



## **Procedures for Acquisition or Disposal of Assets**

### **取得或處分資產處理程序**

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#### **Article 1 Purpose**

This Company and its subsidiaries' acquisition or disposal of assets should be made in accordance with the following Procedures. Any other matters not set forth in the Procedures shall be dealt with in accordance with applicable laws, rules, and regulations.

#### **Article 2 Scope**

The term "assets" as used in the Procedures includes the following:

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

#### **Article 3 Responsible Department**

Board of Directors.

#### **Article 4 Definition**

Terms used in the Regulations are defined as follows:

1. **Derivatives:** Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
2. **Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law:** Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.
3. **Related party and subsidiaries:** As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. **Professional appraiser:** Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. **Date of occurrence:** Refers to the date of contract signing, date of payment, date of



consignment trade, date of transfer, dates of boards of directors resolutions, or another date that can confirm the counterparty and monetary amount of the transaction, whichever date is the earliest, provided that, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

6. **Mainland China area investment:** Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Any undefined terms in the Procedures shall be subject to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by the authority-in-charge of securities.

When calculating the "10 percent of total assets" as stipulated in the Procedures, "total assets" shall refer to the value of the total assets as stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Article 5 Management of Professionals' Appraisals and Opinions**

1. Professional appraisers and their officers, certified public accountants, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction
2. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or certified public accountant's opinion.

#### **Article 6 Scope of and Limits on Investment**

Total investment in real property and marketable securities by the company and each subsidiary for non-business use is limited as described below:

1. Total investment in non-business use real property shall not exceed **40 percent** of the Company's total paid-in capital (which is the total of capital and additional paid-in capital of both common and preferred stocks); total investment in non-business use real property by a subsidiary of the Company shall not exceed **40 percent** of such subsidiary's total paid-in capital (which is the total of capital and additional paid-in capital of both common and preferred stocks).
2. Total investment in securities shall not exceed **100 percent** of the Company's total paid-in capital (which is the total of capital and additional paid-in capital of both common and preferred stocks); total investment in securities by a subsidiary of the Company shall not exceed **100 percent** of such subsidiary's total paid-in capital (which is the total of capital and additional paid-in capital of both common and preferred stocks).
3. Individual investment in each security shall not exceed **100 percent** of the Company's total paid-in capital (which is the total of capital and additional paid-in capital of both common and preferred stocks); individual investment in each security by a subsidiary of the Company shall not exceed **100 percent** of such subsidiary's total paid-in capital (which is the total of capital and additional paid-in capital of both common and preferred stocks).

#### **Article 7 Procedures for Acquisition and Disposal of Real Property and Equipment**



**1. Evaluation and Operation Procedures**

The Company shall follow the Procedures when conducting transactions involving acquisition and disposal of real property and equipment.

**2. Approval Matrix**

- (1) For acquisition and disposal of any real property with a value of **NT\$10 million** and below, the transaction should be approved by the Chief Executive Officer; for any such transaction where the value exceeds **NT\$10 million** but no more than **NT\$20 million**, such transaction should be approved by the Chairman of the Board of Directors and subsequently submitted at the next meeting of the Board of Directors for ratification; for any such transaction where the value exceeds **NT\$20 million**, such transaction shall be approved by the Board of Directors.
- (2) For acquisition and disposal of equipment with a value of **NT\$10 million** and below, the transaction should be approved by the Chief Executive Officer ; for any such transaction where the value exceeds **NT\$10 million** but no more than **NT\$20 million**, such transaction should be approved by the Chairman of the Board of Directors and subsequently submitted at the next meeting of the Board of Directors for ratification; for any such transaction where the value exceeds **NT\$20 million**, such transaction shall be approved by the Board of Directors.

**3. Execution Party**

The acquisition and disposal of real property and equipment should be approved in accordance to the preceding paragraph and be executed by the relevant party determined by the Board of Directors.

**4. Appraisal Report for Real Property or Equipment**

In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the Company's paid-in capital or exceeds NT\$300 million, unless transacting with a government agency, engaging others to build on the Company's own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, the Company shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any future changes 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 in accordance with the provisions of Statement of Auditing Standards No. 20 published by the R.O.C. Accounting Research and Development Foundation ("ARDF") and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:



- I. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
  - II. 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 three (3) months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date, provided that, where the publicly announced current value for the same period is used and not more than six (6) months have elapsed, an opinion may still be issued by the original professional appraiser.

