Capital Securities Corporation

Procedures for the Acquisition or Disposal of Assets

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Article 1: The Company's acquisition or disposal of assets shall be handled in accordance with these Procedures and the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" (hereinafter referred to as the "Regulations") formulated by the Financial Supervisory Commission (hereinafter referred to as the "FSC"). However, where financial laws and regulations or the competent authorities provide otherwise, such provisions shall prevail.

Article 2: The term "assets" as used in these Procedures includes the following:

I. Securities: Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
II. Real property (including land, houses and buildings, investment property) and equipment.
III. Memberships.
IV. Intangible assets: Patents, copyrights, trademarks, franchise rights, and other intangible assets.
V. Right-of-use assets
VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
VII. Derivatives.
VIII. Assets acquired or disposed of through merger, demerger, acquisition, or share transfer as required by law.
IX. Other major assets

Article 3: The Company shall acquire real property not for business use and right-of-use assets, with the total amount of securities and the limit for each security governed by the regulations of the competent authority.

Article 4: 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:

I. May not have been previously convicted and sentenced to imprisonment of one year or more for a violation of the Securities and Exchange Act, the Company Act, the Banking Act, the

Insurance Act, the Financial Holding Company Act, or the Business Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or other occupational crimes. However, this provision does not apply if three years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

II. May not be a related party or de facto related party of any party to the transaction.

III. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel concerned in this article shall comply with the self-regulatory guidelines of their respective professional associations and the following items:

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

II. When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.

III. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.

IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.

For acquisition or disposal of assets through court auction procedure, documentation issued by the court may be used in lieu of an appraisal report or CPA's opinion.

Article 5: Procedures for the acquisition and disposal of securities

I. Evaluation and operating procedures

The purchase and sale of securities investments by the Company shall be handled in accordance with the relevant operating procedures of the Company's internal control system investment cycle.

II. Determination procedures for transaction terms and authorized amounts

(I) For the acquisition or disposal of long-term securities investment, the executive unit shall make an assessment. If the transaction amount is less than NT$300 million (exclusive), the chairman is authorized to decide; if the amount is NT$300 million or more, it shall be submitted to the Board of Directors for resolution.

(II) Except for long-term investments, the acquisition or disposal of securities investments is evaluated by the executive unit and submitted to the general manager for approval.

III. Executive unit

When the Company acquires or disposes of securities, it shall be submitted for approval according to the approval authority stipulated in the preceding paragraph, and the relevant responsible unit shall be in charge of implementation upon approval.

IV. The Company acquiring or disposing of securities shall, prior to the date 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. If the dollar amount of the transaction is 20% or more 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 the event, to provide an opinion regarding the reasonableness of the transaction price. However, this does not apply if the securities are publicly quoted in an active market or if the FSC has stipulated otherwise.

V. The transaction amount under this Article shall be calculated in accordance with Article 11, Paragraph 1, Subparagraph (VII). However, appraisal reports issued by professional appraisers or accountant's opinions obtained as required need not be counted toward the transaction amount.

Article 6: Procedures for the acquisition or disposal of real property, equipment, intangible assets, or right-of-use assets, or memberships.

I. Evaluation and operating procedures

The Company shall acquire or dispose of real property, equipment, intangible assets, right-of-use assets, or membership interests in accordance with the relevant operating rules of the Company's internal control system for the real property, plant, and equipment cycle.

II. Determination procedures for transaction terms and authorized amounts

(I) The transactions to be submitted to the Board of Directors for resolution are as follows:

1. Acquisition or disposal of real property.
2. The transaction amount for the acquisition or disposal of equipment, intangible assets, right-of-use assets, or memberships reaches or exceeds NT$300 million.

(II) In the acquisition or disposal of real property or its right-of-use assets, the transaction conditions and prices shall be determined with reference to the publicly assessed value, appraised value, actual transaction prices of neighboring real property. An analysis report shall be prepared and submitted for approval in accordance with the approval authority limits set out in Subparagraph (I) of this Paragraph.

(III) The acquisition or disposal of equipment or its right-of-use assets shall be conducted via one of the following methods – inquiry, price comparison, negotiation, or bidding – and submitted for approval in accordance with the approval authority limits set out in Subparagraph (I) of this Paragraph.

