

SinoPac Financial Holdings Company Limited

Procedures for Acquisition or Disposal of Assets

Article 1

SinoPac Financial Holdings Company Limited (the “Company”) shall follow these Procedures for Acquisition or Disposal of Assets (these “Procedures”) when acquiring or disposing the Company’s assets; provided, where financial laws or regulations provide otherwise, such provisions shall govern.

Article 2

The term “assets” used in these Regulations includes the followings:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities;
2. Real property (including land, houses and buildings, investment property, and rights to use land) and equipment;
3. Memberships;
4. Intangible assets, including patents, copyrights, trademarks, and franchise rights.
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; and
9. Other major assets.

Article 3

The term “Competent Authority” used in these Procedures means the Financial Supervisory Commission.

Article 4

Terms used in these Procedures are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted

under the Business Mergers and Acquisitions Act, the Financial Holding Company Act, the Financial Institution Merger Act and other acts, or shares transferred from another company through issuance of the Company's new shares as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

3. Related party or subsidiary: as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: refers to the date of contract execution, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other dates that can specify the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or investments conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
9. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 5

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

1. Budget:

The price for acquisition or disposal of assets shall be within the scope of budget approved by the Company's board of directors (the "Board of Directors").

2. Application and Approval Authority:

There are subject to the Regulations Governing Delegation of Authorities and the Procedures.

3. Appraisal:

(1) Real property or equipment, or right-of-use assets thereof

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government bureau, 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 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:

- A. 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.
- B. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- C. 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 ("CPA") shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation ("ARDF") and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - (A) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - (B) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- D. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

(2) Investments in securities

In acquiring or disposing of securities, 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 CPA, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards

No. 20 published by the ARDF. 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 Competent Authority.

(3) Intangible assets, right-of-use assets thereof, or memberships

In acquiring or disposing of intangible assets, right-of-use assets thereof, or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government bureau, the Company shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

(4) In acquiring or disposing of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

(5) The transaction amounts referred to in the preceding paragraphs shall be calculated in accordance with Article 11, 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 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.

4. Transaction determination process:

With respect to the acquisition or disposal of real property, equipment, right-of-use assets thereof, intangible assets, right-of-use assets thereof, memberships the proposing department, together with the accounting department and the audit department, shall hold an open tendering or bidding process after assessing the market value of or appraising the assets to be acquired or disposed. In the case that holding an open tendering or bidding process is impractical, the open tendering or bidding process may be replaced by negotiation over the price of assets to be acquired or disposed.

With respect to the acquisition or disposal of securities, the proposing department shall conduct it in accordance with laws and regulations (such as the Financial Holding Company Act, the Regulations Governing the Investing Activities of a Financial Holding Company, . . . etc.), as well as internal rules and policies of the Company.

With respect to the acquisition or disposal of assets through court auction procedures, the Company shall assess the assets to be acquired or disposed beforehand. The auction price of the acquired asset shall not exceed 120 percent of the acquired asset’s value according to the Company’s assessment whereas the selling price of the disposing asset shall not be less than 80 percent of the disposing asset’s value according to the Company’s assessment.

With respect to the acquisition or disposal of claims of financial institutions, assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law, or other major assets prescribed under Article 2, sub-paragraph 9, of these Procedures, the project team designated by the President shall submit each proposal respectively to the Board of Directors to seek approval.

5. Contract execution:

In order to protect the Company's rights and interests, any contract to be executed by the Company shall seek opinion from the Company's legal and compliance division or external counsels before execution.

Article 6

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

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

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When examining 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 comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 7

The Company's financial derivatives transactions shall be conducted in compliance with the Company's "Procedures for Financial Derivatives Transactions".

Article 8

When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in accordance with this Article, Article 5, Article 8-1, Article 8-2 and Article 9, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall obtain an appraisal report from a professional appraiser or a CPA's opinion. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 5 herein. When determining whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall be considered as well.

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 the Company intends to acquire or dispose of assets, or right-of-use assets thereof 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 repurchase of domestic money market funds issued by securities investment trust enterprise, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all members of the Company's audit committee (the Audit Committee) as well as by the Board of Directors, and in compliance with Article 17, paragraph 1, of these Procedures:

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 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 execution 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 this Article.
7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 11, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved in accordance with paragraph 2 of this Article need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between a the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued

shares or authorized capital, the company's board of directors may 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 these Procedures, the Board of Directors shall take into full consideration the opinion of each of this Company's independent director ("Independent Director(s)"). 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.

Article 8-1

The Company shall evaluate the reasonableness of the transaction costs by the following means when acquiring real property, or right-of-use assets thereof 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.

The said "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 trading 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 paragraph.

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

Where the Company acquires real property, or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 8 and the three preceding 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. It has been more than 5 years between the date the related party executed the contract to obtain the real

property, or right-of-use assets thereof and the contract execution date of the current transaction.

3. The real property is acquired through execution of a joint development contract with the related party, or through engaging a related party to build real property, either on the land owned or leased by the Company.
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 percent of the issued shares or authorized capital.

