

# EVERGREEN STEEL COPORATION

## PROCEDURES FOR ACQUIRING AND DISPOSING OF ASSETS

### Chapter 1: General

#### **Article 1**

These Procedures shall apply whenever the Company acquires or disposes of assets.

#### **Article 2**

The term “assets” as used herein shall apply to:

1. Investments in stocks, government bonds, corporate bonds, bank debentures, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial securities, asset-based securities, etc.;
2. Real estates (including land, houses and buildings, investment property, and inventory of a construction company) and equipment;
3. Membership cards;
4. Intangible assets, such as patents, copyrights, trademarks, franchises, etc.;
5. Right-of-use assets;
6. Obligatory rights of financial institutions (including the receivables, discounts on exchange, loans, and dishonored receivables);
7. Derivative products;
8. Assets to be acquired or disposed of by mergers, splits, acquisitions or stock transfer according to the laws; and
9. Other important assets.

#### **Article 3**

The following expressions shall be respectively defined as below:

1. Derivative products: Any forward contracts, option contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term “forward contracts” as used herein shall not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts and long-term purchase (sales) contracts.

2. Assets to be acquired or disposed of by mergers, splits, acquisition or stock transfer according to the laws: Any assets acquired or disposed of by mergers, splits or acquisitions according to the Enterprises' Acquisition and Merger Law, the Financial Holding Company Act, the Law Governing Merger of Financial Institutions, or other applicable laws; or the stocks of another company acquired by the issuance of new shares in accordance with the provision of Article 156-3 of the Company Act (hereinafter referred as the "stock transfer".)
3. Related party and Subsidiary: As specified in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Real estate appraiser or any other one who may be engaged by law in the business of appraising real estates and equipment.
5. Occurrence date: Being the date of contract, date of payment, date of transaction, date of transfer, date of resolution by the Board of Directors, or other date sufficiently confirming the counterpart and trading amount, whichever is earlier. However, if it is an investment requiring the approval by the competent authority, then the occurrence date will be one of the aforesaid dates or the date of such approval, whichever is earlier.
6. Investments in Mainland China: Those investments made in Mainland China according to the provisions set forth in the "Approval Guidelines for Engagement in Investments or Technological Cooperation in Mainland China" as promulgated by the Investment Commission, Ministry of Economic Affairs.
7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
9. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

#### **Article 4**

As for any appraisal report, or any written opinion issued and made available by certified public accountant (“CPA”), lawyer or securities underwriter to the Company, such professional appraiser and its appraisal personnel, CPA, lawyer or securities underwriter shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of the Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of associations and the following matters:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When executing a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
3. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.

#### **Article 5**

When the Company intends to acquire or dispose of any asset, the evaluation,

appraisal report or relevant data shall be submitted by the department in charge after evaluating risk & economic efficiency or obtaining appraisals by the department of general affairs, department of finance, or other relevant departments. Then, the Company may not proceed with the transaction until approved by the Board of Directors or other competent authority in accordance with the regulations of the “Table of Authority Limit of Acquiring and Disposing of Assets & other Financial Matters” approved by the Board of Directors.

Price of the aforesaid asset shall be determined by either market price, net value per share, price enquiry, price competition, price negotiation, or public bid. In the case of real estate or right-of-use assets thereof, then declared value, assessed value, and actual transaction price of adjacent area real estates shall also be used as the reference of price determination.

## **Chapter 2: Procedures**

### **Section 1:**

#### **Acquiring or Disposing of Assets and Engaging in Transactions of Derivative Products**

#### **Article 6**

The Company may acquire real estates or right-of-use assets thereof for non-business use, but the accumulated acquisition amount indisposed shall not exceed 50% of equity as stated in the latest parent company only financial report of the Company.

Total amount of investment made by the Company in valuable securities shall not exceed the total of equity and non-current liabilities as stated in the latest parent company only financial report of the Company.

Total amount of investment made by the Company in any individual valuable security shall not exceed 50% of equity as stated in the latest parent company only financial report of the Company.

