

# AMICCOM Electronics Corporation (the “Company”)

## Rules of Procedure for Acquisition or Disposal of Assets

Article 1: This procedure is established in accordance with the Securities Exchange Act and the guidelines for the acquisition or disposal of assets by publicly listed companies. The Company shall handle the acquisition or disposal of assets in accordance with this procedure, in addition to complying with the law.

Article 2: The scope of assets referred to in this procedure is as follows:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities of recognition funds, depositary receipts, warrants, beneficiary securities, and asset-backed securities, etc.
2. Real estate (including land, houses and buildings, and investment properties) and equipment.
3. Memberships.
4. Intangible assets such as patent rights, copyright, trademark rights, and licensing rights.
5. Right-of-use assets.
6. The claims of financial institutions (including receivables, foreign exchange purchases and discounts, loans, and collection of payments).
7. Derivative products.
8. Assets acquired or disposed of through legal mergers, divisions, acquisitions, or share transfers.
9. Other major assets.

Article 3: Definitions of Terms:

1. Derivative products: Refers to forward contracts, options contracts, futures contracts, leveraged margin contracts, swap contracts, combinations of the aforementioned contracts, or structured products that embed derivative products, whose value is derived from specific interest rates, financial instrument prices, commodity prices, exchange rates, price or rate indices, credit ratings or credit indices, or other variables. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term purchase (sale) contracts.
2. Assets obtained or disposed of through legal mergers, splits, acquisitions, or share transfers: This refers to assets obtained or disposed of through mergers, splits, or acquisitions conducted in accordance with the Business Merger Act, Financial Holding Company Act, Financial Institution Merger Act, or other laws, or through the issuance of new shares to acquire shares of another company as stipulated in Article 156-3 of the Company Act (hereinafter referred to as share transfers).

3. related parties and subsidiaries: should be determined in accordance with the financial reporting standards for securities issuers.
4. professional appraisers: Refers to real estate appraisers or others who are legally permitted to engage in real estate and equipment appraisal business.
5. Date of occurrence of the event: Refers to the earlier date among the transaction signing date, payment date, entrusted transaction date, transfer date, board resolution date, or any other date that can sufficiently determine the transaction counterpart and transaction amount. However, for investors who require approval from the competent authority, the earlier date among the aforementioned dates or the date of receiving approval from the competent authority shall prevail.
6. Investment in Mainland China: Refers to investments or technology cooperation in the Mainland area conducted in accordance with the regulations set forth by the Ministry of Economic Affairs' Investment Review Committee regarding investment or technology cooperation permits in the Mainland.
7. The term "most recent financial statements" in this procedure refers to the financial statements that the Company has publicly disclosed and which have been audited or reviewed by an accountant in accordance with the law, prior to the acquisition or disposal of assets.

In this program, any terms not defined herein shall be governed by the provisions of the "Guidelines for the Acquisition or Disposal of Assets by Publicly Issued Companies" as established by the competent authority.

#### Article 4: Evaluation Procedures for Acquiring and Disposing of Assets:

- I. When the Company acquires or disposes of assets, the responsible unit should conduct a feasibility assessment of the reasons for the acquisition or disposal, the subject matter, the counterparty, the transfer price, the payment terms, and the basis for price reference, and then submit it for decision by the responsible authority.

The principles for determining prices and reference criteria are as follows:

1. The acquisition or disposal of securities traded on a centralized exchange or at a securities dealer's business location shall be determined based on the prevailing stock or bond prices at that time.
2. When acquiring or disposing of securities that are not traded on centralized exchanges or at brokerage offices, one should consider factors such as net asset value per share, profitability, future development potential, market interest rates, bond coupon rates, the creditworthiness of the debtor, and the agreed transaction price at that time.
3. Acquire or dispose of other assets not covered in the previous two items by choosing one of the following methods: price comparison, negotiation, or bidding. This should be determined with reference to the announced present value, assessed present value, actual transaction price of nearby real estate. If the assets meet the standards for public announcement and declaration as stipulated in this procedure, the valuation report of a

professional appraiser shall also be taken into account.

