

Shining Building Business Co., Ltd

Operating Procedures for Acquisition or Disposal of Assets

(The English Version is Based on Traditional Chinese Version for June 24, 2022)

1. Purpose: In order to protect the Company's investment, implement information disclosure, the acquisition or disposal of assets of the Company, shall be acted in accordance with this Operating Procedures.
2. Scope: "Assets" mentioned in this Operating Procedures are defined as the following:
 - 2-1. 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-based securities for long-term and short-term investments.
 - 2-2. Real property (including land, houses and buildings, investment property, and construction enterprises inventory) and equipment.
 - 2-3. Memberships.
 - 2-4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
 - 2-5. Right-of-use assets.
 - 2-6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
 - 2-7. Derivatives.
 - 2-8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
 - 2-9. Other major assets.
3. Responsibilities: In accordance with this Operating Procedures.
4. Operating Contents:
 - 4-1. Criteria for Public Announcement and Declaration

Under any of the following circumstances, in event the Company acquisition or disposal of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

 - (1). Acquisition or disposal of real property or rights-of-use assets from or to a related party, or acquisition or disposal of assets other than real property or rights-of-use assets 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 securities investment trust issued domestic money market funds.

- (2). Merger, spin-off, acquisition or transfer of shares.
- (3). The transaction losses derived from derivatives reaches the upper limit set forth in the Financial Derivatives Transaction Procedure for all or any individual contract.
- (4). Acquiring or disposing belong to the equipment or right-of-use assets which is for operation purposes, and the counter party to which is not a related party, and the transaction amount of which exceed NT\$500 million; when the paid-in capital exceed NT\$10 billion, and the transaction amount of which exceed NT\$1 billion.
- (5). Acquiring or disposing the real property for construction or right-of-use assets, and the counter party to which is not a related party, and the transaction amount of which exceed NT\$500 million; when the paid-in capital exceed NT\$10 billion, disposed the real property which is self-constructed, and the counter party to which is not a related party, and the transaction amount of which exceed NT\$1 billion.
- (6). Acquiring the real property through engaging others to build on the company's own land, engaging others to build on rented land, cooperative construction for the distribution of houses, cooperative construction for the distribution of shares, cooperative construction for sale, and furthermore the transaction counterparty is not a related party, then the transaction amount exceeding NT\$500 million.
- (7). Where there is an asset transaction (other than any such transactions referred to in the preceding six subparagraphs), a disposal of receivables to a financial institution, or an investment in mainland China area that reaches 20% or more of 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 rating that is not lower than the sovereign rating of Taiwan.
 - B. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, or of 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 exchange-traded note, or subscription or redemption of exchange traded notes, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
 - C. 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 transaction amount is calculated according to the following formulas:

- A. Transaction amount of each transaction.
- B. The accumulated amount of transactions with the same party in one year for similar objects.

- C. The accumulated amount of transactions in one year of the acquisition or disposal (acquisition and disposal calculated separately) of real property or rights-of-use assets for the same development plan.
- D. The accumulated amount of transactions in one year of the acquisition or disposal (acquisition and disposal calculated separately) of the same securities.

The one-year period mentioned in the preceding paragraph shall be calculated as one year before the occurrence of the transaction event. The part already disclosed according to the Procedure shall not be calculated.

The Company shall, on a monthly basis, enter the information declaration into the prescribed format for the conduct of derivative commodity transactions by the Company and its subsidiaries other than those of the domestic public offering company as of the end of last month in accordance with the prescribed format, reported to Market Observation Post System website designated by the FSC of Executive Yuan within 10 days before the end of each month.

In case the items to be disclosed is erroneous or omitted and shall be rectified, all the items shall be disclosed and reported again within two days after acknowledgement.

The relevant contracts, meeting minutes, register, appraisal report, opinion of the CPA, lawyers, or underwriters shall be kept in the Company for at least 5 years unless otherwise specified by other laws.

4-2. Time Limitation for Public Announcement and Declaration

After the Company announces the declared transaction in accordance with the provisions of the preceding article, one of the following circumstances shall be disclosed and reported the related information to Market Observation Post System website designated by the FSC of Executive Yuan within 2 days commencing immediately from the date of occurrence of the event.

- (1). There is a change, termination or cancellation to the original contract.
- (2). The merger, separation, acquisition or transfer of shares is not completed as scheduled in the contract.
- (3). Change to the originally publicly announced and reported information.