(IV) In the acquisition or disposal of intangible assets, right-of-use assets, or memberships, the transaction conditions and price shall be determined with reference to the fair market price or an expert appraisal report, and an analysis report shall be prepared. The matter shall then be submitted for approval in accordance with the approval authority limits set out in Subparagraph (I) of this paragraph.

III. Executive unit

When the Company acquires or disposes of real property, equipment, intangible assets, or right-of-use assets or memberships, implementation shall be the responsibility of the relevant authority and responsible units after submission for approval in accordance with the authority limits outlined in the preceding paragraph.

IV. Appraisal reports on real property, equipment or right-of-use assets

In acquiring or disposing of real property, 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 equipment or right-of-use assets held for business use – shall obtain an appraisal report (the items to be recorded in the appraisal report are detailed in the attachment of the handling criteria set by the FSC) from a professional real property appraiser prior to the date of the event, and shall further comply with the following provisions:

(I) In special circumstances where a transaction must adopt a restricted, specific, or special price as its pricing reference, such transaction shall first be approved by resolution of the Board of Directors. The same requirement applies to any subsequent changes in the transaction terms.

(II) For transactions that reach or exceed NTD 1 billion, valuations from at least two professional valuers shall be obtained.

(III) If the valuations concluded by the professional valuers exhibit any of the following, a certified public accountant must be engaged to provide opinions on the reasons for the discrepancies and the appropriateness of the transaction price, unless all valuation results for assets acquired are higher than the transaction price, or all valuation results for assets disposed of are lower than the transaction price.

1. The valued price differs from the transaction price by 20% or above.
2. When the values estimated by at least two professional valuers differ by 10% or more.

(IV) Where professional valuation is used, the valuer's report must be dated no further than three months from the contract date. However, if the report still applies to the same government-declared current value and is no more than six months old, an opinion can be accepted from the original valuer instead.

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

VI. The transaction amount under this Article shall be calculated in accordance with Article 11, Paragraph 1, Subparagraph (VII); however, appraisal reports issued by a professional appraiser or opinions provided by a certified public accountant (CPA), obtained as required, shall not be included in the calculation of the transaction amount.

Article 7: Related party transactions

I. The Company shall comply with the provisions of Article 5 and Article 6 when acquiring or disposing of assets with related parties, and if the transaction amount reaches more than 10% of the Company's total assets, an appraisal report issued by a professional real property appraiser or a CPA's opinion shall also be obtained in accordance with the provisions of the preceding two Articles. In addition to the above requirements, the procedures for relevant resolutions and the evaluation of the reasonableness of transaction terms shall be carried out as stipulated below. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

II. When the Company intends to acquire or dispose of real property or the right to use real property from or to any related party, or to acquire or dispose of assets other than real property from or to any related party where the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of its total assets, or NT$300 million or more, excluding the purchase or sale of domestic government bonds, repurchase or reverse repurchase bond transactions, or the subscription or redemption of domestic money market funds issued by securities investment trust enterprises, the following information shall be submitted to and approved by the Audit Committee and the Board of Directors before entering into the transaction contract and making any payment:

(I) The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets.

(II) The reason for choosing the related party as a transaction counterparty.

(III) When the Company acquires real property or its right-of-use assets from a related party, information related to the appraisal of the rationality of the predetermined transaction terms in accordance with the requirements stipulated in Subparagraphs (I) to (IV), Paragraph 6 of this Article.

(IV) The related party's original acquisition date and price, the transaction counterparty, and its relationship to the company and related parties.

(V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.

(VI) An appraisal report issued by a professional real property appraiser or a CPA's opinion shall also be obtained pursuant to Paragraph 1 of this Article.

(VII) Restrictive covenants and other important stipulations associated with the transaction.

III. When the Company and its subsidiaries, or subsidiaries in which the Company directly or indirectly holds 100% of the outstanding shares or total capital, engage in the following transactions within NT$500 million (inclusive), the Board of Directors may authorize the chairman to initially decide on such matters, with the decisions to be subsequently submitted to the most recent meeting of the Board of Directors for ratification.

(I) Acquisition or disposal of equipment or right-of-use assets for business use.

