

Zhen Ding Technology Holding Limited Procedures for Acquisition and Disposal of Assets

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Article 1: Purpose

To protect the investment, the Company shall handle the acquisition or disposal of assets in compliance with these Operational Procedures.

Article 2: Legal basis

- I. These Regulations are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act") and "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"(the Procedures).
- II. Any matters not set forth in these Procedures shall be handled in accordance with the applicable laws and regulations.

Article 3: Scope of Assets

- I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing securities, depositary receipts, subscription (put) warrants, beneficiary securities and asset-backed securities, etc.
- II. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
- III. Memberships.
- IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- V. Right-of-use assets.
- VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VII. Derivative commodities: According to the Company's "Operational Procedures for Trading Derivatives".
- VIII. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- IX. Other important assets.

Article 4: Definition of Terms

- I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
- II. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
- III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- IV. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
- V. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Boards of Directors' resolutions, or other dates that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- VI. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Article 5: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

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

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:

- I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- II. When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
- III. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
- IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.

Article 6: The Company and its subsidiaries acquire real property or use right-of-use assets for non-operating use, or the total amount of securities, and the limits on the individual securities:

- I. The total amount of real property and right-of-use assets thereof or securities purchased by the Company for non-business use shall not exceed 20% of net value of the Company.
- II. The total amount of securities acquired by the Company shall not exceed 60% of the Company's net value; the limit on the investment in individual securities is 30% of the Company's net value.
- III. The total amount of real property and right-of-use assets thereof or securities purchased by the Company for non-business use shall not exceed 20% of net value of the Company.
- IV. The total amount of securities acquired by the subsidiary shall not exceed 60% of the net value of the parent; the limit on the amount of securities that is invested by the Company is 30% of the net value of the parent.
- V. The total amount of securities investments and the calculation of the limit on individual marketable securities shall be calculated based on the original investment cost.

Article 7: Acquisition or disposal of property, equipment, or its right-of-use asset

I. Appraisal and operating procedures

The Company's acquisition or disposal of property, equipment, or its right-of-use asset shall be in advance, and the capital expenditure budgeting shall be prepared in advance. The preparation, approval, implementation, and control of the Company's internal control system shall be implemented in accordance with the fixed assets of the Company's internal control system.

II. Decision-making Procedures for Transaction Conditions and Authorized Limits

- (1) Acquisition or disposal of property, equipment, or its right-of-use asset shall refer to appraisal reports issued by professional appraisers, and shall be determined after having been consulted, price comparison or price negotiation.
- (2) Where the type of asset acquired or disposed is real property, equipment or right-of-use asset for business use, the trading counterparty is not a related party, and the transaction amount is less

than NT\$100 million, process in accordance with the Company's authority delegated; and if the transaction amount exceeds NT\$100 million, the transaction shall be approved by the Board of Directors before trading. In order to align with business needs and to strike off, the transaction shall be determined by the Chairman first and then submit to the Board of Directors for approval in the latest meeting.

- (3) Where the type of asset acquired or disposed is real property, equipment or right-of-use asset for business use and the transaction amount is less than NT\$50 million, process in accordance with the Company's authority delegated; and if the transaction amount exceeds NT\$50 million, shall be approved by the Board of Directors before trading.

III. Implementing Unit

For the Company's acquisition or disposal of property, equipment, or its right-of-use asset, the relevant authorized department shall be approved by the relevant authorities and users are responsible to implement after approved by above mentioned authorities delegated.

IV. Appraisal Report on Property, Plant, 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 thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- (2) Where the transaction amount reaches 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:
 - 1. The discrepancy between the appraisal result and the transaction amount reaches 20% or more of the transaction amount.
 - 2. 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) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 8: Acquisition or disposal of securities

I. Appraisal and operating procedures

The acquisition or disposal of long-term or short-term securities of the Company shall be conducted in accordance with the Company's internal control system investment reversed.

II. Decision-making Procedures for Transaction Conditions and Authorized Limits

- (1) Acquiring or disposing of securities that have been traded in the centralized trading market or the securities firm's business premises, determined by the prevailing market of that time. The amount of the acquisition is less than NT\$ 300 million, the transaction shall be determined by the Chairman of the Board of Directors; if the amount exceeds NT\$300 million, the amount of the transaction shall be reported to the Board of Directors for ratification after completing the transaction.
- (2) Acquisition or disposal of securities that are not traded on centralized markets or where the

securities are traded over the counter shall be conducted in advance of the date of occurrence of the event. The Company shall adopt the latest CPA's audited financial statements to evaluate the transaction price, and consider the net worth per share to be a reference for the most recent financial statements. The Chairman shall be approved and submitted to the Board of Directors for approval.

- (3) If the acquisition or disposal of short-term securities for short-term idle funds is the amount of the Company's paid-in capital, the amount of the Company's paid-in capital shall be increased to 20% of the Company's paid-in capital.

III. Implementing Unit

When the Company's long-term and short-term securities investments are subject to approval, the financial unit shall be responsible for approval.