Article 8-2

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 9 herein. 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) The sum of the value of undeveloped land appraised in accordance with the means set forth in the preceding Article plus the value of structures appraised according to the related party's construction cost plus reasonable construction profit are in excess of the actual transaction price.
The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market 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 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 for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property, or right-of-use assets thereof.

Article 9

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 two 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, paragraph 1, of the Securities and Exchange Act against the difference between the real property, or right-of-use assets thereof transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph 1, of the Securities and Exchange 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. Independent Directors of the Audit Committee shall comply with Article 218 of the Company Act.
3. Actions taken pursuant to the two preceding 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 Competent Authority 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 two preceding paragraphs if there is other evidence indicating that the acquisition was not an arms-length transaction.

Article 10

When conducting a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, the Company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforementioned expert opinion may be exempted in cases of mergers between the Company and its wholly owned subsidiaries and in cases of mergers between subsidiaries wholly owned by the Company.

When participating in a merger, demerger, acquisition, or transfer of shares, the Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include the report along with the aforementioned expert opinion 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 law exempts the Company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the Company shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

When participating in a merger, demerger, or acquisition, the Company shall convene a Board of Directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless the law provides otherwise or the Competent Authority is notified in advance of extraordinary circumstances and grants consent.

When participating in a transfer of shares, the Company shall call a Board of Directors meeting on the day of the transaction, unless the law provides otherwise or the Competent Authority is notified in advance of extraordinary circumstances and grants consent.

Article 10-1

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 over-the-counter ("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 identification 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.

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 Competent Authority for recordation.

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

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.

Article 10-2

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

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

Article 10-3

The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.

4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 10-4

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, the Company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 10, paragraphs 4 and 5, Article 10-1, and the preceding paragraph.

Article 11

Under any of the following circumstances, when acquiring or disposing of assets the Company shall publicly announce and report the relevant information on the Competent Authority's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately 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 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 repurchase of domestic money market funds issued by securities investment trust enterprise.
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 the type of asset acquired or disposed is equipment, or right-of-use assets thereof for business use, the trading counterparty is not a related party, and the transaction amount is NT\$1000 million or above.
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 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 is NT\$500 million or above.

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 percent 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.
 - (2) Securities trading by investment professionals on foreign or domestic securities exchanges or OTC markets, subscription of securities by a securities firm, either in the primary market or in accordance with relevant regulations, or subscription to straight corporate bonds and non-equity financial bonds (excluding subordinated debt) in the domestic primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or by securities firms subscribing to securities for the purposes of underwriting business or fulfilling their roles as advisory recommending securities firms under Taipei Exchange rules for emerging stock companies.
 - (3) Trading of bonds under repurchase/resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprise.

The amount of transactions above 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 trading counterparty within the preceding year.
3. The cumulative transaction amount of real property, or right-of-use assets thereof acquisitions and disposals (cumulative acquisitions and disposals, respectively) 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.

“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.

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 prescribed under Article 4 of the Financial Holding Company Act and enter the information in the prescribed format into the information reporting website designated by the Competent Authority by the 10th day of each month.

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 items shall be again publicly announced and reported in their entirety within two days from the time the Company becomes aware of any mistake or omission in its previous public announcement.

When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company headquarters for 5 years unless the law provides otherwise.

Article 12

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 Competent Authority within 2 days commencing immediately from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

Article 13

The public announcement and report of information required to be publicly announced and reported in accordance with Articles 11 and 12 of these Procedures on acquisitions and disposals of assets by a subsidiary of the Company that is not itself a public company in Taiwan shall be announced and reported by the subsidiary's public parent company.

The paid-in capital or total assets of the Company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to the requirement of public announcement and regulatory filing in the event the type of transaction specified therein reaches paid-in capital or the total assets.

For the calculation of 10 percent of total assets under these Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

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 percent of paid-in capital under Articles 5, 8, 11, and paragraphs 1 and 2 of this Article of these Procedures, 10 percent of equity attributable to owners of the parent shall be substituted; for 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.

Article 14

The Company's investment in real property must receive approval from the Competent Authority beforehand and shall be for self-use purpose only. In the case that such investment is a transaction between the Company and a related party, the Company shall conduct such transaction in accordance with these Procedures and such investment shall be approved by the concurrence of at least three-quarters of all Board of Directors present at a meeting attended by at least two-thirds of all Board of Directors.

The Company's investment in financial and non-financial related business, as well as the Company's use of short-term funds shall comply with laws and regulations (e.g., the Financial Holding Company Act, the Regulations Governing the Investing Activities of a Financial Holding Company, . . . etc.), and the Company's internal rules and policies.

The total amount of investment in items prescribed in paragraph 1 of this Article, memberships or intangible assets shall not exceed the Company's net value at the time of investment.

Total amounts of real property and right-of-use assets thereof acquired by the Company for non-business use shall not exceed the Company's 20% net value at the time of investment.

Each proposal of the Company's acquisition of claims of financial institutions, assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law, or other major assets prescribed in sub-paragraph 9 of Article 2 shall be submitted to the Board of Directors respectively and be carried out only after approval by the Board of Directors.