The amount of real estates and right-of-use assets thereof acquired for non-business use, and the total amount of securities and limits on individual securities invested by each subsidiary shall be processed in accordance with the respective “Procedures for Acquiring and Disposing of Assets” of subsidiaries.

#### **Article 7**

Upon acquiring or disposing of any real estates, equipment, or right-of-use assets

thereof, unless in the case of dealing with a domestic government agency, commissioning others to make construction on self-owned or leased land, acquiring or disposing of the equipment or right-of-use assets thereof for business use, if the transaction amount thereof is equal to or more than 20% of the Company's paid-in capital or NT\$300,000,000, it must obtain an appraisal report issued by a professional appraiser before the date of occurrence, and the following requirements shall be additionally met:

1. If a limited price, specified price or special price is taken as the reference of trading price due to any special reasons, the transaction concerned shall be first submitted to the Audit Committee for approval and then to the Board of Directors for resolution. When the terms and conditions of this transaction are changed in the future, the aforesaid procedures shall apply.
2. If the transaction amount is NT\$1,000,000,000 or more, at least two professional appraisers shall be retained to conduct the appraisal.
3. When the appraisal made by the professional appraiser results in any of the following circumstances, except that the appraisal amount of acquiring assets are more than the transaction amount or the appraisal amount of disposing assets are less than the transaction amount, a CPA shall be retained to give specific opinion on the cause of difference and whether the transaction price is justified:
  - (1) The appraisal amount differs from the transaction amount by 20% or more of the latter.
  - (2) The appraisal amount of one professional appraiser differs from that of another by 10% or more of the transaction amount.
4. The date of a professional appraisal report shall not exceed three (3) months from the date of contract. However, in case the declared value of same period shall apply, and the appraisal has been made for no more than six (6) months, then the original professional appraiser may issue a written opinion.

## **Article 8**

Before the occurrence date of acquiring or disposing of valuable securities, the Company shall first review the latest audited financial statement of the targeted company as the reference of evaluating transaction price, and if the transaction amount is equal to or more than 20% of the Company's paid-in capital or NT\$300,000,000, a CPA shall be retained to issue the opinion on the trading price before the date of occurrence except under the circumstance that there is a public quoted price on that securities in an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

## **Article 9**

Before the occurrence date of acquiring or disposing of any intangible assets or right-of-use assets thereof or memberships with an amount being equal or more than 20% of the Company's paid-in capital or NT\$300,000,000, except in transacting with a domestic government agency, a CPA shall be retained to issue the opinion on the trading price.

### **Article 9-1**

The transaction amount referred in the preceding three articles shall be computed in accordance with Paragraph 2 of Article 25 except under the circumstance that it has obtained appraisal reports issued by a professional appraiser or CPA's opinions in accordance with these regulations. And the term "within the period of one (1) year" shall mean the period of one (1) year retroactive from the occurrence date of trading concerned.

### **Article 10**

For any assets acquired or disposed of by the Company through the auction by court, certificate issued by the court to the effect can be used to substitute for the appraisal report or CPA's written opinion.

### **Article 11**

Any transaction of derivative products to be made by the Company shall be subject to the "Procedures for Transaction of Derivative Products" as set forth by the Company.

## **Section 2:**

### **Related Party Transactions**

### **Article 12**

If the Company acquires or disposes of assets with a related party, the relevant resolutions and trading terms evaluation, etc. shall be made. Besides, the transaction amount thereof is equal to or more than 10% of the Company's total assets, it must obtain an appraisal report issued by a professional appraiser or CPA's opinions in accordance with the preceding section.

The transaction amount referred in the preceding paragraph shall be computed in accordance with Article 9-1.

In judging whether the trading counter party is a related party, the substantial relationship shall be taken into account, in addition to the legal relationship.