## **Article 8 Acquisition and Disposal of Securities**

### **1. Evaluation and Operation Procedures**

The Company shall follow the Procedures when conducting transactions involving acquisition and disposal of securities.

### **2. Approval Matrix**

- (1) When the securities are acquired or disposed through a securities exchange market or OTC market, the current stock or bond prices shall be used as the basis for price determination. For transactions with a value of **NT\$5 million** and below, the transaction should be approved by the Chief Executive Officer; for any such transaction where the value exceeds **NT\$10 million** but no more than **NT\$20 million**, the transaction should be approved by the Chairman of the Board of Directors and subsequently submitted at the next meeting of the Board of Directors for ratification; for any such transaction where the value is exceeds **NT\$20 million**, such transaction shall be approved by the Board of Directors.
- (2) When acquiring or disposing of securities which are not traded on any securities exchange market or OTC market, the net worth per share, profitability, potential of future growth shall be evaluated. All such transactions shall be approved by the Board of Directors before the transactions are made.

### **3. Execution Party**

The acquisition and disposal of securities should be approved in accordance to the preceding paragraph and be executed by the relevant party determined by the Board of Directors.

### **4. Professional Appraisal**

When 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 reaches 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. If the certified public accountant needs to use the report of an expert as evidence, the certified public accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the authority in charge.

## **Article 9 Acquisition and Disposal of Membership or Intangible Asset**



**1. Evaluation and Operation Procedures**

The Company shall follow the Procedures when conducting transactions involving acquisition and disposal of memberships and intangible assets.

**2. Approval Matrix**

- (1) For acquiring and disposal of memberships, the Company shall take fair market price into consideration when determining transaction terms and amounts. For transactions with a value of **NT\$10 million** and below, such transaction should be approved by the Chief Executive Officer; for any such transaction with a value exceeds **NT\$10 million** but no more than **NT\$20 million**, such transaction should be approved by the Chairman of the Board of Directors and subsequently submitted at the next meeting of the Board of Directors for ratification; for any such transaction where the value exceeds **NT\$20 million**; such transaction shall be approved by the Board of Directors before the transaction is made.
- (2) With regard to the acquisition and disposal of intangible assets, when determining transaction terms and amounts, the Company shall take into consideration reports issued by professional appraisers and/or fair market price, then make and present an analysis report to the Chairman of the Board of the Directors. Transactions with a value of **NT\$10 million** and below should be approved by the Chief Executive Officer; for any such transaction where the value exceeds **NT\$10 million** but no more than **NT\$20 million**, such transaction should be approved by the Chairman of Board of Directors and subsequently submitted at the next meeting of the Board of Directors for ratification; for any such transaction where the value exceeds **NT\$20 million**, such transaction shall be approved by the Board of Directors before the transaction is made.

**3. Execution Party**

The acquisition and disposal of memberships or intangible assets should be approved in accordance to the preceding paragraph and to be executed by the relevant party determined by the Board of Directors.

**4. Professional Appraisal**

Where the Company acquires or disposes of memberships or intangible assets and 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 government agency, 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; the certified public accountant shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

**Article 10 Related Parties Transactions**

**1. Evaluation and Operation Procedures**

When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in accordance with the three preceding Articles and this Article, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall obtain an appraisal report from a professional appraiser or a certified public accountant's opinion in accordance with the three preceding Articles. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