IV. Acquisition expert opinions

- (1) If the Company has one of the following circumstances and if the dollar amount of the transaction 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).
 1. Acquisition or disposal of securities that are not listed on the stock exchange or over-the-counter business of the stock exchange.
 2. Acquisition or disposal of private placement of securities.
- (2) 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 9: Acquisition or disposal of intangible assets or its right-of-use asset or the memberships

I. Appraisal and operating procedures

The Company's acquisition or disposal of intangible assets or its right-of-use asset or memberships may be conducted in accordance with the Company's internal control system.

II. Decision-making Procedures for Transaction Conditions and Authorized Limits

- (1) Acquisition or disposal of memberships shall be made with reference to the market price of the Company's shares. The transaction terms and prices shall be determined by the Chairman of the Board and shall be submitted to the Board of Directors for retroactive recognition. If the amount of the transaction exceeds NT\$5 million (inclusive), the Chairman shall submit a proposal to the Board of Directors for approval.
- (2) Acquisition or disposal of intangible asset or right-of-use assets shall be made with reference to the appraisal report or market price. The transaction terms and price shall be determined by the Chairman of the Board of Directors when the amount is less than NT\$100 million; when transaction exceed NT\$100 million, the Chairman shall submit a proposal to the Board of Directors for approval before proceed the transaction.

III. Implementing Unit

The Company's acquisition or disposal of intangible assets or right-of-use assets shall be approved by the relevant authorities and the relevant authorities shall be responsible for execution.

IV. Acquisition expert opinions

- (1) When the transaction price of the Company's acquisition or disposal of its memberships reaches NT\$5 million, the Company shall consult an expert to issue an appraisal report.
- (2) Where the Company acquires or disposes its intangible asset or right-of-use assets, the Company shall consult an expert to issue an appraisal report when the transaction price reaches NT\$5 million.
- (3) Where the Company acquires or disposes of memberships or intangible assets or the right-of-use 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 9-1: The calculation of the transaction amounts referred to in the procedures, Article 7, Article 8 and Article 9 shall be made in accordance with Article 13, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have obtained appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the procedures, need not be counted toward the transaction amount.

Article 10: Acquisition or disposal of claims of financial institutions

The Company does not engage in the acquisition or disposal of claims of financial institutions. If the transaction is desire to be obtained from the financial institution in later, the Company will make a review and operating procedures to the Board of Directors.

Article 11: Related party transactions

- I. When the Company intends to acquire or dispose assets to or from its related parties, the Company should proceed in accordance with that relevant resolution procedures and assessment for transaction terms; and It shall also be in accordance with the provisions of Articles 7 to 9 of this Procedure to acquire professional appraisal report or option conducted by CPA when the transaction amount reaches 10% or more of the Company's paid-in capital; the calculation of the aforementioned transaction amount shall be calculated in accordance with the provisions of Article 9-1. When judging whether the transaction object is a related party, in addition to paying attention to its legal form, the substantive relationship should be considered.
- II. 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 thereof from or to a related party and 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, 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 Board of Directors and recognized by the Audit and Risk Committee, before the contract is signed or payments made:
 - (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 and right-of-use asset from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with paragraph 1 to 5 of this Article.
 - (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 paragraph 1 in the Article.
 - (7) Restrictive covenants and other important stipulations associated with the transaction.

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

The calculation of the transaction amounts referred to in paragraph 1 and 2 shall be made in accordance with Article 13, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders meeting、Board of Directors and recognized by the Audit and Risk Committee need not be counted toward the transaction amount.

With respect to the acquisition or disposal of equipment, right-of-use assets thereof for business use, the Company and its subsidiaries or its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the Company's Board of Directors may delegate the board chairman to decide such matters when the transaction is within 10% of paid-in capital and have the

decisions subsequently submitted to and ratified by the next Board of Directors meeting.

III. Assessment of the reasonableness of transaction costs

- (1) The Company shall evaluate the reasonable of the transaction costs by the following means in acquiring real estate or its right-of-use assets from a Related Party:
 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% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
- (2) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (3) The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the paragraphs 1and 2 of Article 3, shall also engage a CPA to check the appraisal and render a specific opinion.
- (4) Where a public 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, paragraph 1 and paragraph2 but the preceding (1), (2), (3) of paragraph3 for the assessment of the reasonableness of transaction costs 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% of the issued shares or authorized capital.
- (5) When the Company acquires real property from a related party or its right-of-use asset, the appraisal results shall be conducted in accordance with the provisions of Paragraph 3 (1) and (2) of this Article. The results shall be conducted in accordance with the provisions of Paragraph 3 (6) and (7) 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. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (2) Where the transaction cases of other floors of the same property or other related party transactions within the same area within the same area of the property are similar to the one year, the area of the transaction is similar to that of the property, and the transaction terms are similar to the reasonable level or regional price rating conditions.

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.

