

Sinyi Realty Inc.

Procedures for Acquisition or Disposal of Assets

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Article 1

In order to strengthen assets management and implement information disclosure, Sinyi Realty Inc.(hereinafter, "the Company") set forth the procedures for acquisition or disposal of assets (hereinafter, "the Procedures") in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies announced by the securities regulatory authority.

Article 2

The term "assets" as used in the 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, rights to use land, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

Article 3

Terms used in these Regulations are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing

embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
3. Related party: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
5. 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.
6. 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.
7. 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.
8. Within one year: Refers to the year preceding the date of the current transaction of the subject acquisition or disposal of assets.
9. The latest financial statements: Refers to the latest financial statements audited (reviewed) by certified public accountants before acquisition or disposal of assets.
10. The total assets: states in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities

Issuers shall be used.

11. The paid-in capital: the product of the number of the Company's outstanding shares multiplied by the par value of NT\$10. In the case of a company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20% of paid-in capital under these Regulations, 10% of equity attributable to owners of the parent shall be substituted. In terms of the calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.
12. 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

Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountants' opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. May not have previously received a final and unappeasable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the association to which he belongs and the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.

2. When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
3. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 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 5

In acquiring or disposing of real property or other fixed assets, or right-of-use assets thereof, the Company shall follow its internal control procedures regarding fixed assets cycle.

The procedures for acquisition or disposal of fixed assets by this Company and the limitation of amounts thereof should be as follows:

1. In acquiring or disposing of real property or right-of-use assets thereof, the Company shall refer to publicly announced current value, evaluated value, transaction price of nearby real properties, etc., to decide the transaction conditions and price and produce an analysis report. Transactions with price of NT\$50 million or less shall be approved by the Chairman and reported to the most upcoming Board of Directors' Meeting for ratification. Transactions with price over NT\$50 million shall be approved by the Audit Committee and submitted to the Board of Directors for resolution.
2. In acquiring or disposing of equipment or right-of-use assets thereof, the transaction price shall be determined by any one method of inquiry, comparison, negotiation or bid. Transactions with price of NT\$30 million or less shall be approved by the Company's authorization procedures. Transactions with price over NT\$30 million shall be approved by the Audit Committee and submitted to the Board of Directors for resolution.

The end-user and managing departments are responsible for implementation of transactions after acquirement or disposal of real property or equipment, or right-of-use assets thereof being approved by the preceding process.

In acquiring or disposing of real property or equipment, or right-of-use assets

thereof where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery and equipment 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 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% or more of the transaction amount.
 - B. The discrepancy between the appraisal results of two or more professional appraisers is 10% 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.
5. Except where a limited price, specified price, or special price is employed when the Company engages in the construction business, as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the report, shall be obtained within 2 weeks commencing immediately from the date of occurrence and the certified public accountants' opinion under subparagraph 3 of the preceding paragraph shall be obtained within two weeks from the date obtaining the appraisal report.

Article 6

In acquiring or disposing of securities, the Company shall follow its internal control procedures regarding investment cycle.

The procedures for acquisition or disposal of securities by this Company and the limitation of amounts thereof should be as follows:

1. In acquiring or disposing of securities traded in active markets with quoted market price, the Financial Department shall refer to the market quotation to decide the transaction. Transactions with price of NT\$30 million or less shall be approved by the Chairman. Transactions with price over NT\$30 million shall be approved by the Chairman and reported to the most upcoming Board of Directors' Meeting for ratification. Transactions with price over NT\$50 million shall be approved by the Audit Committee and submitted to the Board of Directors for resolution.
2. In acquiring or disposing of securities not traded in active markets with quoted market price, the Company 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, to evaluate key factors such as its net value per share, profitability and the potential for future growth, for reference in appraising the transaction price. Transactions with price of NT\$30 million or less shall be approved by the Chairman. Transactions with price over NT\$30 million shall be approved by the Chairman and reported to the most upcoming Board of Directors' Meeting for ratification. Transactions with price over NT\$50 million shall be approved by the Audit Committee and submitted to the Board of Directors for resolution.
3. In acquiring or disposing of securities not traded in active markets with quoted market price, but with lower risk (such as commercial bonds guaranteed by financial institutions or non-guarantee with credit rating, domestic money market funds, and central government bond), a transaction with price of NT\$50 million or less shall be implemented by the Financial Department upon the approval of the General Manager, while a transaction with price over NT\$50 million shall be implemented upon the approval of the Chairman.

The Financial Department is responsible for the implementation of acquiring or disposing of securities after transactions being approved by the preceding process.

If the transaction price of acquiring or disposing of securities is 20% 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), Executive Yuan.

Article 7

In acquiring or disposing of intangible assets, right-of-use assets thereof, or memberships, the Company shall follow its internal control procedures regarding fixed assets cycle.