The total amount of real property, or right-of-use assets thereof and securities invested by the Company's subsidiary for non-business use, except that the said subsidiary is a professional investment company, shall not exceed fifty percent of the amount of the subsidiary's own paid-up capital. If the total amount of real property and securities acquired by such subsidiary for non-business use exceed fifty percent of the amount of the subsidiary's own paid-up capital, each investment thereafter must be approved by the board of directors of the subsidiary's parent company.

Each subsidiary of the Company may set its limits on individual securities investment according to each subsidiary's characteristic and report such limit to the subsidiary's parent company for record.

Article 15

The acquisition or disposal of assets by the Company's foreign subsidiary shall be conducted in accordance with these Procedures. The public announcement and report of the aforementioned acquisition or disposal of assets by the Company's subsidiaries shall be conducted in accordance with Article 13 of these Procedures.

If the Company's subsidiary is a domestic company, the subsidiary shall stipulate, and implement the subsidiary's own "Procedures for Acquisition or Disposal of Assets" ("Subsidiary Procedures") in accordance with the "Regulations", and then submit to the subsidiary's board of directors and shareholders meeting for approval after submitting Subsidiary Procedures to the board of directors of the subsidiary's direct parent company and receiving approval therefrom. The same procedure applies in the amendment of Subsidiary Procedures. If the domestic subsidiary has established its audit committee, the stipulation and amendment of Subsidiary Procedures shall be conducted in accordance with Article 17, paragraph 1, of these Procedures.

Each domestic subsidiary shall review its Subsidiary Procedures to see whether such Procedures is in compliance with laws and regulations, and whether the subsidiary's acquisition or disposal of assets is carried out in accordance with its Subsidiary Procedures.

The Company's audit department shall, at least every season, review the self-review reports compiled by the Company's subsidiaries and produced its post-review report in writing. If the Company's audit department finds out any material violation matters, the Company's audit department shall notify the supervisors or audit committee of each subsidiary in writing. If the subsidiary has established its own audit department, it may be subject to review by the audit department.

Article 16

Should there be any violation of these Procedures by any personnel subject to the President, subsequent castigation of such personnel is subject to the President in accordance with the severeness of the violation.

Should there be any violation of these Procedures by the President, subsequent castigation of the President is subject to the resolution of the Board of Directors.

Should there be any violation of these Procedures by any Director, subsequent castigation of such Director is subject to the resolution of the Audit Committee.

Should there be any violation of these Procedures by an Independent Director, subsequent castigation of such Independent Director is subject to the resolution of the Company's shareholders meeting.

Article 17

The stipulation and any amendments to these Procedures shall be subject to the approval of the majority of all members of the Audit Committee, and shall be approved by the Board of Directors and be submitted to the Company's shareholders meeting for approval. Where any Director expresses dissent, which is recorded in the minutes or a written statement, the Company shall submit the documents related to the dissent to the Audit Committee. If the Director's dissent has not been approved by the majority of all members of the Audit Committee, such dissent may be approved by two-thirds or more of all members of the Board of

Directors and the meeting minutes of the Board of Directors shall state the resolution of the Audit Committee. “All members of the Audit Committee” and “all members of Board of Directors” refer to the number of those actually in office.

When the Company submits the Procedures to the Board of Directors for discussion pursuant to the preceding paragraph, the Board of Directors shall take into full consideration the opinion of each Independent Director. If an Independent Director objects to or expresses reservation about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

If any Director expresses dissent, which is recorded in the minutes or a written statement, on any proposal of the Company’s acquisition or disposal of any assets, which is required to be approved by the Board of Directors pursuant to these Procedures or any other laws and regulations, the Company shall submit the documents related to the dissent to the Audit Committee. The opinion of each Independent Director shall be taken into full consideration. If an Independent Director objects to or expresses reservation about any matter, it shall be recorded in the minutes of the Board of Directors meeting. Major transactions of assets or derivatives shall be approved by the majority of all members of the Audit Committee and be submitted to the Board of Directors for resolution. If such transaction has not been approved by the majority of all members of the Audit Committee, such transaction may be approved by two-thirds or more of all members of the Board of Directors and the meeting minutes of the Board of Directors shall state the resolution of the Audit Committee. “All members of the Audit Committee” and “all members of Board of Directors” refer to the number of those actually in office.

Article 18

These Procedures and any amendments hereto, shall be published and implemented after being adopted by the Company’s shareholders meetings. Any matters set forth in these Procedures before amended shall be dealt with in accordance with applicable laws.

Article 19

These Procedures were adopted by the extraordinary meeting of shareholders on June 26, 2002. Amendments to these Procedures are as follows: the 1st amendment was approved by the general meeting of shareholders on June 27, 2003; the 2nd amendment was approved by the general meeting of shareholders on June 11, 2004; the 3rd amendment was approved by the general meeting of shareholders on June 11, 2007; the 4th amendment was approved by the general meeting of shareholders on June 15, 2012; and the 5th amendment was approved by the general meeting of shareholders on June 12, 2014; the 6th amendment was approved by the general meeting of shareholders on June 14, 2017; and the 7th amendment was approved by the general meeting of shareholders on June 14, 2019.