- II. The valuation reports or opinions obtained by the Company from accountants, lawyers, or securities underwriters must comply with the following requirements for the professional valuers and their valuation personnel, accountants, lawyers, or securities underwriters:
  1. Has not been definitively sentenced to more than one year of imprisonment for violating the Securities Exchange Act, Company Act, Banking Act, Insurance Act, Financial Holding Company Act, Business Accounting Act, or for fraud, breach of trust, embezzlement, forgery, or any criminal acts related to business. However, this does not apply if the sentence has been served, the probation period has expired, or if three years have passed since a pardon was granted.
  2. The parties involved in the transaction must not be related parties or have a substantial relationship with related parties.
  3. If the Company is to obtain valuation reports from more than two professional appraisers, the different professional appraisers or valuers must not be related parties or have substantial relationships with each other.

The personnel mentioned above, when issuing valuation reports or opinions, should act in accordance with the self-regulatory standards of their respective industry associations. Their declarations should include statements regarding the professionalism and independence of the relevant personnel, that the information used has been assessed as appropriate and reasonable, and that they have complied with relevant laws and regulations.

#### Article 5: Procedures for Acquiring and Disposing of Assets:

##### I. Authorization limits and levels:

1. The acquisition or disposal of the Company's assets must be proposed by the executing unit in the annual budget and approved by the board of directors. Once approved, the acquisition or disposal within the budgetary limit for that fiscal year is authorized to be decided by the chairman.
2. If there is a temporary need for the acquisition or disposal of assets outside the annual budget, and the amount is below NT\$100 million (inclusive), the chairman is authorized to make the decision. For amounts exceeding NT\$100 million, approval from the board of directors is required.

##### II. Execution Unit:

1. Stocks, government bonds, corporate bonds, financial bonds, securities of recognition funds, depositary receipts, warrants (for purchase/sale), beneficiary securities, asset-backed securities, investments, claims of financial institutions, and derivative financial products: The finance department is responsible for execution.
2. Other assets aside from item 1: to be executed by the using department and relevant

responsible units.

### III. Transaction Process:

1. The Company shall obtain a professional appraisal report issued by a qualified appraiser prior to the occurrence of the transaction for the acquisition or disposal of real estate, equipment, or their usage rights assets, except for transactions with domestic government agencies, self-commissioned construction, land leasing for construction, or the acquisition or disposal of equipment or their usage rights assets for business use, when the transaction amount reaches twenty percent of the Company's paid-in capital or exceeds three hundred million New Taiwan Dollars, and must comply with the following regulations:
  - (1) If a transaction price needs to be referenced based on a limited price, specific price, or special price due to special reasons, the transaction must first be approved by a resolution of the board of directors; the same applies if there are subsequent changes to the transaction conditions.
  - (2) If the transaction amount exceeds NT\$1 billion, it is required to have the valuation conducted by two or more professional appraisers.
  - (3) If the valuation results of a professional appraiser fall into any of the following situations, except when the valuation results for the acquired assets are all higher than the transaction amount, or the valuation results for the disposed assets are all lower than the transaction amount, an accountant should be consulted to provide specific opinions on the reasons for the discrepancies and the appropriateness of the transaction prices:
    - ① The difference between the estimated value and the transaction amount exceeds twenty percent of the transaction amount.
    - ② The valuation results of two or more professional appraisers differ by more than ten percent of the transaction amount.
  - (4) The date of the report issued by the professional appraiser and the date of the contract establishment shall not exceed three months. However, if the same announcement of present value applies and has not exceeded six months, the original professional appraiser may issue an opinion letter.
2. When the Company acquires or disposes of securities, it should obtain the most recent financial statements of the target company that have been audited or reviewed by an accountant prior to the occurrence of the event as a reference for assessing the transaction price. Additionally, if the transaction amount reaches twenty percent of the Company's paid-in capital or exceeds three hundred million New Taiwan Dollars, the Company should consult an accountant for an opinion on the reasonableness of the transaction price prior to the occurrence of the event. However, this requirement does not apply if the securities have a publicly quoted price in an active market or if there are other regulations

set by the Financial Supervisory Commission.

3. If the Company acquires or disposes of intangible assets or their usage rights, or membership certificates with a transaction amount reaching twenty percent of the Company's paid-in capital or exceeding three hundred million New Taiwan Dollars, except for transactions with domestic government agencies, it should consult an accountant for an opinion on the reasonableness of the transaction price prior to the occurrence of the event.