1. In acquiring or disposing of memberships, the Company shall refer to fair market value to decide the transaction conditions and price and produce an analysis report. Transactions with price of 1% or less of paid-in capital or NT\$10 million or less shall be approved by the Chairman and reported to the most upcoming Board of Directors' Meeting for ratification. Transactions with price over NT\$10 million or 1% of paid-in capital shall be approved by the Audit Committee and submitted to the Board of Directors for resolution.
2. In acquiring or disposing of intangible assets or right-of-use assets thereof, the Company shall refer to expert evaluation reports or fair market value to decide the transaction conditions and price and produce an analysis report. Transactions with price of 10% or less of paid-in capital or NT\$50 million or less shall be approved by the Chairman and reported to the most upcoming Board of Directors' Meeting for ratification. Transactions with price over NT\$50 million or 10% of paid-in capital shall be approved by the Audit Committee and submitted to the Board of Directors for resolution.

The end-user and financial departments or administrative departments are responsible for implementation of transactions after acquirement or disposal of intangible assets, right-of-use assets thereof or memberships, being approved by the preceding process.

Where a public company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a 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.

Article 8

The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 18, paragraph 1, section 1-8 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.

Article 9

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 10

When the Company engages in any acquisition or disposal of assets from or to a related party and the transaction price reaches 10% or more of the Company's total assets, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in accordance with the provisions of Article 5 through Article 14, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the Article 5 through Article 9.

The calculation of the transaction amount shall be made in accordance with Article 8 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.

Article 11

When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and submitted to the Board of Directors for resolution:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a trading counterparty.
3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 12 and Article 13.
4. 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.
5. Monthly cash flow forecasts for the year commencing from the

anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.

6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the item 1 of this article.
7. Restricted terms and other important commitment items of transactions.

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 can delegate the board chairman to decide such matters when the transaction is within NT\$50 million and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. 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 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.

The matters for which paragraph 1 requires recognition by the supervisors 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 paragraphs 2 and 3 of Article 23.

[If the Company or its subsidiaries that are not domestic public offering companies have the said transactions in the paragraph 1, and the transaction amount reaches more than 10% of the total assets of the Company, the Company shall submit the information listed in the paragraph 1 to the shareholders' meeting for approval before signing the transaction contract and making payments. However, this does not apply to the extent that the Company deals with its parent company, subsidiaries, or the transactions between the Company's subsidiaries.](#)

[The calculation of the transaction amounts referred to in the first paragraph and preceding paragraph shall be made in accordance with Article 18 paragraph 1 section 1-8, 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 Audit Committee and submitted to the Board of Directors and shareholders' meeting for resolution need not be counted toward the transaction amount.

Article 12

The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

1. 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.
2. 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.

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 two paragraphs.

The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

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 the preceding article, and the preceding three paragraphs do not apply:

1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.
4. The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 13

When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 14. 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, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - A. Where undeveloped land is appraised in accordance with the means in 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.
 - B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or

area land prices in accordance with standard property market sale or leasing practices.

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

Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% 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.

Article 14

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 preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41 paragraph 1 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, 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. 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 a proportion consistent with the share of the company's equity stake in the other company.
2. The Audit Committee shall comply with Article 218 of the Company Act to take necessary supervision and investigation.
3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or

adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

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

Article 15

The evaluation and procedures for conducting a merger, demerger, acquisition, or transfer of shares by this Company should be as follows:

1. When the Company that 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, if the Company merges its 100% directly or indirectly owned subsidiary or the merger arises between the Company's 100% directly or indirectly owned subsidiaries, the above opinion obtained from a CPA, attorney, or securities underwriter shall not apply.
2. The company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in the preceding paragraph 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.
3. Where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to the proposal being rejected by the shareholders meeting, lack of a quorum, insufficient votes, or other legal restriction, 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.

The Company shall consider the follow items when conducting the evaluation and procedures in the preceding paragraph:

1. The date of the Board of Directors meeting: A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
2. Undertaking of confidentiality prior to transactions: 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 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.
3. Alteration principle of share exchange ratio or acquisition price: the Companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
4. Content shall be recorded: 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:
5. Changes in the number of participating entities or companies: 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.

6. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:
 - A. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
 - B. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meetings.
 - C. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.
7. 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 commencing immediately 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.
8. 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 articles.
9. Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is not a public company, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 1, 2, 5 through 8.

Article 16

The Company basically doesn't engage in the acquisition or disposal of loans from financial institutions unless the object of the loan is real property where the Company shall conduct transactions in accordance with Article 5 regarding the procedures of acquiring or disposing of real property. The acquisition or disposal of financial derivative shall be conducted in accordance with Policies and Procedures for Financial Derivative Transactions of the Company.

