

# **Procedures for Acquisition or Disposal of Assets of Nan Ya Plastics Corporation**

Amended by the Annual Shareholders' Meeting on May 29, 2026

## **Chapter 1 General Provisions**

Article 1: When acquiring or disposing of the following assets, Formosa Plastics Corporation (hereinafter referred to as the "Company") and its subsidiaries shall follow the Procedures for Acquisition or Disposal of Assets (hereinafter referred to as the "Procedures"):

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, asset-backed securities, etc.
2. Real property (including land, houses and buildings, investment property, and land use rights) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

Article 2: The limit amount of investments for non-operating real property and right-of-use assets or securities (the original investment), by the Company and each subsidiary, shall not exceed 60% of the book value of total assets; for an individual securities investment, the limit amount shall not exceed 50% of the foresaid limit amount, i.e. 30% of the book value of total assets.

Article 3: 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, post-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institutions 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 "acquisition 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 signing, date of payment, date of consignment trade, date of transfer, dates of Board of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the Mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in

accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Article 4: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions in relation to the assets acquired or disposed, 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 the Company.
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.

Article 5: The procedures for the assessment, determination of transaction terms and conditions, and price of acquiring or disposing of assets by the Company shall be in accordance with the following requirements:

1. Transactions relating to short-term securities investments and derivatives, which are mentioned in Article 1, should be assessed and executed by the financial department; long-term securities investment should be assessed by the Company's President Office ("President Office") and executed by the financial department after the approval; except for the foresaid assets, the other asset transactions

should be assessed by the Company's President Office and executed by the related departments after the approval.

2. The price of transactions described in the preceding paragraph, except which are traded in the centralized securities exchange market or on over-the-counter markets, shall be determined via public bidding, price bidding, or price negotiation based on reference to the market conditions.

Article 6: Where an acquisition or disposition of assets of the Company shall be approved by the Board of Directors in accordance with the provisions of the Procedures or other relevant laws, the independent directors' opinions specifically expressing dissent or reservations about any matter shall be included in the minutes of the Board of Directors meeting.

A major asset transaction or a major derivatives transaction shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

## **Chapter 2 Acquisition or Disposal of Assets**

Article 7: 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 institution, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets 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:

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 for any subsequent change to the terms and conditions of the transaction.

2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall 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 is 20 percent or more of the transaction amount.
  - (2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 8: The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the

date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the securities competent authority.

Article 9: In acquiring or disposing of intangible assets or right-of-use assets thereof or memberships where the transaction amount reaches 20 percent or more of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government institution, shall engage a CPA to render an opinion on the reasonableness of the transaction price prior to the date of occurrence of the event.

Article 10: The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 28, 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.

Article 11: 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 12: Where the Company acquires or disposes of assets shall be conducted by the Chairman delegated by the Board of Directors or in accordance with the authorization limits of the Company.

### **Chapter 3 Related Party Transactions**

Article 13: 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 compliance with the provisions of Chapter 2 and this Chapter, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from

a professional appraiser or a CPA's opinion in compliance with the provisions of Chapter 2.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 10.

Article 14: 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 or right-of-use assets thereof 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 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:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a trading counterparty.
3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 15 through Article 17.
4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's

opinion obtained in compliance with the preceding article.

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

Where the transaction in paragraph 1 of the Company or any subsidiaries that are not public companies and the transaction amount reaches 10 percent or more of the Company's total assets, the Company or any subsidiaries that are not public companies may not proceed to enter into a transaction contract or make a payment until the documents in paragraph 1 have been submitted for the approval in the Shareholders' Meeting of the Company. However, this provision does not apply to the transaction between the Company and its parent or subsidiaries, or between its subsidiaries.

The calculation of the transaction amounts referred to in paragraph 1 and the preceding paragraph shall be made in accordance with Article 28, 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 by the Shareholders' Meeting or the Board of Directors need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may pursuant to Article 12, delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:

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

When a matter is submitted for discussion by the Board of Directors pursuant to paragraph 1 of this Article, the

independent Directors' opinions specifically expressing dissent or reservations about any matter shall be included in the minutes of the Board of Directors meeting.

The matters which paragraph 1 requires submitting to the Board of Directors for a resolution shall first be approved by more than half of all audit committee members. If the approval by more than half of all audit committee members is not obtained, the aforesaid matter may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

Article 15: The Company shall evaluate the reasonableness of the transaction costs by the following means if it intends to acquire 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. "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 acquires real property or right-of-use assets thereof from a related party, the Company shall evaluate and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to review the appraisal and render a specific opinion.

Article 16: 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 14, and Article 15 does 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 have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
- 3.The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
- 4.The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 17: When the results of the Company's appraisal conducted in accordance with Article 15, paragraph 1 and paragraph 2 herein are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, this restriction shall not apply:

- 1.Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
  - (1) Where undeveloped land is appraised in accordance with

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

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

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; transactions 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 the right-of-use assets thereof.