The calculation of the transaction amounts for the first to third items shall be conducted in accordance with the provisions of Article 6, Paragraph 1, Item 7. The valuation report issued by a professional appraiser obtained in accordance with these regulations or the opinion of an accountant shall not be included again.

4. The company that acquires or disposes of assets through court auction procedures may use the certification documents issued by the court in place of the valuation report or accountant's opinion.

5. Related party transactions:

- (1) When the company acquires or disposes of assets with related parties, in addition to following the prescribed procedures for relevant resolutions and assessing the reasonableness of transaction terms, if the transaction amount exceeds ten percent of the company's total assets, a valuation report issued by a professional appraiser or an accountant's opinion must also be obtained as required. The calculation of the transaction amount shall be conducted in accordance with the provisions of Article 6, Paragraph 1, Item 7. When determining whether the transaction counterpart is a related party, in addition to considering its legal form, the substantive relationship should also be taken into account.
- (2) The company shall obtain the approval of the audit committee and submit it to the board of directors for approval before signing a transaction contract and making payments when acquiring or disposing of real estate or its usage rights from related parties, or acquiring or disposing of other assets from related parties, and the transaction amount reaches 20% of the company's paid-in capital, 10% of total assets, or exceeds NT\$300 million. This does not apply to the purchase and sale of domestic government bonds, bonds with buyback conditions, or the subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.
  - ① The purpose, necessity, and expected benefits of acquiring or disposing of assets.
  - ② The reason for selecting related parties as transaction counterparts.
  - ③ Obtain relevant information to assess the reasonableness of the proposed transaction conditions for real estate or its usage rights from related parties in accordance with the provisions of 5.(4) to 5.(7) of this section.

- ④ The original acquisition date and price of related parties, the trading counterparties, and their relationship with the Company and related parties, among other matters.
- ⑤ Projected cash flow forecast for each month in the year following the start of the contract, and an assessment of the necessity of the transaction and the reasonable
- ⑥ The appraisal report issued by a professional appraiser obtained in accordance with the previous provisions, or the opinion of an accountant.
- ⑦ The restrictions and other important agreements for this transaction.

The calculation of the transaction amount mentioned in the previous paragraph shall be conducted in accordance with the provisions of Article 6, Paragraph 1, Item 7. The term "within one year" refers to the date of the occurrence of this transaction, counting backward for one year. The portion that has been approved by the audit committee in accordance with the regulations of this procedure and submitted to the board of directors for approval shall not be recalculated.

The company and its parent company, subsidiaries, or subsidiaries in which it directly or indirectly holds 100% of the issued shares or total capital engage in the following transactions with each other. The board of directors may authorize the chairman to proceed with the transactions within NT\$100 million (inclusive), and subsequently report to the most recent board meeting for ratification.

- ① Acquire or dispose of equipment for business use or the rights to use such assets.
  - ② Acquire or dispose of real estate or usage rights assets for business use.
- (3) The company shall obtain the approval of more than half of the members of the audit committee before submitting asset acquisition or disposal transactions for discussion by the board of directors, in accordance with the provisions of item 5.(2), and then present it for a resolution by the board of directors.

If the company or its subsidiaries that are not publicly listed companies in the country engage in transactions under item 5.(2) with a transaction amount exceeding ten percent of the Company's total assets, the Company must submit the information listed in item 5.(2) to the shareholders' meeting for approval before signing the transaction contract and making payments. However, transactions between the Company and its parent company, subsidiaries, or between subsidiaries are not subject to this limitation. The calculation of the transaction amount shall be conducted in accordance with the provisions of Article 6, Paragraph 1, Item 7. It has been approved by the Audit Committee in accordance with the regulations of this procedure and submitted to the shareholders' meeting, board of directors, and the Audit Committee for approval, and the portion that has been approved does not need to be recalculated.

- (4) The company shall assess the reasonableness of the transaction costs when acquiring real estate or its usage rights from related parties, according to the following methods, and shall consult with an accountant for review and to express specific opinions:
- ① The necessary capital interest and costs that the buyer is legally obligated to bear should be added to the transaction price between related parties. The necessary

capital interest cost is calculated based on the weighted average interest rate of the loans borrowed by the company in the year of asset acquisition, but it must not exceed the maximum borrowing interest rate for non-financial industries published by the Ministry of Finance.