Article 17

For the acquisition or disposal of assets that shall be effective upon approval by the Audit Committee and then submitted to the Board of Directors for resolution in accordance with this Procedures and other statutory regulations, when submitted for discussion by the board, the opinion of each independent director shall be given a full consideration, and each independent director's explicit assenting or dissenting opinions and reasons for dissent shall be recorded in the board of directors meeting minutes.

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 paragraphs 2 and 3 of Article 23.

Article 18

The information disclosure procedures for acquisition or disposal of assets by the Company should be as follows:

1. Items to be publicly announced and the relevant disclosure standards
 - A. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
 - B. Merger, demerger, acquisition, or transfer of shares.
 - C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.

- D. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
- (a) The transaction amount is NT\$500 million or more, if the Company's paid-in capital is below NT10 billion dollars.
 - (b) The transaction amount is NT\$1 billion or more, if the Company's paid-in capital is NT10 billion dollars or more.
- E. Acquisition or disposal by the 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 or more; among such cases, if the Company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.
- F. Where land is acquired from a third party, 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 the amount the Company expects to invest in the transaction is NT\$500 million or more.
- G. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
- i. Trading of domestic government bonds [or foreign government bonds with credit ratings that are not lower than the sovereign rating of R.O.C.](#)
 - ii. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- H. The amount of transactions in the preceding seven subparagraphs shall be calculated as follows. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in

accordance with relevant regulations need not be counted toward the transaction amount.

- 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

2. Time limitation of information disclosure

If the acquisition or disposal of assets by the Company reaches the standards of information disclosure specified in this Article, the Company shall publicly announce and report the relevant information on the FSC's designated website within 2 days commencing immediately from the date of occurrence of the event.

3. Public announcement and regulatory filing procedures

- A. The Company shall publicly announce and report the relevant information on the FSC's designated website.
- B. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself 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.
- C. 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 commencing immediately from the date of discovery.
- D. A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.
- E. 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:

- 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 19

The limits of total amounts in acquisition real property for non-business use and securities should be as follows:

1. The acquisition of real property by the Company for non-business use should not exceed 80% of this Company's total assets in the latest financial statements; the acquisition of real property for non-business use by each Subsidiary of this Company should not exceed 30% of the subsidiary's total assets in the latest financial statements.
2. The total amount of all long/short term security investments by the Company should not exceed 80% of this Company's total assets in the latest financial statements; the total amount of all long/short term security investments by each subsidiary of the Company should not exceed 50% of the subsidiary's total assets in the latest financial statements, however, this limitation does not apply for subsidiaries which engage in investment activities as its main business.
3. The amount of investment by the Company in each respective long-term security should not exceed 30% of this Company's total assets in the latest financial statements while the amount of investment in each respective short-term security should not exceed 10% of this Company's total assets in the latest financial statements; the amount of investment by each Subsidiary of this Company in each respective security should not exceed 15% of the subsidiary's total assets in the latest financial statements, however, this limitation does not apply for subsidiaries which engage in investment activities as its main business.

Article 20

Acquisition or disposal of assets by the Company's Subsidiary should follow the procedures below:

1. The Company shall supervise its Subsidiaries to establish relevant procedures for acquisition or disposal of assets in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by

Public Companies”. Such procedures shall be approved by the subsidiary’s Board of Directors and the Company, and become effective upon the approval of Shareholders' Meeting of the subsidiary. Any amendment is subject to the same procedures. Approval by the Company mentioned above means the approval process from the Company’s financial department to the chairman.

2. Acquisition or disposal of assets by the Company's Subsidiary should follow the relevant procedures of the Company.
3. If the acquisition or disposal of assets by this Company's Subsidiary which is not a domestic public company reaches the reporting standard specified in Article 31 of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, the Company shall announce and report on behalf of such Subsidiary.
4. The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 18.

Article 21

The Procedures shall be complied strictly. The Company's persons-in-charge shall follow the Procedures in order to prevent this Company from incurring any losses. Should there be any violation of related regulations or the Procedures when persons-in-charge conducting any acquisition or disposal of assets, subsequent castigation is subject to the related Personnel Articles of this Company. Violations shall be proposed and handled as a special case under significant circumstances.

Article 22

Any matter not provided in these Procedures shall be conducted in accordance with relevant laws and regulations.

Article 23

The Procedures shall be approved by more than half of all audit committee members and then passed by the Board of Directors and the Shareholders' Meeting.

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.

The terms "all Audit Committee members" in paragraph 1, 2 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

When a revision of the Procedure matter is submitted for discussion by the board under the preceding rule, the opinion of each independent director shall be given a full consideration, and each independent director's explicit assenting or dissenting opinions and reasons for dissent shall be recorded in the board of directors meeting minutes.