4-3. Procedures for Acquisition or Disposal of Assets

- (1). In the case of the acquisition or disposal of assets, the contractor shall, after evaluating such matters as the reason for acquisition or disposal, the subject matter, the counterparty to the transaction, the transfer price, the conditions for receipt and payment and the basis for price reference, submit a decision to the authority and responsibility unit and execute it by the administrative department, related matters shall be handled in accordance with the relevant operational provisions of the Company's internal control system and the Operating Procedures for handling them.
- (2). The execution unit of the Company's short-term and long-term marketable securities investment is the Finance Division, while the implementing unit of real estate and other fixed

assets is the use department and related authority and responsibility unit. Other assets which are not belong to marketable securities investments, real estate and other fixed assets shall be subject to the implementation of the assessment of the relevant units.

- (3). The relevant operations relating to the acquisition or disposal of assets shall be handled in accordance with the relevant provisions of the Company's internal control system. If a major violation is found, the relevant personnel shall be punished according to the violation.

4-3-1. Evaluation Procedures

- (1). The acquisition or disposal of marketable securities which not traded in a centralized trading market or securities dealer's office shall take into account its net value per share, profitability, future development potential, market interest rate, bond coupon rate, debtor's credit and the agreement price of the transaction at that time.
- (2). The acquisition or disposal of marketable securities which traded in a centralized trading market or securities dealer's office shall be determined by the price of the equity or bond at that time.
- (3). Other assets acquired or disposed of in the preceding two paragraphs shall be selected by way of inquiry, comparison, bargaining or public tender, and shall be agreed upon by reference to the present value of the announcement, the evaluation of the present value, and the actual transaction price of adjacent real estate, and those who meet the requirements of this Operating Procedures shall be announced to declare the standard of declaration and shall refer to the valuation report of the professional appraiser.

4-3-2. Right to Decision

The acquisition and disposal of the Company's assets shall be handled in accordance with the Company's list of rights and land development procedures.

4-4. Acquisition of Asset Appraisal or Analytical Reports

4-4-1. The Company acquired or disposed of real property, equipment or its right to use assets, except for transactions with domestic government agencies, self-local construction, leased land commissioning, or acquisition or disposal of equipment or its right to use assets for business use, the transaction amount is up to the Company's paid-in capital is 20% or NT\$300 million or more, a valuation report issued by a professional appraiser should be obtained before the fact that it meets the following requirements:

- (1). When a limited price, a specific price, or a special price must be used as the reference basis for the transaction price due to special reasons, the transaction shall first be submitted for approval by the Board of Directors; the same shall apply when there are subsequent changes in the trading conditions.
- (2). If the transaction amount is more than NT\$1 billion, shall have two or more professional appraisers for appraisal.
- (3). Where one of the following circumstances applies with respect to the expert appraiser's

appraisal results, unless that the appraisal price is higher than the transaction amount in acquisition of asset(s), or the appraisal price is lower than the transaction amount in disposal of asset(s), a certified public accountant shall 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 them 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.

Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the appraisal report shall be obtained within 2 weeks counting inclusively from the date of occurrence, and the certified public accountant's opinion under subparagraph 3 of the preceding paragraph shall be obtained within 2 weeks counting inclusively from the day the appraisal report is obtained.

4-4-2. 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 may not be related parties or de facto related parties of each other.

4-4-3. In events of 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 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 Financial Supervisory Commission (FSC).

4-4-4. Where the Company acquisition or disposal of assets through a court auction procedure, it may substitute the appraisal report or the accountant's opinion for the supporting documents issued by the court.

4-5. Investment Amount

The total amount of non-operating real estate which the Company and its' subsidiaries may purchasing shall not exceed 40% of net current value; the total amount of investment on long-term

and short-term marketable securities shall not exceed 100% of net current value; and the amount limitation of investment on individual securities shall not exceed 60% of net current value.

The parent company's net current value is subject to the financial statements of the most recent period on an accountant's visa.

4-6. If the Company acquired or disposed of membership certificates or intangible assets or the transaction amount of its right to use assets that amounts to 20% of the Company's paid-in capital or NT\$300 million or more, in addition to transactions with domestic government agencies, it should happen in fact a few days ago, the accountant was asked to express an opinion on the reasonableness of the transaction price, and the accountant shall in accordance with the Accounting Research and Development Foundation issued the Auditing Standards Bulletin No. 20 stipulates the procedures.

4-6-1. To calculated the transaction amount in accordance with the Article 4-5-1, 4-5-3 and 4-7, it shall in accordance with the second provisions of Article 4-1 to be handled, and the said one year is based on the date of the fact of the transaction, retroactively calculated one year, in accordance with the provisions of these Procedures to obtain a professional appraisal report or the CPA's opinions partially exempted from re-counting.