### **Article 13**

The Company acquiring or disposing of real estate or right-of-use assets thereof with a related party, or acquiring or disposing of other assets, except in trading of domestic governments bonds or bonds with a call or put option, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, which transaction amount is equal to or more than 20% of the Company's paid-in capital, 10% of the Company's total assets or NT\$300,000,000 with a related party may sign the contract and make payment only if the following data and information have been submitted first to the Audit Committee and then to the Board of Directors for resolution:

1. Purpose, necessity and expected economic efficiency of acquiring or disposing of assets.
2. Reason of choosing the related party as the trading counter party.
3. The relevant data and information to be used for evaluating the trading terms as provided for in Articles 14 and 15 hereof when acquiring any real estate or right-of-use assets thereof from a related party.
4. Acquisition date, acquisition price, and trading counter party of the related party, and the relationship of such counter party with the Company and the related party.
5. Monthly forecast of cash income & expenditure for a period of 12 months commencing from the month of expected contract signing, and evaluation in regard to the necessity of the transaction and justification of funds utilization.
6. Obtain an appraisal report issued by a professional appraiser or CPA's opinions in accordance with the provisions of the preceding Article.
7. Restrictions and other important matters agreed upon in the transaction.

With respect to the types of transactions listed below, when to be conducted between the Company and its parent company or subsidiaries, or between its subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or authorized capital, it may be approved by Chairman of the Board of Directors, where empowered by the Board of Directors to acquire or dispose of assets within a specific limit, for subsequent submission to and ratification by the next Audit Committee meeting and Board Meeting:

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

If the Company or the subsidiaries that are not domestic public companies has the transaction mentioned in Paragraph 1, and the transaction amount is more than 10% of the Company's total assets, the Company shall submit the documents listed in the Paragraph 1 to the shareholders' meeting for approval before signing the transaction

contract and making payment, provided that where the transaction between the Company and the parent company, subsidiaries, or between its subsidiaries, this restriction shall not apply.

The transaction amount referred in Paragraph 1 and the preceding paragraph shall be computed in accordance with the provisions of Paragraph 2 of Article 25 except under the circumstance that has been submitted for resolution approved by the Audit Committee and then passed by the shareholders' meeting and the Board of Directors in accordance with these regulations. And the term "within the period of one (1) year" shall mean the period of one (1) year retroactive from the occurrence date of trading concerned.

#### **Article 14**

Acquiring a real estate or right-of-use assets thereof from the related party, the Company shall evaluate whether the transaction cost is justified pursuant to one of the following methods:

1. By the transaction price of the related party plus the necessary capital interest cost, and the cost to be borne by the buyer in law. The "necessary capital interest cost" shall be computed at the weighted average interest rate prevailing in the year that the Company borrowed money for buying the real estate concerned, but such an interest rate shall not be higher than the ceiling of loan interest rate for non-banking institutions as published by the Ministry of Finance.
2. By the total assessed value for loan made by a banking institution if the related party has created a mortgage of the real estate to the banking institution for a loan; provided that the actual aggregate loan made by the banking institution is equal or more than 70% of the assessed value of the real estate, and the loan period has lasted for more than one (1) year. Nevertheless, if the banking institution is related with either of the trading parties, then this shall not apply.

If the land and building within the real estate are purchased or leased at the same time, then transaction costs of land and building may be separately evaluated according to either of the aforesaid methods.

Acquiring real estate or right-of-use assets thereof from a related party, the Company shall, in addition to evaluating the cost of real estate or right-of-use assets thereof in accordance with the provisions set forth in the preceding two paragraphs, retain a CPA to review such cost evaluation and express detailed opinion thereon.

Where the Company acquires real estate or right-of-use assets thereof from a related party under any of the following circumstances, it shall be subject to the preceding article hereof, and the preceding three paragraphs shall not apply:

1. The real estate or right-of-use assets thereof has been acquired by the related party due to inheritance or donation.
2. The time when the related party signed to acquire the real estate or right-of-use assets thereof has been more than five (5) years away from the date of contract for this transaction.
3. The real estate is acquired as the result of a joint construction contract, between the Company and the related party, or through commissioning a related party to build real estate, either on the self-owned land or on leased land.
4. The real estate right-of-use assets for business use are acquired by the Company from its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.

