asset meeting mandatory announcement or report standards prescribed in these Procedures, matters of announcement or report shall be

conducted by parent company.

- (2) “Meeting twenty percent of company’s paid-in capital or ten percent of total asset” prescribed in subsidiary company’s announcement & report standards shall be based on the Company’s paid-in capital or total asset.
3. 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 commencing immediately 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.
4. 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 2 days after becoming aware of that fact.
5. Where the Company acquires or disposes of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company headquarters, where they shall be retained for 5 years except where another act provides otherwise.

Article 12 *Control Procedures for Subsidiaries’ Acquisition or Disposal of Assets:*

1. Subsidiaries hereto shall stipulate asset acquisition or disposal procedures in accordance with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”
2. In the event that the Company’s subsidiary is not a domestic public company and public announcement on asset acquisition or disposal shall be made in accordance with related regulations, the Company shall make public announcement hereto accordingly.

Article 13 *Violation Punishment for Manager and Responsible Person:*

In the event of the Company’s manager and responsible person’s violation of handling procedures hereto, performance review shall be conducted in accordance with the Company’s employee manual and punishment shall be imposed accordingly depending on the seriousness of situations.

Article 14 *Enforcement and Amendment:*

1. After the procedures have been approved by the Audit Committee and then by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to Audit Committee.
2. When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors 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.

3. When the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by more than half of all Audit Committee members and submitted to the board of directors for a resolution.
4. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board of directors meeting.
5. The terms "all Audit Committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 15 **Supplements:**

Matters not prescribed in these Procedures hereto shall be processed in accordance with related laws and the Company's related rules and requirements.

These Procedures were enacted on May 22, 1998.

The 1st amendment was made on March 24, 2000.

The 2nd amendment was made on May 13, 2002.

The 3rd amendment was made on May 19, 2003.

The 4th amendment was made on June 21, 2007.

The 5th amendment was made on June 22, 2012.

The 6th amendment was made on June 24, 2014.

The 7th amendment was made on June 16, 2017.

The 8th amendment was made on June 25, 2019.

The 9th amendment was made on May 26, 2022.

The 10th amendment was made on May 30, 2023.