Article 18: 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 preceding three 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 such difference 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 public company's equity stake in the other company.
2. Audit Committee shall supervise the Company's execution of the aforesaid matter.
3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

Where 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 securities 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 preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

#### **Chapter 4 Engaging in Derivatives Trading**

Article 19: Any derivatives trading of the Company shall be conducted in accordance with the “Procedures for Engaging in Derivatives Transactions” of the Company, moreover, the Company shall pay strict attention to control the risk management and to audit the Internal Control System of the Company.

### **Chapter 5 Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares**

Article 20: Where the Company conducts a merger, demerger, acquisition, or transfer of shares, 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 the opinion to the Board of Directors for deliberation and approval. 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 percent 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 percent of the respective subsidiaries’ issued shares or authorized capital.

Article 21: Where the Company participates in a merger, demerger, or acquisition 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, together with the expert opinion referred to in Article 20 when sending notification of the shareholders meeting, for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the

proposal is rejected by the shareholders meeting, the Company shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 22: Where the Company participates in a merger, demerger, or acquisition shall convene a Board of Directors meeting and shareholders meeting on the date which the other companies participating in the merger, demerger, or acquisition convene their Board of Directors and shareholders meeting to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the securities competent authority is notified in advance of extraordinary circumstances and grants consent. Where the Company and the other companies participating in a transfer of shares shall call their respective Board of Directors meeting on the same day, unless another act provides otherwise or the securities competent authority is notified in advance of extraordinary circumstances and grants consent.

Where the Company participates in a merger, demerger, acquisition, or transfer of shares shall prepare a full written record of the following information and retain the record for 5 years for reference. In addition, the information set out in the subparagraphs 1 and 2 of the following paragraph shall be reported in the prescribed format and via the Internet-based information system to the securities competent authority for recordation within two days commencing immediately from the date of passage of a resolution by the Board of Directors.

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 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 engagement 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.

Where any of the companies participates in a merger, demerger, acquisition, or transfer of shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall enter into an agreement with such party and shall comply with the preceding paragraph of this Article.

Article 23: 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 24: Where the Company participates in a merger, demerger, acquisition, or transfer of shares, the Company shall 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 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 25: The contract for participation by the Company in a merger, demerger, acquisition, or transfer 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 26: After public disclosure of the information, if the Company participates in the merger, demerger, acquisition, or transfer of shares and intends further to carry out a merger, demerger, acquisition, or transfer of shares 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 transfer of share ; 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.

Article 27: 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 in accordance with the provisions of Article 22, Article 23, and Article 26.

### **Chapter 6 Public Disclosure of Information**

Article 28: Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the securities 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 NTD 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 money market funds issued by domestic securities investment trust enterprises.
2. Merger, demerger, acquisition, or assignment 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/machinery or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the trading counterparty is not a related party, and the transaction amount reaches 5 percent of paid-in capital.
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 trading counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.

6. Government bonds, ordinary corporate bonds, or general bank debentures without equity characteristics (excluding subordinated debt) traded on securities exchanges or OTC markets, where not falling under any of the items in the proviso of subparagraph 7, and furthermore the trading counterparty is not a related party and the transaction amount reaches 5 percent of paid-in capital.

7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area where the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, provided this shall not apply to the following circumstances:

(1) Trading of domestic government bonds or foreign government bonds with a sovereign rating not lower than the sovereign rating of the R.O.C.

(2) Trading of bonds under repurchase/resale agreements or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

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 paragraph 2 refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.

Article 29: 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 when the Company becomes aware of the error or omission.

Article 30: Where the Company acquires or disposes of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.

Article 31: 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 three Articles, a public report of relevant information shall be made on the information reporting website designated by the securities 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.

## **Chapter 7 Additional Provisions**

Article 32: Information required to be publicly announced and reported in accordance with the provisions of the preceding Chapter on acquisitions and disposals of assets by a subsidiary of the

Company that is not a public company in Taiwan shall be reported by the Company.

The paid-in capital or total assets of the Company shall be the standard for determining whether or no a subsidiary referred to in the preceding paragraph is subject to the threshold requiring a public announcement and regulatory filing under paragraph 1 of Article 28.

Article 33: The Company's controlling and monitoring procedures towards the acquisition or disposal of assets by its subsidiaries are as follows:

1. The Company shall urge its subsidiaries to establish and execute their own "Procedures for Acquisition of Disposal of Assets" in accordance with this Procedures.
2. Where any material violation is found by the internal auditors of the subsidiaries, the subsidiaries shall promptly notify the Company in writing of any material violation found. The Company shall know how the subsidiaries deals with the violations, admonish the subsidiary to improve and keep itself informed of the improvement process.

Article 34: Should there be any violation of the procedures when the persons-in-charge of the Company deal with acquisition or disposal of assets, subsequent penalization is subject to the relevant HR policies of the Company.

Article 35: For the calculation of 10 percent of total assets under this 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.

Article 36: The Procedures shall be approved by the Board of Directors and submitted to the Shareholders Meeting for approval before implementation. Any amendment is subject to the same procedure. The independent directors' opinions specifically expressing dissent or reservations about any matter shall be included in the minutes of the Board of Directors meeting.

The matters which paragraph 1 requires submitting to the Board of Directors for a resolution shall first be approved by

more than half of all audit committee members. If the approval by more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.