### **Article 15**

After evaluations made by the Company as per the paragraphs 1 and 2 of the preceding Article, if the respective results thereof are less than the transaction price, Article 16 shall apply provided that the objective evidence as well as opinions issued by professional real estate appraiser and CPA to support the same shall have been obtained under any of the following circumstances:

1. The related party is acquiring or leasing a piece of undeveloped land for construction, and has made available proofs to meet any of the following requirements:
  - (1) With the undeveloped land price being evaluated according to the methods referred to in the preceding article, and building price computed on basis of the construction cost of the related party plus reasonable construction profit, total amount thereof is higher than the actual transaction price. The “reasonable construction profit” referred to above shall be subject to the average gross profit rate posted by the construction department of the related party for the past 3 years or the latest gross profit rate for construction industry as published by the Ministry of Finance, whichever is lower.
  - (2) Considering the completed transactions made by other non-related parties for other floors with the similar area on the same real estate or in the adjacent area within the period of one (1) year, the trading terms are deemed comparable after reasonable evaluation about the price difference between floors or locations in accordance with real estate transaction or lease practices.
2. The Company has proved that the trading terms for purchasing real estate or obtaining real estate right-of-use assets through leasing from the related party are comparable to those of other completed transactions of similar area made by other non-related parties in the adjacent area within the period of one (1) year.

The completed transactions in the adjacent area referred to above shall, in general, mean those completed transactions of real estates located at the same or nearby street with a distance of less than 500 meters from the real estate concerned, or with approximate declared values. The term “the similar area” shall, in principle, mean the area of completed transaction made by any non-related party which is no less than 50% of the area for the real estate concerned. The term “within the period of one (1) year” shall mean the period of one (1) year retroactive from the occurrence date of acquiring the real estate or right-of-use assets thereof concerned.

### **Article 16**

For any real estate or right-of-use assets thereof acquired from the related party, if the respective results of evaluations made by the Company as per the preceding two articles hereof are less than the transaction price, then:

1. The difference between transaction price and evaluated price of the real estate or right-of-use assets thereof concerned shall be set aside as special reserve according to paragraph 1, Article 41 of the Securities and Exchange Act, and shall not be distributed as cash or stock dividends. If the investor who evaluates its investment in the Company by equity method is a public company, it shall also set aside as a special reserve in proportion to its shareholding in the Company as provided for in paragraph 1, Article 41 of the Securities and Exchange Act.
2. The Independent Directors of the Audit Committee shall perform the duties pursuant to the provisions set forth in Article 218 of the Company Act in which Paragraph 4 of Article 14-4 of Securities and Exchange Act is mutatis mutandis.
3. The actions taken as required in the preceding two subparagraphs hereof shall be reported to the shareholders’ meeting, and details of the transaction concerned shall be disclosed in the annual report and prospectus, respectively.

As to the special reserve set aside under the provisions set forth in the preceding paragraph, it shall not be used until the devaluation loss on the asset purchased or leased at high price has been set aside, or a disposal been made, or the leasing contract has been terminated, or proper compensation been given, or a restoration to the original status been completed, or there are other evidences proving it is justified, and the FSC has approved the use of such reserve.

In case there are other evidences showing the transaction of acquiring real estate or right-of-use assets thereof by the Company from the related party is abnormal, the provisions set for in the preceding two paragraphs shall apply.

### **Section 3:**

#### **Mergers, Splits, Acquisitions and Stock Transfer Companies**

### **Article 17**

Upon carrying out any merger, split, acquisition, or stock transfer, the Company shall, before the deliberation of the acquisition or/and merger by the Audit Committee and the Board of Directors, retain a CPA, lawyer, securities underwriter, or other independent experts to express their opinions about the ratio of share-for-share exchange, tender offer price, or the cash or other properties to be allocated to the shareholders. The opinions shall be submitted to the Audit Committee for approval and the Board of Directors for resolution. However, for the merger of subsidiaries in which the Company directly or indirectly possesses one hundred percent of the issued shares or capital or merger between subsidiaries in which the Company directly or indirectly possesses one hundred percent of the issued shares or capital, the aforementioned rational opinions provided by the experts may be exempted.