- ② If a related party has previously used the subject property to secure a loan from a financial institution, the total assessed value of the loan against the subject property by the financial institution must be considered. However, the actual cumulative loan value against the subject property by the financial institution should reach at least 70% of the assessed total value, and the loan period must exceed one year. This does not apply if the financial institution and one party to the transaction are related parties.
- (5) For those who merge the purchase or lease of the same property, including land and buildings, they may assess the transaction costs separately for the land and buildings according to any method listed in item 5.(4) of this section, and consult with an accountant for review and to express specific opinions.
- (6) If the Company acquires real estate or its usage rights from related parties, it shall handle it in accordance with the provisions of 5.(2) to 5.(3) in the preceding section if any of the following circumstances apply.
  - ① The related party acquires real estate or its usage rights through inheritance or gift.
  - ② The time since the related party entered into a contract to acquire real estate or its usage rights has exceeded five years from the date of this transaction contract.
  - ③ Sign a joint construction contract with related parties, or obtain real estate by commissioning related parties to build on land through land commission or lease land commission.
  - ④ The Company and its parent company, subsidiaries, or subsidiaries in which it directly or indirectly holds 100% of the issued shares or total capital, acquire real estate usage rights assets for business use among each other.
- (7) When the Company acquires real estate or its usage rights from related parties, and the evaluation results according to sections 5.(4) and 5.(5) are lower than the transaction price, it should be handled according to section 5.(8). However, if there are the following circumstances and objective evidence is provided along with specific reasonable opinions from professional appraisers and accountants, this limitation does not apply:
  - ① A related party that acquires land or leases land for further construction may provide evidence that meets one of the following conditions:
    - A. The assessment of the property shall be conducted according to the methods specified in the previous regulations, where the construction cost incurred by related parties is added to a reasonable construction profit. If the total exceeds the actual transaction price, it will be considered. The term "reasonable construction profit" shall be based on the lower of the average gross profit margin

of the construction sector of related parties over the past three years or the most recent gross profit margin published by the Ministry of Finance for the construction industry.

B. Other transactions involving non-related parties for the same property in other floors or nearby areas within one year, which have similar areas and whose transaction conditions are assessed to be comparable after considering the reasonable price differences based on customary practices in real estate sales or leases.

② The company provides evidence that the real estate purchased from related parties or the lease obtained for the use rights of real estate has transaction conditions comparable to other non-related party transactions in the neighboring area within one year and with similar area. The so-called neighboring area transaction cases are based on the same or adjacent blocks and within a radius of no more than 500 meters from the transaction object, or those with similar public valuation; the term "similar area" means that the area of other non-related party transaction cases is not less than 50% of the area of the transaction object; the term "within one year" is based on the date when the acquisition of the real estate or its use rights asset occurs, counting backward for one year.

(8) If the Company acquires real estate or its usage rights from related parties, and the evaluation results according to sections 5.(4) to 5.(7) are lower than the transaction price, the following matters should be handled:

① According to Article 41, Paragraph 1 of the Securities and Exchange Act, a special surplus reserve must be set aside for the difference between the transaction price of real estate or its usage rights and the assessed cost, and this amount cannot be distributed or used for capital increase stock allocation. For investors who evaluate their investments in this company using the equity method and are publicly listed companies, they must also set aside a special surplus reserve based on their shareholding ratio according to the same provision.

② The audit committee shall act in accordance with the provisions of Article 218 of the Company Act.

③ Actions taken pursuant to sections 5.(8) ① and ② shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

④ 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.



- ⑤ When the company obtains real property or right-of-use assets thereof from a related party, it shall also comply with sections 5.(8) ① to 5.(8)② if there is other evidence indicating that the acquisition was not an arms length transaction.

