

China Development Financial Holding Corporation

“Procedures for Acquisition or Disposal of Assets”

Announced date:2002.02.08

Amended date:2022.06.21

- Article 1 The “Procedures for Acquisition or Disposal of Assets” (“the Procedures”) has been adopted to strengthen the internal control policy of China Development Financial Holding Corporation (the “Company”) in accordance with the “Regulations Governing the Acquisition or Disposal of Assets by Public Companies” promulgated by the competent authority.
- Article 2 The assets referred to in these Procedures are:
1. stocks, government bonds, corporate bonds, financing bonds, marketable securities representing mutual funds, depository receipts, call (put) warrants, beneficiary securities, and asset-backed securities
 2. Real property (including land, houses and buildings, investment property, rights to use land) and equipment)
 3. Memberships
 4. Intangible assets including patent rights, copyrights, trademark rights, and franchises
 5. Right-of-use assets
 6. Credit of financial institutions (including account receivables, bills purchase and discount, loans and overdue receivables)
 7. Derivatives
 8. Assets acquired or disposed of through legal merger, split, acquisition or stock transfer
 9. Other important assets
- Article 3 Terms used in these Procedures are defined as follows:
1. Derivatives refer to 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 of through legal merger, split, acquisition or stock transfer refer to assets acquired or disposed of due to merger, split, or acquisition conducted in accordance with the "Business Mergers and Acquisitions Law", "Financial Holding Company Act", "Financial Institution Merger Act", or other laws, or new stock transferred in exchange for another company's in accordance with Article 156-3 of the "Company Act" (referred to below as a stock transfer).
3. Related party or subsidiary is as defined in Regulations Governing the Preparation of Financial Reports by Financial Holding Companies.
4. Professional appraiser refers to a real property appraiser or other professional duly authorized by law to engage in the value appraisal of real property and equipment
5. Date refers to a transaction contract signing date, payment date, commissioned transaction date, transfer date, board resolution date, or the first date on which either transaction counterparty or transaction amount could be confirmed. However, in the case of investors requiring approval from the competent authority, the date shall be the first of either the foregoing date or the date on which approval was received from the competent authority.
6. Mainland China area investments refer to investments made in China in accordance with the investment or technology cooperation permit regulations of the Investment Commission, MOEA.
7. Investment professionals refer 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 exchanges refer to "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. Operating outlets of securities firms refer to "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.
10. Responsible unit herein will be recognized according to the Company's internal organizational rules.

Article 4

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

- (i) May not have previously received a final and un-appealable sentence to imprisonment for 1 year or longer for a violation of the "Securities and Exchange 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.

Article 5 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 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. 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 is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal 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.

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 6 When acquiring or disposing of securities, the Company shall, prior to the Event Date, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in evaluating the transaction price.

If the transaction amount reaches 20 percent or more of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally obtain a certified public accountant's opinion prior to the Event Date regarding the reasonableness of the transaction price. This requirement does not apply, however, to securities that are actively quoted in the market, or where otherwise regulated by the competent authority.

Article 7 Where the Company acquires or disposes of intangible assets or 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 agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.

Article 8 The transaction amounts referred to in the preceding three articles shall be calculated in accordance with Article 28, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the Event Date. Items for which an appraisal report from a professional appraiser or a certified public accountant's opinion has been obtained need not be counted toward the transaction amount.

Article 9 When acquiring or disposing of assets via a court auction, the Company may use verification documents issued by the court instead of appraisal reports or certified public accountant's opinions.

Article 10 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, 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 certified public accountant's opinion in compliance with the provisions of the preceding Articles.

The transaction amount referred to in the preceding paragraph shall be calculated in accordance with Article 8 herein.

When judging whether counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 11 When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property 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 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 committee:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a transaction counterparty.

3. With respect to the acquisition of real property or right-of-use assets from a related party, information regarding evaluation of the reasonableness of the preliminary transaction terms in accordance with Article 12 and Article 13.
4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction 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. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.

If the Company or its subsidiaries that are not public companies in Taiwan have a transaction mentioned in the preceding paragraph, and the transaction amount is 10 percent of the Company's total assets or above, the Company shall submit the information listed in the preceding paragraph to the shareholders meeting for approval before signing the transaction contracts and payment. However, such transaction between the Company and its subsidiaries, or between subsidiaries, are exempt from this requirement.

If the said subsidiary in the preceding paragraph is a subsidiary of the Company's publicly subsidiaries in Taiwan, the matters to be approved by the shareholders meetings of such subsidiaries are required to be submitted to the upper-layer public subsidiaries' shareholders meetings for approval, and the preceding paragraph shall not be applicable to this circumstance.