### **Article 18**

Upon participating in any merger, split or acquisition, unless otherwise stipulated in other laws that it may not convene the shareholders' meeting, the Company shall prepare an open letter addressed to the shareholders specifying key points and other matters relating to the merger, split or acquisition, and including the experts' opinions and the resolution of the Audit Committee provided in Paragraph 1 of the proceeding Article before the shareholders' meeting, and such open letter shall be, together with the notice of shareholders' meeting, sent to the shareholders as the reference of voting for or against the same.

Among the companies participating in the merger, split, or acquisition, if any of them can't convene its shareholders' meeting for resolution due to insufficient quorum or voting shares, or other legal restrictions, or the resolution relating to such merger, split, or acquisition is rejected in the shareholders' meeting, then those participating companies shall promptly make a public announcement stating the reasons thereof, the follow-up measures to be taken, and the date expected to convene their respective shareholders' meetings.

### **Article 19**

Unless otherwise provided for in other laws or a prior approval has been obtained from the FSC due to special reasons, the companies participating in the merger, split, or acquisition shall convene their respective Board Meetings and shareholders' meeting at the same day to resolve on the matters of such merger, split, or acquisition.

Unless otherwise provided for in other laws or a prior approval has been obtained from the FSC due to special reasons, the companies participating in the stock transfer shall convene their respective Board Meetings at the same day.

When participating in a merger, split, acquisition, or stock transfer, 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 five years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in case foreign nationals) of all persons involved in the planning or implementation of any merger, split, acquisition, or stock transfer 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 the Board Meeting.
3. Important documents and minutes: Including merger, split, acquisition, and stock transfer plans, any letter of intent or memorandum, material contracts, and minutes of Board Meetings.

When participating in a merger, split, acquisition, or stock transfer, a company that is listed on an exchange or has its shares traded on an OTC market shall, within two (2) days of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, split, acquisition, or stock transfer 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 letter is required to abide by the provisions of paragraphs 3 and 4.

### **Article 20**

Anyone, who has participated in or been made known about the companies' merger, split, acquisition or stock transfer plan, shall sign a written non-disclosure agreement undertaking that he/she will not divulge any content of such plan externally before public disclosure of relevant information, nor will he/she buy or sell in his/her own or another one's name any shares or other valuable securities with equity nature of any company in relation with such merger, split, acquisition or stock transfer.

### **Article 21**

When the Company participates in any merger, split, acquisition or stock transfer, the ratio of share-for-share exchange or tender offer price shall not be arbitrarily changed, and conditions of change shall be prescribed in the contract of merger, split, acquisition or stock transfer, except for any of the following circumstances:

1. Capital increase by cash, issuance of convertible bonds, stock dividend distribution, issuance of bonds with warrants, preferred shares with warrants,

subscription warrants, and other valuable equity securities.

2. Any acts significantly affecting the company's finance situation and business operations, such as disposal of major assets.
3. There occurs any major disaster, major technical change, etc. that would significantly affect the shareholders' interest or securities price of the company.
4. Adjustments in treasury stocks legally repurchased by any of the companies that have participate in the merger, split, acquisition or stock transfer.
5. Changes in the companies participating in the merger, split, acquisition or stock transfer, or increase/decrease in the number of the participants.
6. Other conditions under which a change may be made as stipulated in the contract concerned and publicly disclosed.

## **Article 22**

When the Company participates in any merger, split, acquisition or stock transfer, the contract thereof shall specify the rights and obligations of any participating companies. Also, the following matters shall be specified in that contract:

1. Measures to deal a default.
2. Measures to deal the treasury stocks or the valuable equity securities issued by the extinguished or split company prior to the merger.
3. Number of treasury stocks that any participating company may repurchase in accordance with laws after the based date for computing the ratio of share-for-share exchange, and measures to deal with the same.
4. Measures to deal with the changes in the companies participating in the merger, split, acquisition or stock transfer, or increase/decrease in the number of the participants.
5. Expected progress schedule and expected completion date.
6. Expected date for convening a shareholders' meeting according to the law, and other related procedures in case it fails to complete as scheduled.