6. Engaging in Derivatives Trading:

(1) Trading principles and strategies:

- ① Operation or hedging strategy: The responsible units of the Company shall engage in various derivative product transactions within the authorized limits of this processing procedure in order to fully utilize excess funds and avoid the reduction of asset value caused by fluctuations in exchange rates and interest rates. The Company's strategy should be based on the avoidance of operational risks, and the operating currency should be limited to foreign exchange income, expenditure, assets or liabilities generated by the Company's business operations. In addition, the transaction counterparty should, as far as possible, choose a financial institution that has business dealings with the Company to avoid credit risk.
- ② Division of responsibilities and performance evaluation guidelines: Only financial department personnel who have been authorized by the board of directors and approved by the chairman can engage in derivative commodity transactions. Approved financial department personnel must submit an evaluation report on the proposed transaction items, purposes, amounts, deadlines, and estimated gains and losses, and submit it to the chairman for approval before implementation.
- ③ Cap on the total amount of trading contracts: The total amount of derivative trading contracts of this company shall not exceed 20% of the company's paid-in capital or NT\$100 million in one year.
- ④ Closing of positions due to trading contract losses: For derivative commodity transactions that are not for hedging purposes (i.e. for trading purposes), except for risk-free arbitrage transactions, in order to avoid major losses caused by drastic changes in trading uncertainties, if the loss amount of an individual contract exceeds 10% of the trading contract or the cumulative loss amount of all contracts within one year exceeds US\$100,000, the position must be closed immediately within two days of the trading time to stop the loss, and a special report must be signed immediately.

The term "within one year" mentioned in the above clauses refers to the date on which the current transaction occurs, and is calculated back one year.

(2) Transaction risk management measures:

- ① Credit risk management: The company's trading partners are limited to well-known domestic and foreign financial institutions and the products they provide.
- ② Market risk management: Mainly based on the public foreign exchange market provided by banks, and not considering the futures market for the time being.

- ③ Liquidity risk management: To ensure market liquidity, financial products with high liquidity (i.e., able to be flattened in the market at any time) are selected. Financial institutions entrusted with transactions must have sufficient information and the ability to trade in any market at any time.
- ④ Cash flow risk management: To ensure the stability of working capital turnover, the company's source of funds for derivative commodity transactions is limited to its own funds, and the amount of its operations should take into account the funding needs of the cash receipts and payments forecast for the next three months.
- ⑤ Operational risk management: The company's derivatives trading personnel and confirmation, delivery and other operational personnel shall not hold concurrent positions; risk measurement, supervision and control personnel shall belong to different departments from the personnel in the preceding paragraph and shall report to the board of directors or to senior executives who are not responsible for trading or position decisions; when trading personnel engage in derivatives trading, they shall establish a reference book and record in detail the type of derivatives trading, amount, date of approval by the board of directors and matters that should be carefully evaluated in accordance with this handling procedure.
- ⑥ Commodity risk management: Internal traders should have complete and correct professional knowledge of financial products and require banks to fully disclose risks to avoid misuse of financial product risks.
- ⑦ Legal risk management: Documents signed with financial institutions should be reviewed by specialized legal advisors before they can be formally signed to avoid legal risks.

### (3) Internal Audit System

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 trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, Audit committee shall be notified in writing.

### (4) Regular evaluation methods and abnormal handling situations

- ① For derivative commodity trading contracts, the finance department should calculate the net profit and loss based on the market price every week and submit it to the chairman for review. For the positions held, it should be evaluated at least once a week and submitted to the chairman for review. However, for hedging transactions for business transactions, it should be evaluated at least twice a month, and the evaluation report should be submitted to the chairman for review, so as to determine whether to make offsetting transactions in advance.
- ② The finance department should pay attention to market changes at all times. When it finds abnormal market prices or the loss amount of the positions held reaches the

standard for stop loss, it should formulate necessary response measures and report to the chairman immediately.

(5) Supervision and Management

The board of directors authorizes the financial department personnel approved by the chairman to engage in derivative commodity transactions in accordance with the relevant provisions of this handling procedure and shall report to the most recent board of directors afterwards.

The chairman shall always pay attention to the supervision and control of derivatives trading risks, and regularly evaluate whether the risk management procedures currently in use are appropriate and whether they are in compliance with the company's established transaction processing procedures; and shall always pay attention to market changes. When any abnormality is found in the evaluation report, or the amount of loss on the position held reaches the standard for stop loss, the chairman shall take necessary response measures and report to the board of directors immediately. The board of directors shall have independent directors present and express their opinions.

During the board of directors meeting, directors shall have necessary discussions on whether the performance of the company's derivatives trading is in line with the established business strategy and whether the risks assumed are within the company's tolerance.

7. Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

- (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 a public 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 public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.
- (2) The company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in 7.(1) 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.