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

IV. Where the Company or the Company's subsidiary that is not a domestic public company engages in the transaction as described in paragraph 2 and the transaction amount reaches 10% or more of the Company's total assets, the Company shall submit the information listed in Paragraph 2 to the shareholders' meeting for approval prior to entering into a transaction contract and paying the amount. However, this restriction does not apply to transactions between the Company and its subsidiaries or between subsidiaries.

V. The calculation of the transaction amounts in Paragraph 2 and the preceding paragraph shall be carried out in accordance with Subparagraph (VII), Paragraph 1 of Article 11, provided that amounts approved by the shareholders' meeting, the Audit Committee, and the Board of Directors as required need not be counted toward the transaction amount.

VI. Evaluation of the reasonableness of transaction costs

(I) When the Company acquires real property or its right-of-use assets from a related party, the reasonableness of the transaction costs shall be evaluated as follows:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. The so-called "necessary interest on funding" is calculated based on 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 that the actual cumulative amount loaned by the financial institution is 70% or more of the financial institution's appraised loan value of the property, and the loan period is

one year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

(II) 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.

(III) When the Company acquires real property or its right-of-use assets from a related party, it shall evaluate the cost of the real property or its right-of-use assets in accordance with the requirements stipulated in Subparagraphs (I) and (II), Paragraph 6 of this Article, and consult a certified public accountant for a second review and expression of substantive opinion.

(IV) When the Company acquires real property or its right-of-use assets from a related party, and the results of the Company's appraisal, conducted in accordance with the requirements stipulated in Subparagraphs (I) and (II), Paragraph 6 of this Article, are uniformly lower than the transaction price, the matter shall be handled in accordance with Subparagraph (V), Paragraph 6 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. For related parties who acquire or rent vacant land for construction, proof shall be provided to meet one of the following conditions:

    (1) Where undeveloped land is appraised in accordance with the means stipulated in Subparagraphs (I) and (II), Paragraph 6 of this 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 so-called "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

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

2. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of 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, as described in the preceding paragraph, in principle refer 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, refer 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 the acquisition of the real property or the obtainment of the right-of-use assets thereof.

(V) If the Company acquires real property or right-of-use assets thereof from a related party, and the results of appraisals conducted in accordance with Subparagraphs (I) and (II), Paragraph 6 of this Article are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Paragraph 1, Article 41 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, the special reserve called for under the first paragraph of Article 41 of the Act shall be set aside pro rata in proportion to the public company's equity stake in the other company.
2. The independent directors serving on the Audit Committee shall be appointed and serve in accordance with Article 218 of the Company Act.
3. Actions taken pursuant to the first two points of this Article shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

   The Company and public companies whose investments in the Company are accounted for under the equity method, and are provided with the special reserve described above, may not utilize the special reserve until they have recognized a loss on the decline in market value of the assets they purchased or leased at a premium, or until the assets have been disposed of, the leasing contract has been terminated, adequate compensation has been made, the status quo ante has been restored, other evidence confirms that there was nothing unreasonable about the transaction, and the FSC has given its consent.

(VI) When the Company acquires real property or rights-of-use assets from a related party under any of the following circumstances, it shall follow the appraisal and operational procedures prescribed in Paragraphs 1 to 5 of this Article. The provisions of Subparagraphs (I), (II), and (III) of Paragraph 6 regarding the reasonableness of transaction costs shall 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 its 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 subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.

(VII) If there is other evidence indicating that the Company's acquisition of real property or its right-of-use assets from a related party was not an arm's length transaction, the matter shall be handled in accordance with Subparagraph (V), Paragraph 6 of this Article.

Article 8: Acquisition or disposal of receivables from financial institutions

In principle, the Company does not engage in transactions involving the acquisition or disposal of claims of financial institutions. If the Company wishes to engage in transactions for the acquisition or disposal of claims from financial institutions, it shall submit such actions to the Board of Directors for approval, followed by the establishment of evaluation and processing procedures.

Article 9: Acquisition or disposal of derivatives

I. The Company conducts derivatives trading or engages in derivatives trading in accordance with the provisions of other laws applicable to securities firms and futures commission merchants and other financial licensed businesses, and is exempt from the provisions of Chapter 2, Section 4 of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” governing derivatives trading.

II. The Company and its subsidiaries that are not domestic public companies shall enter the status of their derivatives trading as of the end of the previous month into the information reporting website designated by the FSC by the 10th day of each month, and comply with announcement or filing requirements under relevant regulations.