## **2. Approval Matrix**

- (1) When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent of the Company's paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in the case of the acquisition or disposal of government bonds or other bonds under repurchase/resale agreements, or the purchase or redemption of R.O.C. money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been presented to the Audit Committee and approved by over one half of all members of the Audit Committee (if the Company has established an Audit Committee), and then approved by a resolution of the Board of Directors:
  - I. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
  - II. The reason for choosing the related party as a trading counterparty.
  - III. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with paragraph 3 of this Article.
  - IV. The date and price at which the related party originally acquired the property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
  - V. 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.
  - VI. An appraisal report from a professional appraiser or a certified public accountant's opinion obtained in compliance with paragraph 1 of this Article.
  - VII. Restrictive covenants and other important stipulations associated with the transaction.
- (2) With respect to the acquisition or disposal of business-use equipment between the Company and its subsidiaries, the Chairman of the Board of Directors under delegation by the Board of Directors may decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the Board of Directors at its next meeting.
- (3) Where the Company has created Independent Director positions, when a matter is submitted for discussion by the Board of Directors pursuant to the preceding subparagraph, the Board of Directors shall take into full consideration each Independent Director's opinion. 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.
- (4) If the Company has established an Audit Committee, the matters for which subparagraph (1) of this paragraph requires approval by more than half of all Audit Committee members but such approval has not been obtained shall be subject to mutatis mutandis application of the provisions of paragraphs 6 and 7 of Article 16.

## **3. Appraisal of Reasonableness**



- (1) When the Company acquires real property from a related party, the Company shall evaluate the reasonableness of the transaction costs based on the following criteria:
  - I. 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" refers to the weighted average interest rate on borrowing in the year the Company purchases the property, provided that it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance of the R.O.C.
  - II. 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 that the actual cumulative amount loaned by the financial institution shall be 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.
- (2) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the methods listed in the preceding paragraph.
- (3) When the Company acquires real property from a related party and appraises the cost of the real property in accordance with subparagraph (1) and subparagraph (2) of this paragraph, the Company shall also engage a certified public accountant to confirm the appraisal and render a specific opinion.
- (4) When the results of the Company's appraisal conducted in accordance with subparagraph (1) and subparagraph (2) of this paragraph are uniformly lower than the transaction price, the matter shall be handled in compliance with subparagraph (5) of this paragraph. However, where the following circumstances exist, and 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:
  - I. Where the related party 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 subparagraphs (1), (2),(3) and (6) of this paragraph, and structures are appraised according to the related party's construction cost plus reasonable construction profit, and the aggregate value is in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance of the R.O.C., whichever is lower.
    - (b) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring areas, 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 practices.
- (c) Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.
- II. Where the Company is able to provide evidence showing that the terms of the transaction of a real property between the Company and a related party are similar to the terms of transactions completed for the acquisition of neighboring areas of a similar size by unrelated parties within the preceding year.
  - III. Completed transactions for neighboring areas in the preceding paragraphs in principle refer to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.
- (5) Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with subparagraphs (1) to (4) and (6) of this paragraph are uniformly lower than the transaction price, the following steps shall be taken:
- I. A special reserve shall be set aside in accordance with the applicable laws, rules, and regulations against 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 a public company uses the equity method to account for its investment in the Company, then the special reserve called for under the applicable laws, rules, and regulations shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the Company.
  - II. If the Company has established an Audit Committee, the Audit Committee shall review the relevant documents and may request that the Board of Directors or the managers submit a report to it. In addition, the Audit Committee may retain attorneys or certified public accountants to examine or audit the transaction.
  - III. Actions taken pursuant to the preceding points I and II shall be reported at a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any prospectus.
  - IV. If the Company has set aside a special reserve under this subparagraph, the Company may not utilize the special reserve until it has recognized a loss or decline in market value of the assets it purchased at a premium, or they have been disposed of, 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 authority in charge has given its consent.
- (6) When the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with



the matrix set forth in paragraph 2 of this Article, and subparagraphs (1), (2), and (3) of this paragraph shall not apply:

- I. The related party acquired the real property through inheritance or as a gift.
  - II. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
  - III. The real property is acquired through signing of a joint development contract with the related party or through engaging the related party to build on the Company's own land or on rented land.
- (7) When the Company obtains real property from a related party, it shall also comply with subparagraph (5) of this paragraph if there is other evidence indicating that the acquisition was not an arms-length transaction.

#### **4. Others**

Shall the Company lose its effective control over ASLAN Pharmaceuticals Pte. Ltd., ASLAN Pharmaceuticals Taiwan Ltd., ASLAN Pharmaceuticals Hong Kong Ltd, and ASLAN Pharmaceuticals(Shanghai) Co. Ltd. due to directly/indirectly waive its subscription right to the capital increase in those companies in the future, or directly/indirectly dispose the shares of those companies, a resolution by a majority voting of the directors present at a board meeting attended by two-thirds of the company's directors will be required with all independent directors attending the board meeting and provide opinions. The aforesaid resolution and the consequent amendments to the "Procedures for Acquisition or Disposal of Assets" shall be disclosed in MOPS as Material Information, and report in written to TPEX.