4-7. Transactions of Related Parties

4-7-1. Where the Company and its related parties acquire or dispose of assets, those whose transaction amounts to more than 10% of the Company's total assets, shall in accordance with the relevant resolution procedures and assess the reasonableness of the trading conditions, and also shall obtain the appraisal report issued by a professional appraiser or the CPA's opinions in accordance with the Article 4-5.

The calculation of the amount of the preceding transaction shall be carried out in accordance with the Article 4-7-1.

In determining whether the transaction object is a related party, in addition to paying attention to its legal form, and should consider the substantive relationship.

4-7-2. 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 a majority of all audit committee members and resolved 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 transaction 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 Articles 4-7-3 and 4-7-4.
- (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 parties.
- (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 opinions obtained in compliance with the preceding article.
- (7). Restrictive covenants and other important stipulations associated with the transaction.

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 delegate the board 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 the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

Where the Company or its non-domestically public subsidiary engages in the transactions referred to in Paragraph 1 hereof, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall present the information as stated in sections under Paragraph 1 hereof to the Company's shareholders' meeting for approval prior to signings of transaction agreement and payments; however, this shall not apply to the transactions between the Company and its parent company, subsidiary, or the transactions between its subsidiaries. The calculation of the transaction amounts referred to in Paragraph 1 and the preceding paragraph shall be done in accordance with Article 4-1, 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 having submitted to the shareholders' meeting and the Board of Directors for adoption and to the Audit Committee for approval by a majority of its all members need not be counted toward the transaction amount.

4-7-3. The Company acquired the real property or right-of-use assets thereof from related parties,

the reasonableness of transaction costs should be evaluated according to the following methods:

- (1). Based upon the related parties' transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary Interest on Funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
- (2). Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

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 according to the preceding provisions.

The Company acquired the real property or right-of-use assets thereof from related parties, shall evaluate the costs of the real property or right-of-use assets in accordance with the preceding two provisions, and the CPA should be consulted for review and specific opinions.

The Company acquired the real property or right-of-use assets thereof from related parties, one of the following shall be handled in accordance with the Articles 4-8-2, and the preceding three provisions shall not apply:

- (1). The related parties 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 parties signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
- (3). Through signing of a joint development contract with the related parties, 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 and its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% the issued shares or authorized capital.

4-7-4. Where the Company acquires real property or right-of-use assets thereof from related parties and the results of appraisals conducted in accordance with the preceding are uniformly lower than the transaction price, the following steps shall be taken:

- (1). A special reserve shall be set aside the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance

of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.

- (2). With Article 218 of the Company Act., the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the Audit Committee.
- (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 leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the Company obtains real property or right-of-use assets thereof from related parties, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms-length transaction.

4-7-5. When the results of the Company's appraisal conducted in accordance with the 1st and 2nd provisions of Article 4-8-3 are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 4-8-4. 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 parties acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related parties' 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 parties' 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.
 - B. 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 sale or leasing practices.

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

Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

4-8. Derivatives Trading

4-8-1. The term "Financial Derivatives" shall mean contracts that their values derive from an asset, interest rate, exchange rate, index, or other interests as well as structured products (Ex: forward contracts, options contracts, future contracts, leverage margin contracts, swap contracts, and the hybrid contracts combining the above contracts). 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.

4-8-2. Foreign exchange operations carried out through the commodities mentioned in the preceding article, only to hedge from the exchange risk for operating and capital scheduling, it shall not be engaged in any speculation transactions, and the currency held in accordance with the actual foreign currency demand of the Company in and out of the Company.

4-8-3. The Financial Planning Group is responsible for the formulation, execution and periodic evaluation and reporting of the strategy for derivative commodity transactions, and the senior officers of the non-financial planning team appointed by the Board of Directors are responsible for the measurement, supervision and control of the risks.

4-9-4. The Financial Planning Group should evaluate and review the operating performance at market prices every week, and report to the chairman and general manager on a monthly basis to review and improve the hedging strategies adopted.

4-8-5. The total amount of foreign currency forward foreign exchange transaction contracts must not exceed the Company's actual total import and export foreign currency demand. When the foreign currency option transaction is evaluated at market prices, the total amount of transaction contracts that may be required to perform the option must not exceed US\$5 million.

4-8-6. The maximum amount of contract loss for all derivative commodity transactions is US\$250,000; the maximum amount of individual contract losses is 5% of the individual contract amount, and must not exceed US\$250,000.

4-8-7. The Company engaged in derivative commodity transactions shall adopt the following risk

management:

- (1). The scope of risk management should include risk management such as credit, market price, liquidity, cash flow, operations, and laws.
- (2). The personnel engaged in the transaction of derivative products and the operations personnel of confirmation and delivery shall not concurrently serve each other.
- (3). Risk measurement, supervision and control personnel shall be separate from the personnel mentioned in the preceding article, and shall report to the Board of Directors or to high-level executives who are not responsible for making decisions on transactions or positions.
- (4). The positions held by derivative commodity exchanges should be evaluated at least once a week, but if the business needs to be processed for hedging transactions, it should be evaluated at least twice a month, and the evaluation report should be submitted to a senior executive authorized by the Board of Directors.
- (5). Other important risk management measures.