Article 10 Merger, demerger, acquisition or transfer of shares

I. Evaluation and operating procedures

(I) In the event of a merger, demerger, acquisition or transfer of shares, the Company shall, before the convention of the Board for resolution, retain certified public accountants, lawyers or securities underwriters to express opinion on the rationality of the ratio of share swap, acquisition, price, the cash paid to the shareholders or other assets, and present the opinions to the Board for discussion and decision. However, the requirement to obtain the aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which the Company directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries’ issued shares or authorized capital.

(II) 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 deliver it together with the expert opinion referred to in Subparagraph (I) of this Article and the notice of the shareholders’ meeting, for shareholders’ reference in deciding whether to approve the merger, demerger, or acquisition. However, this restriction shall not apply where a provision of another act exempts a company from convening a shareholders’ meeting to approve the merger, demerger, or acquisition.

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.

II. Other matters

(I) Dates of board meetings: A company participating in a merger, demerger, or acquisition shall convene a board meeting and a shareholders’ meeting on the same day to resolve matters relevant to the merger, demerger, or acquisition, unless otherwise provided by law or the FSC has been notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall convene a board meeting on the same day, unless otherwise provided by law or the FSC has been notified in advance of extraordinary circumstances and grants consent.

(II) Record retention: When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to the 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 the board meetings.

(III) Information Reporting: When participating in a merger, demerger, acquisition, or transfer of shares of a listed company or a company whose shares are traded at a securities dealer's premises, the company shall, within two days (inclusive) from the date of approval of the resolution by the Board of Directors, submit the information specified in Points 1 and 2, Subparagraph 2 of this Article, to the Financial Supervisory Commission (FSC) for recordation, using the prescribed format via the Internet-based information system.

(IV) Prior confidentiality undertaking: 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 the public disclosure of the information. Additionally, they may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

(V) The share exchange ratio or acquisition price may not be changed arbitrarily, except as provided in the following circumstances, which shall be stipulated in the contract.

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.

(VI) Contract Details: The rights and obligations of the companies participating in a merger, demerger, acquisition, or transfer of shares shall be clearly stipulated in the contract, which shall also specify the following matters:

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.

(VII) Change in the number of companies participating in a merger, demerger, acquisition, or share transfer: After the information has been publicly disclosed, if any party to the merger, demerger, acquisition, or share transfer intends to conduct another merger, demerger, acquisition, or share transfer with another company, the procedures or legal actions that have already been completed for the original transaction shall be re-performed by all participating companies, except where the number of participating companies decreases and a shareholders' meeting has adopted a resolution authorizing the board of directors to alter its authority, in which case the participating companies may be exempted from convening another shareholders' meeting to adopt a new resolution.

(VIII) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall enter into an agreement and shall comply with the procedures set forth in Paragraph 2, Subparagraph (I) regarding the date of the board meeting; Paragraph 2, Subparagraph (II) regarding the retention of information; Paragraph 2, Subparagraph (III) regarding information reporting; Paragraph 2, Subparagraph (IV) regarding prior confidentiality undertakings; and Paragraph 2, Subparagraph (VII) regarding changes in the number of companies participating in the merger, demerger, acquisition, or transfer of shares.

(IX) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not listed on a stock exchange or whose shares are traded at a securities dealer's premises, the Company shall enter into an agreement and comply with the provisions of Subparagraph (II), Paragraph 2 of this Article regarding the retention of information, and Subparagraph (III) of this Article regarding information reporting.

Article 11: Information disclosure and public announcement

I. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the Financial Supervisory Commission's (FSC) designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of the event:

(I) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT$300 million or more. However, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

(II) Merger, demerger, acquisition, or transfer of shares.

(III) Losses from derivative transactions reaching the limits on aggregate losses or losses on individual contracts.

(IV) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches the following requirements:

1. Where the paid-in capital of the company is less than NT$10 billion, and the transaction amount equals or exceeds NT$500 million.
2. Where the paid-in capital of the company is NT$10 billion or more but less than NT$50 billion, and the transaction amount equals or exceeds NT$1 billion.
3. Where the paid-in capital of the company is NT$50 billion or more, and the transaction amount equals or exceeds 5% of the company's paid-in capital.