- (3) 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) A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
- (5) A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
- (6) When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall 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 director meetings.
- (7) When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days 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 7.(6) ① and ② to the FSC for recordation.
- (8) Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement

with such company whereby the latter is required to abide by the provisions of 7.(6) and 7.(7).

- (9) 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.
- (10) 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 their shareholders' meeting. The companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
  - ① Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
  - ② An action, such as a disposal of major assets, that affects the company's financial operations.
  - ③ An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
  - ④ An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
  - ⑤ An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
  - ⑥ Other terms/conditions that the contract stipulates may be altered and that have been publicly
- (11) The contract for participation by the companies in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
  - ① Handling of breach of contract.
  - ② Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.

- ③ The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
  - ④ The manner of handling changes in the number of participating entities or companies.
  - ⑤ Preliminary progress schedule for plan execution, and anticipated completion date.
  - ⑥ Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- (12) After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
- (13) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of 7.(4) to 7.(9) and 7.(12).

#### Article 6: Public Announce and Report Procedures:

- I. Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:
1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 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 meets any of the following criteria:

- (1) For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
  - (2) For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership 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 paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
  - (1) Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.
  - (2) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
7. The calculation method of the transaction amount in the preceding paragraph is as follows, and "Within the preceding year" as used in the paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.
  - (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 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.
8. 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 FSC by the 10th day of each month.
9. When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

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

II. 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 regulations, a public report of relevant information shall be made on the information reporting website designated by the Financial Supervisory Commission within 2 days counting inclusively 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.

III. The format of public announcements shall be in accordance with the public announcement format prescribed by the Financial Supervisory Commission.

Article 7: In addition to acquiring assets for business use, the Company and its subsidiaries may also invest in the purchase of real estate and its right-to-use assets or securities not for business use, and the limits on the amounts are as follows:

- I. The total amount of real estate and its right-to-use assets purchased by the company and its subsidiaries individually shall be limited to 20% of the paid-in capital of the company and its subsidiaries individually.
- II. The total amount of investment (excluding the assessment of loss allowance) in long-term and short-term securities made by the company and its subsidiaries individually shall not exceed the total amount of shareholders' equity in the most recent financial statements, unless approved by the company and its subsidiaries' individual shareholders' meetings. The total amount of short-term investment in a single security (excluding the assessment of loss allowance) shall not exceed 50% of the total amount of shareholders' equity in the most recent financial statements.

Article 8: The control procedures for the acquisition or disposal of assets by the company's subsidiaries:

- I. In addition to complying with the limit in the previous article, the company's subsidiaries shall establish asset acquisition or disposal procedures in accordance with the regulations of the Financial Supervisory Commission and shall follow the relevant procedures when acquiring or disposing of assets.
- II. Where a subsidiary of the company is not a domestic public company and acquires or disposes of assets that meet the standards for public announcement and reporting



prescribed in these procedures, the company shall do so.

III. The paid-in capital or total assets of the subsidiaries of the company shall be based on the paid-in capital or total assets of the company.

Article 9: When the managers and handling personnel of the company violate the provisions of this procedure, they will be punished according to the severity of the circumstances and the relevant regulations of the company.

Article 10: Matters not covered in this procedure shall be handled in accordance with relevant laws and regulations and the Company's relevant regulations.

Article 11: This operating procedure must be agreed by the audit committee, and be approved by the board of directors, and it shall be implemented upon the consent of the shareholders' meeting. The same applies to amendments.

If the resolution is not approved by more than half of all members of the audit committee, it may be implemented by the approval of 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.

The total number of members of the audit committee and the total number of directors referred to in the preceding paragraph shall be calculated based on those actually in office.

Article 12: This procedure was established on November 29, 2010.

The 1<sup>st</sup> amendment was made on April 12, 2012.

The 2<sup>nd</sup> amendment was made on June 11, 2014.

The 3<sup>rd</sup> amendment was made on June 2, 2015.

The 4<sup>th</sup> amendment was made on June 6, 2016.

The 5<sup>th</sup> amendment was made on June 8, 2017.

The 6<sup>th</sup> amendment was made on June 5, 2019.

The 7<sup>th</sup> amendment was made on June 10, 2020.

The 8<sup>th</sup> amendment was made on June 6, 2022.

The 9<sup>th</sup> amendment was made on June 4, 2025.

#### Notice to readers

*This English-version guideline is a translation of the Chinese version and is not an official document. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.*