#### **Article 11 Computation of Transaction Amount**

The calculation of the transaction amounts referred to in the preceding four Articles shall be done in accordance with paragraph 2 of Article 13, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a certified public accountant's opinion has been obtained pursuant to the Procedures need not be counted toward the transaction amount.

#### **Article 12 Mergers and Consolidation, Demerger, Acquisition, and Assignment of Shares**

1. When the Company conducts a merger, demerger, acquisition, or transfer of shares, prior to convening a meeting of the Board of Directors to resolve the matter, 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 the opinion to the Board of Directors for approval.
2. The Company shall prepare a public report detailing important contractual content and matters relevant to the merger, demerger, or acquisition and send a meeting notification prior to the shareholders' meeting together with the expert opinion referred to in the preceding paragraph as reference material. This restriction shall not apply where other applicable laws exempt the Company from convening a shareholders' meeting to approve the merger, demerger, or acquisition.
3. Where the meeting of shareholders 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 another legal restriction, or the proposal is rejected by the shareholders, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason for the failure or rejection, 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 same day to resolve matters relevant to the merger, demerger, or acquisition, unless otherwise provided by other applicable laws or approved by the FSC. Companies participating in a transfer of shares shall convene board of directors' meetings on the same day, unless otherwise provided by another act or approved in advance by the authority in charge.
5. 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 non-R.O.C. 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 letters of intent or memorandums of understanding, material contracts, and minutes of relevant board of directors' meetings.
6. All parties or persons involved in or aware of the merger, spin-off, acquisition and transfer of shares of the Company shall produce a written commitment of confidentiality not to disclose the relevant information and purchase or sell the stocks or other equity-type securities of all companies related to the merger, spin-off, acquisition and transfer of shares.
7. When participating in a merger, demerger, acquisition, or transfer of the shares of another company that is listed on an exchange or has its shares traded on an OTC market, the Company shall, within 2 days commencing immediately from the date of passage of a resolution by the Board of Directors, report the information set out in subparagraphs (1) and (2) of paragraph 5 to the authority in charge in the prescribed format and via the Internet-based information system.
8. When participating in a merger, demerger, acquisition, or transfer of the shares of another company that 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 paragraphs 5 and 7.
9. The ratio of share exchange or purchase price of the Company's merger, demerger, acquisition and transfer of shares shall not be changed at will except in the following circumstances, and the change shall be stipulated in the contract for the merger, demerger, acquisition or transfer:
  - (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-type 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, which affects shareholder equity or share price.
  - (4) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares buys back treasury stock in accordance with applicable laws.
  - (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.
10. When the Company is involved in a merger, demerger, acquisition or transfer of shares, the contract shall specify the following matters along with other rights and obligations of the companies engaging in the merger, demerger, acquisition or transfer of shares:
- (1) Handling of breaches 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 that participating companies are permitted under applicable laws to buy back after the record date of calculation of the share exchange ratio, and the principles for the 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.
11. 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 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.
12. If any company involved in the merger, demerger, acquisition and transfer of shares is not a publicly listed company, the Company shall sign an agreement with it and proceed according to the paragraphs 4 to 8 and 11 of this Article.

### **Article 13 Public Disclosure of Information**

1. After the public offering of the shares of the Company in the R.O.C., when acquiring or disposing of assets, the Company shall publicly announce and report the relevant information on the website designated by the authority in charge within 2 days commencing immediately from the date of occurrence of any of the following circumstances in accordance with the applicable laws, rules, and regulations:



- (1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, provided that this shall not apply to trading of government bonds, or bonds under repurchase/resale agreements, or purchase or redemption of domestic money market funds of the R.O.C.
  - (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 Company's "Procedures for Derivatives Transactions".
  - (4) Where an asset transaction other than any of those referred to in the preceding three subparagraphs is 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 that this shall not apply to the following circumstances:
    - I. Trading of government bonds.
    - II. Securities trading by investment professionals on foreign or domestic securities exchanges or OTC markets, or subscription of securities by a securities firm, either in the primary market or in accordance with relevant regulations.
    - III. Trading of bonds under repurchase/resale agreements, or purchase or redemption of domestic money market funds of the R.O.C.
    - IV. Where the type of asset acquired or disposed of is equipment for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.
    - V. Where real property is acquired under an arrangement engaging others to build on the Company's own land, engaging others to build on rented land, or involving joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is less than NT\$500 million.
2. "Amount of transactions" as used in the preceding paragraph shall be calculated as follows:
    - (1) The monetary value of any individual transaction.
    - (2) The cumulative value of acquisitions and disposals of the same type of underlying assets with the same trading counterparty within the preceding year.
    - (3) The cumulative value of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
    - (4) The cumulative value of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same securities within the preceding year.
  3. "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 the Procedures need not be counted toward the transaction amount.



4. When the Company makes an error or omission in an item required by regulations to be publicly announced, all the items shall be properly corrected and publicly announced in their entirety.
5. When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and certified public accountant, attorney, and securities underwriter opinions at the Company headquarters, where they shall be retained for at least 5 years except where other applicable laws provide otherwise.
6. When any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced, a public report of relevant information shall be made on the information reporting website designated by the authority in charge within 2 days commencing immediately from the date of occurrence of the event:
  - (1) Change, termination, or rescission of a contract signed in regard to the original transaction.
  - (2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
  - (3) Change to the originally publicly announced and reported information.

**Article 14 Control Procedures for Acquisition and Disposal of Assets by Subsidiaries**

1. The subsidiaries of the Company should establish their own respective Procedures for Acquisition or Disposal of Assets in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies of the R.O.C.
2. If the subsidiary is not a public listed company in the R.O.C., the Company will proceed with the disclosure and report if the subsidiary satisfies the criteria set forth in Chapter 3 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies of the R.O.C.
3. The paid-in capital or total assets of the Company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to paragraph 1 of Article 30 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies of the R.O.C., which requires a public announcement and regulatory filing in the event that the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of total assets.

**Article 15 Sanctions for Non Compliance**

Any personnel who violate the Procedures or the applicable laws, rules, and regulations are subject to receiving warnings, demerit records, demotions, suspensions, wage cuts, and other sanctions depending on the circumstances of the violation, and subject to internal reviews.

**Article 16 Implementation and Amendment**

1. After the Company has established an Audit Committee, where the Company's acquisition or disposal of assets shall be approved by the Board of Directors in accordance with the Procedures or any other applicable laws, rules, or regulations, if any director expresses dissent and it is included in the minutes or a written statement, the Company shall submit the Director's dissenting opinion to the Audit Committee.
2. After the Company has established an Audit Committee, where an acquisition or disposal of assets is discussed during Board of Directors' meetings in accordance with the preceding paragraph, each Independent Director's opinion shall be taken into full consideration. 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.

3. After the Company has established an Audit Committee, where a material asset trading shall be approved by more than half of all Audit Committee members, then be approved by the Board of Directors, paragraphs 6 and 7 of this Article shall be applied mutatis mutandis.
4. The Procedures shall be approved by the Board of Directors then submitted at a shareholders' meeting for approval, and the same applies when the Procedures are amended. If the Company has established an Audit Committee, amendments to the Procedures should be approved by more than half of all Audit Committee members, then submitted to the Board of Directors for approval, and then to a shareholders' meeting for approval. If any Director expresses dissent and the dissenting opinion is included in the minutes or a written statement, the Company shall submit the Director's dissenting opinion to the Audit Committee.
5. After the Company has created Independent Director positions, when the Procedure are submitted to the Board of Directors for discussion, the Board of Directors shall take into full consideration each Independent Director's opinion. If an Independent Director objects to or expresses reservations about any matter, his/her opinion shall be recorded in the minutes of the Board of Directors' meeting.
6. After the Company has established an Audit Committee, the adoption or amendment of the Procedures should be made in accordance to paragraph 4 of this Article. If the amendments are not approved by more than half of all Audit Committee members may be alternatively approved by more than two thirds of all Directors. The resolution adopted by the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.
7. The terms "all Audit Committee members" in paragraph 4 and "all Directors" in the preceding paragraph shall be defined based on the actual number of persons currently holding those positions.