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

(VI) For a public company with a paid-in capital of NT$50 billion or more, the following securities – government bonds, ordinary corporate bonds, and general financial bonds not involving equity (excluding subordinated bonds) – listed on the stock exchange or traded at the business premises of securities firms, other than the circumstances specified in the proviso of Subparagraph 7, provided that the trading counterparty is not a related party and the transaction amount reaches or exceeds 5% of the company's paid-in capital.

(VII) Asset transactions, disposal of claims by financial institutions, or investment in mainland China, other than those in the preceding six subparagraphs, reach 20% of the company's paid-in capital or NT$300 million or more (subject to regulations of the competent authority). However, this shall not apply to the following circumstances:

1. Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.
2. An investor who specializes in investment may engage in trading marketable securities on stock exchanges or at the business premises of securities dealers; subscribe to foreign government bonds, ordinary corporate bonds, or general financial bonds not involving equity (excluding subordinated bonds) offered and issued in the primary market; subscribe to or redeem securities investment trust funds or futures trust funds; subscribe to or repurchase index-linked securities; or subscribe to securities through a securities firm as part of its underwriting services or in its capacity as the counseling/recommending securities firm for Emerging Stock Market companies, in accordance with the regulations of the Taipei Exchange.
3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

(VIII) The calculation method for the transaction amounts in Subparagraphs 1 to 7 in the preceding paragraph is as follows. "Within one year" refers to the year prior to the date of the transaction, and any portion already announced in accordance with regulations need not be counted toward the transaction amount.

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

II. If any errors or omissions are discovered in the items the Company is required to announce according to regulations, the Company shall re-announce all items within two days of becoming aware of them.

III. When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, logbooks, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.

IV. After the Company announces and reports the transaction as stipulated in Paragraph 1 of this Article, it shall announce and report relevant information on the website designated by the FSC within two days of the fact occurring if any of the following circumstances apply:

(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.

V. The announcement format is processed according to the attachment listed in the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”

VI. For the calculation of 10% 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 Securities Issuers shall be used. In the case of the 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, 10% of equity attributable to owners of the parent shall be substituted; for the calculation of transaction amounts of 5% of paid-in capital, 2.5% of equity attributable to owners of the parent shall be substituted; for the calculation of transaction amount relative to paid-in capital of NT$10 billion, NT$20 billion of equity attributable to owners of the parent shall be substituted; for the calculation of transaction amount relative to paid-in capital of NT$50 billion, NT$100 billion of equity attributable to owners of the parent shall be substituted.

Article 12: Procedures for controlling the acquisition or disposal of assets by subsidiaries:

I. Subsidiaries shall also formulate and implement the “Procedures for the Acquisition or Disposal of Assets” in accordance with the relevant provisions of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”

II. Subsidiaries shall check whether the procedures for the acquisition or disposal of assets they establish comply with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies,” and whether acquisition and disposal of asset transactions are conducted in accordance with the relevant matters stipulated in the procedures they establish.

III. Internal audit shall review the self-inspection reports of subsidiaries and related matters.

IV. The Company shall announce and report the acquisition or disposal of assets for a subsidiary that is not a domestic public company and has reached the standards for announcement and reporting set forth in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."

V. The announcement and reporting standard of subsidiaries regarding the requirement of paid-in capital or total assets is based on the Company's paid-in capital or total assets.

Article 13: If any employee of the Company breaches these procedures in the acquisition or disposal of assets, they shall be disciplined in accordance with the Company's personnel work rules and relevant regulations, depending on the severity of the violation.

Article 14: Supplementary provisions

I. The establishment of or amendments to these procedures shall be approved by a majority of all members of the Audit Committee, submitted to the Board of Directors for resolution, and then proposed for approval by shareholders. If the approval of a majority of all members of the Audit Committee as required is not obtained, these procedures may be implemented upon approval by two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting. The entire Audit Committee and the entire Board of Directors are calculated based on the actual number of serving members.

II. The Company shall obtain or dispose of assets in accordance with these procedures or other applicable laws and regulations, and such transactions must first be approved by a majority of all members of the Audit Committee before being submitted to the Board of Directors for resolution. If the approval of a majority of all members of the Audit Committee as required is not obtained, these procedures may be implemented upon approval by two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting. The entire Audit Committee and the entire Board of Directors are calculated based on the actual number of serving members.