- (6) Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the paragraph 3 (4) (5) of preceding 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 41-1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41-1, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
 2. The independent directors of Audit and Risk Committee shall comply with Article 218 of the Company Act, which is listed on the Company's Listing.
 3. Actions taken pursuant to the preceding subparagraph 1 and subparagraph 2, shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any

The Company has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

- (7) When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding paragraph 3(6) if there is other evidence indicating that the acquisition was not an arms length transaction.

Article 11-1: Directors' Report

- (1) With respect to the Company's acquisition or disposal of assets that is subject to the approval of the Board of Directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each Independent Director. When the Procedures or major derivatives transactions are submitted for discussion by the Board of Directors, the Company shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.
- (2) When the Company acquires or disposes of assets according to the Procedures or other laws, shall be approved by the Audit and Risk Committee, the Company shall obtain more than half of the Audit and Risk Committee's membership with consent and submit a resolution to the Board of Directors for resolution. If one-half of all members of the Audit and Risk Committee do not agree, it may be agreed by more than two-thirds of all directors, and the resolutions of the Audit and Risk Committee shall be stated in the minutes of the Board of Directors meeting.
- (3) The terms "all Audit and Risk Committee members" and "all directors" as stated herein shall be counted as the actual number of persons currently holding those positions.

Article 12: Procedures for Handling Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

I. Appraisal and operating procedures

- (1) The Company that conducts a merger, demerger, acquisition, or transfer of shares, shall engage a CPA, attorney, or securities underwriter to study the schedule of the statutory procedures and

organize the ad hoc group to implement the procedures in accordance with the law. Prior to convening the Board of Directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it 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.

(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 paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts the Company from convening shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

II. Other Directions

(1) The company participating in a merger, demerger, or acquisition shall convene a Board of Directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. 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) Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

(3) The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets, that affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

(4) The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall comply according to Company Act, Article 317-1 and Enterprises Mergers and Acquisitions Act, Article 22, and shall also record the following:

1. Handling of breach of contract.

2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

(5) 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) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of this Article, paragraph 2, subparagraph (1), (2), (5).

(7) The Company shall prepare a full written record of the following information for the purpose of participating in merger, demerger, acquisition, or transfer of shares, and shall be kept for five years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

(8) When participating in a merger, demerger, acquisition, or transfer of another company's shares, shall, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

(9) Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the paragraph 7 and 8.

Article 13: Information Disclosure

- I. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:
 - (1) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic

securities investment trust enterprises.

- (2) Merger, demerger, acquisition, or transfer of shares.
- (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
- (4) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 1. If the Company's paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 2. If the Company's paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- (5) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentage ages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
- (6) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 1. Trading of domestic government bonds in the country of the listing or foreign government bonds with a rating that is not lower than the sovereign rating in the country of the listing.
 2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

II. The amount of transactions mentioned in the preceding paragraph shall be calculated as follows:

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

III. Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

IV. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

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

Article 13-1: If any of the following circumstances occurs to the Company, a public report of relevant information shall be made on the FSC's designated website within 2 days commencing immediately from the date of occurrence of the event:

- I. Changes, termination, or rescission of the contract signed by 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. Changes in the originally publicly announced report.

Article 14: The Company's subsidiaries shall comply with the following provisions:

- I. When the subsidiaries of the Company intend to acquire and dispose of the assets, they shall, in

accordance with the provisions of the local laws and regulations, the procedures and the handling guidelines, determine the procedures for acquiring and disposing of the assets, and handle them according to the specified operating procedures.

- II. Information required to be publicly announced and reported in accordance with the provisions of the Article 13 and Article 13-1 on acquisitions and disposals of assets by a public company's subsidiary that is not itself a public company in Taiwan shall be reported by the public company.
- III. Subsidiary's announcement reporting standards regarding paid-in capital or total assets are subject to the company's paid-in capital or total assets.

Article 14-1: The total assets in the most recent parent company only or individual financial reports as stipulated in the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be calculated as a percentage of total assets stated in the most recent parent company only or individual financial report prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 15: Penalties

If the relevant personnel undertake to obtain or dispose of the assets in violation of this procedure, they shall be handled in accordance with the relevant personnel regulations of the company.

Article 16: Implementation and Revision

- I. The Company's "Operational Procedures for Acquisition and Disposal of Assets" are adopted or amended, and approved by the Audit and Risk Committee and the Board of Directors, and submitted to the Shareholders' Meeting for approval before implementation. If a director expresses objection and has a record or written statement, the company shall send the objection to the Audit and Risk Committee and report it to the shareholders meeting for discussion. The same applies to the amendment.
- II. The Audit and Risk Committee shall agree with the consent of the Audit and Risk Committee in a manner more than half of the Audit Committee's members. If one-half of all members of the audit committee do not agree, it may be agreed by more than two-thirds of all directors, and the resolutions of the Audit and Risk Committee shall be stated in the minutes of the Board of Directors meeting.
- III. The terms "all Audit and Risk Committee members" and "all directors" as stated herein shall be counted as the actual number of persons currently holding those positions.