4-8-8. When the Company is engaged in derivatives trading, the Board of Directors shall truly supervise and manage it in accordance with the following principles:

- (1). Designated senior executives should always pay attention to the supervision and control of derivative commodity trading risks.
- (2). Regularly evaluate whether the performance of derivatives trading is in line with the established business strategy and whether the risks undertaken are within the allowable range of the Company.

The senior executives authorized by the Board of Directors shall manage the trading of derivatives in accordance with the following principles:

- (1). Regularly assess whether the currently used risk management measures are appropriate and do it in accordance with this processing procedure.
- (2). Supervise the transaction and profit and loss situation, and take necessary response measures when discovering abnormalities, and report to the Board of Directors immediately, and the opinions of independent directors should be fully considered.

If the Company is engaged in derivative commodity transactions and authorized relevant personnel in accordance with the provisions of this Operating Procedures, it shall be reported to the Board of Directors afterwards.

4-8-9. When the Company is engaged in derivative commodity transactions, it shall establish a reference book. The types and amounts of derivative commodity transactions, the date of approval by the Board of Directors, and the matters that should be carefully evaluated according to the Article 4-9-7 and 4-9-8 shall be published in detail in the reference book for reference. The Company's internal auditors should regularly understand the adequacy of the internal control of derivative commodity transactions, and audit the transaction department's compliance with the processing procedures for derivative commodity transactions on a monthly basis, and

make audit reports. If major violations are found, they should be written in writing notify independent directors and Audit Committee.

4-9. Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

4-9-1. The Company that 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 it to the Board of Directors for deliberation and passage.

However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.

The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in 1st provision of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts 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 companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

4-9-2. 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 another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

The Company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:

(1). Basic identification data for personnel: Including the occupational titles, names, and

national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to 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.

The Company, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

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 shall sign an agreement with such companies whereby the latter is required to abide by the provisions of the preceding two paragraphs.

4-9-3. The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

- (1). Cash capital increasing, 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.

The Company participating in a merger, demerger, acquisition, or transfer of shares, the relevant matters should be stated in accordance with regulations to protect the rights and interests of participating companies.

4-10. Disclosures in Financial Statements

If the Company acquired or disposed of assets that meet the reporting standards set out in the Article 4-1 of this Operating Procedures, and the transaction object is a substantive related person, the content of the announcement shall be disclosed in the notes to the financial statements and submitted to the shareholders meeting.

4-11. Regulations of Acquisition or Disposal of Assets for Subsidiaries

- (1). The acquisition or disposal of assets by the subsidiaries shall also be handled in accordance with the regulations of the parent company.
- (2). If the subsidiaries company is not a domestic public offering company, and the assets obtained or disposing of the assets reach the Article 4-1 standard for notification and declaration, the parent company shall handle the declaration and declaration matters.
- (3). The regulations on the paid-in capital or total assets of the Company in the reporting standards of subsidiaries shall be based on the Company's paid-in capital or total assets.

The requirement of reaching 10% of total assets is calculated based on the total asset amount in the most recent individual or individual financial report stipulated by the securities issuer's financial report preparation standards.

The subsidiaries is recognized in accordance with the provisions of the securities issuer's financial report preparation standards.

4-11-1. The Company's shares have no denomination or the denomination per share is not NT\$10, in the Article 4-4-1, 4-4-3, 4-6, 4-7-2, 4-1 and 4-11, the relevant facts the transaction amount requirement of 20% of the paid-in capital is calculated based on 10% of the equity attributable to the owner of the parent company; the Company's owner's equity is calculated at NT\$20 billion.

4-12. Implement Date

After this Operating Procedures is approved by the Board of Directors, it will be sent to the supervisors and reported to the shareholders meeting for approval, and the same applies for amendments. If a director expresses an objection and has a record or written statement, the Company shall also send the information of the director objection to the supervisors.

When submitting this Operating Procedures for acquisition or disposal of assets to the Board of Directors for discussion in accordance with the preceding article, the opinions of independent directors shall be fully considered, and their opinions and reasons for agreeing or disagreeing shall be included in the minutes of the board meeting.

4-13. Matters not covered in this Operating Procedures shall be handled in accordance with relevant laws and regulations and relevant regulations of the Company.

5. Related Information / Documents: None.

6. Table Used: None.