The calculation of the transaction amounts referred to in the paragraphs 1 and 2 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 audit committee

and board of directors in accordance with paragraph 1 or the shareholders meeting in accordance with paragraph 2 need not be counted toward the transaction amount.

Article 12

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

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the competent authority.
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 and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs, it shall also engage a certified public accountant 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 the preceding article and the preceding three paragraphs do not apply:

1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.
4. The real property right-of-use assets for operational purposes are obtained from or transferred to subsidiaries or subsidiaries whose issued stock or capital stock is 100% owned directly or indirectly.

Article 13

When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 14. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a certified public accountant, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, the Company may submit proof of compliance with one of the following conditions:
 - A. Where undeveloped land is appraised in accordance with 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 competent authority, whichever is lower.

- B. 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 sale or leasing market 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.

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; transaction for similarly sized parcels in principle refers to transactions by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of the acquisition of the real property, or obtainment of the right-of-use assets thereof.

Article 14

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

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the "Securities and Exchange Act" against the difference between the real property transaction price or the price for the real property rights-of-use to assets and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public 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. Independent directors in the Audit Committee shall comply with Article 218 of the “Company Act”.
3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders’ meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or rented at a premium, or they have been disposed of, or the lease 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 preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm’s length transaction.

Article 15

When engaging in derivatives transactions, the Company shall adopt operational rules in accordance with Procedures and rules promulgated by the competent authority and has the rules been approved by the shareholders’ meeting. The following important risk management and auditing matters shall be incorporated into the operational rules:

1. Trading principles and strategies: Those shall include the types of derivatives that may be traded, trading or hedging strategies, segregation of duties, essentials of performance evaluation, total amount of derivatives contracts that may be traded, and the maximum loss limit on total trading and for individual contracts.

2. Risk management measures.
3. Internal audit system.
4. Regular evaluation methods and the handling of irregular circumstances.

Article 16

When engaging in derivatives trading, the Company shall adopt the following risk management measures:

1. Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks.
2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.
4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.
5. Other important risk management measures.

Article 17

When engaging in derivatives transactions, the Company's board of directors shall faithfully supervise and manage such trading in accordance with the following principles:

1. Designate senior executives to continuously monitor and control derivatives trading risk.
2. Periodically evaluate whether derivatives trading performance is consistent with established strategies and whether the risk exposure is within the Company's permitted scope of tolerance.

Senior executives authorized by the board of directors shall manage derivatives trading in accordance with the following principles:

1. Periodically evaluate the risk management measures currently employed are appropriately conducted in accordance with

these Procedures and relevant rules for engaging in derivatives trading promulgated by the Company.

2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report shall be immediately submitted to the board of directors where independent directors shall be present at the meeting and express an opinion.

The Company shall report to the latest meeting of board of directors after it authorizes the relevant personnel to handle derivatives transactions in accordance with its Procedures and relevant rules.

Article 18 When engaging in derivatives transactions, the Company shall establish a log book in which details of the types and amounts of derivatives transactions, approval dates of board of directors, and the matters required to be carefully evaluated shall be recorded in detail in the log book.

The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives are traded pursuant to the Procedures, and prepare an audit report. If any material violation is discovered, the Audit Committee shall be notified in writing.

Article 19 When conducting a merger, split-off, acquisition, or transfer of shares, the Company shall engage a certified public accountant, 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 approval. The Company is exempt from engaging the said professional to give an opinion on the reasonableness of the share exchange ratio when conducting a merger with a 100%-owned subsidiary or a merger taking place among 100%-owned subsidiaries.

Article 20 When participating in a merger, split-off, acquisition, the Company shall prepare a public report to shareholders detailing important contractual contents and relevant matters prior to the shareholders' meeting. The expert opinion referred to in paragraph 1 of the preceding Article shall also be included in the notice of the shareholders' meeting for shareholders to decide whether to approve or not. Provided, where a shareholders' meeting is exempt by other regulations, this restriction shall not apply.

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

Article 21 When participating in a merger, demerger, or acquisition, the Company shall convene a board 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 competent authority is notified in advance of extraordinary circumstances and grants consent.

When participating in a transfer of shares, it shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the competent authority is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of shares, it shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger,

demerger, acquisition, or transfer shares prior to public 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 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 shares, it shall, within 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 competent authority for recordation

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

Article 22 Every person participating in or privy to the plan for merger, split-off, 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 securities of any company related to the plan for merger, split-off, acquisition, or transfer of shares.

Article 23 When participating in a merger, split-off, acquisition, or transfer of shares, it 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, split-off, 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 or 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, split-off, acquisition, or transfer of shares, buys back treasury stocks.
5. An increase or decrease in the number of entities or companies participating in the merger, split-off, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 24

When the Company participates in a merger, split-off, acquisition, or transfer of shares, the contract shall specify the rights and obligations of the companies participating in the merger, split-off, acquisition, or transfer of shares, and the following shall also be included:

1. Handling of breach of contract.
2. Principles for the handling of equity-based 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 25 After public disclosure of the information, if any company participating in the merger, split-off, acquisition, or share transfer intends further to carry out a merger, split-off, acquisition, or share transfer with another company, all of the participating companies shall carry out new the procedures or legal actions that had originally been completed toward the merger, split-off, 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 matter, such participating company may be exempt from convening another shareholders' meeting to resolve on the matter.

Article 26 Where any of the companies participating in a merger, split-off, acquisition, or transfer of shares is not a public company, the Company shall execute an agreement with the non-public company whereby the latter is required to abide by Article 21, Article 22, and the preceding Article herein.

Article 27 As for real property transactions, the responsible unit shall collect the comments from relevant departments and prepare an assessment report specifying the terms and conditions of the transaction. After being approved by the authorized executive, this proposal shall be submitted to the board of directors.

Article 28 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 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 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government

bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

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 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 percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.
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 the Company's paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - A. Trading of domestic government bonds or foreign government bonds with a credit rating not lower than ROC's sovereign rating.
 - B. Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or exchange traded notes.

- C. Trading of bonds under repurchase and resale agreements, or 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 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.

“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 Procedures 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 the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the competent authority by the 10th day of each month.

Any 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.

When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and opinions of a certified public accountant, attorney, and securities underwriter at the Company headquarters, where they

shall be retained for 5 years except where another act provides otherwise.

Article 29 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 website designated by the competent authority within 2 days commencing immediately from the Event Date:

1. There is any change, termination, or rescission of original contracts.
2. The merger, split-off, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. There is any change to the publicly announced and reported information.

Article 30 If acquisition or disposition of assets consists with the listing companies' material information set forth in "Taiwan Stock Exchange Corporation's Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities", the Company shall report relevant matters in accordance with "Rules on Information Disclosure".

Article 31 Information required to be publicly announced and reported in accordance with Articles 28 and 29 on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan, shall be reported by the corresponding department at the Company supervising that subsidiary.

If the said subsidiary in the preceding paragraph is a subsidiary of the Company's public subsidiaries in Taiwan, the information required to be publicly announced and reported in accordance with Articles 28 and 29 on acquisitions and disposals of assets of the subsidiary shall be reported by the upper-layer public subsidiaries, and the provisions of the preceding paragraph shall not be applicable to this circumstance.

The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 28, paragraph 1.

- Article 32 The Company's subsidiaries shall adopt and implement the "Procedures for Acquisition or Disposal of Assets" in accordance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" promulgated by the competent authority.
- Article 33 If the Company's employee violates the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" promulgated by the competent authority or the Procedures, it will be handled in accordance with relevant internal rules.
- Article 34 The types and quota of securities investments shall be handled in accordance with Article 36, 37, 39, 45 and 46 of "Financial Holding Company Act" together with the competent authority's rules and regulations. The purchase of real property for its own use shall be handled in accordance with Article 39 of "Financial Holding Company Act". The Company's subsidiaries also shall handle the matter in accordance with relevant rules.
- Article 35 When the Company adopts or amends the Procedures, or a board resolution is required when an asset acquisition or disposition conducted in accordance with these Procedures or other regulations, the Company, when submitting for discussion by the board of directors, shall fully consider the views of each independent director, and must indicate the independent director's dissent or qualified opinion in the relevant board meeting minutes.

When the Company adopts or amends the Procedures, conducts major transactions of assets, or derivatives, or conducts related party transactions set forth in Article 11, it shall be adopted by a majority of all members in the Audit Committee and submitted to the board meeting for approval. If not approved with a majority in

the Audit Committee, such matter may be approved with two-thirds or more of all board of directors. Such resolutions at the Audit Committee shall be set forth in board meeting minutes.

The Audit Committee and all directors specified in the preceding paragraph refer to those who are in fact on board.

Article 36 Any matters not provided herein shall be handled pursuant to relevant rules and internal rules of the Company.

Article 37 The Procedures shall be approved by the Audit Committee, and submitted to the board of directors for resolution and reported to the shareholders' meeting for approval and become effective when promulgated. The same shall apply for amendments.