## **Article 23**

After the information about merger, split, acquisition or stock transfer have been disclosed, if any of the participating companies intends to carry out a further merger, split, acquisition or stock transfer with a third party company, then the procedures or legal acts already completed by all original participating companies shall be redone, unless their respective shareholders' meeting has previously passed a resolution authorizing the Board of Directors to make such changes without another resolution passed in the shareholders' meeting.

## **Article 24**

If there is a non-public company among the companies participating in the merger, split, acquisition or stock transfer, the Company shall sign an agreement with it and proceed pursuant to the provisions set forth in Articles 19, 20 and 23 hereof.

## **Chapter 3: Disclosure of Information**

### **Article 25**

If the asset acquired or disposed of by the Company falls within one of the following circumstances, relevant information shall be publicly announced and reported, in the specified form by its nature, on the website designated by the FSC within two (2) days from the occurrence date:

1. Acquiring or disposing of real estate or right-of-use assets thereof with a related party, or acquiring or disposing of other assets with a related party which transaction amount is equal to or more than 20% of the Company's paid-in capital, 10% of the Company's total assets or NT\$300,000,000; provided, this shall not apply to trading of domestic government bonds or bonds with a call or put option, subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Merger, split, acquisition or stock transfer.
3. Loss on the transaction of derivative products has reached the ceiling for any individual or all contracts as stipulated in the procedures governing the transactions thereof.
4. Assets acquired or disposed of are the equipment or right-of-use assets thereof for business purpose, for which the seller or buyer is not a related party, and the transaction amount is equal to or more than NT\$500,000,000.
5. Real estates or right-of-use assets thereof acquired or disposed of for construction purpose due to the fact that the Company engages in construction business, for which the seller or buyer is not the related party, and the transaction amount is equal to or more than NT\$500,000,000. However, if the Company disposes of real estate from a completed construction project which is constructed by the Company and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1,000,000,000 or more.
6. Real estates acquired by construction on self-owned or leased land, sharing under joint construction, sharing profits under joint construction, or selling separately under joint construction, and furthermore the transaction counterparty is not a related party, for which the expected transaction amount of the Company is equal to or more than NT\$500,000,000.

7. For other assets transactions than those referred to in the preceding six subparagraphs, the disposal of obligatory rights by the financial institution or investments in China, the transaction amount is equal to or more than 20% of the Company's paid-in capital or more than NT\$300,000,000, with the exceptions as follows:

- (1) Purchase and sale of domestic government bonds or foreign government bonds with a rating not lower than the sovereign rating of Taiwan.
- (2) Where done by professional investors— securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds or ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds or to subscribe or redeem index investment securities.
- (3) Purchase and sale of bonds with a call or put option, subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

Transaction amount referred in preceding paragraph shall be computed as follows:

1. Amount of each transaction.
2. Accumulated amount of transactions with same trading counter party for acquiring or disposing of subject matters of same kind within one (1) year.
3. Accumulated amount in regard to acquisitions or disposal of real estates or right-of-use assets thereof under the same development project within one (1) year (acquisitions and disposals to be accumulated separately.)
4. Accumulated amount in regard to acquisitions or disposal of the same securities within one (1) year (acquisitions and disposals to be accumulated separately.)

The term “within one (1) year” as referred to in preceding paragraph shall mean the period of one (1) year computed retroactively from the occurrence date of the transaction concerned; and any portion already publicly announced according to these Procedures may not be re-counted in.

On or before the tenth day of each month the Company shall, in the specified form, input the information of transactions for derivative products made by it and its subsidiaries of non-domestic public company as of the end of previous month to the information reporting website designated by the FSC.

For the particulars to be publicly announced as required, if there are any errors or omissions needing to be corrected upon public announcement, all these particulars shall be publicly announced and reported again within two (2) days of its

acknowledgement.

As for any assets acquired or disposed of by the Company, the relevant contracts, minutes of proceedings, filing books, appraisal reports, written opinions of CPA, lawyer or securities underwriter shall be kept in the Company. Unless otherwise provided for in other laws, these documents shall be kept for at least five (5) years.

#### **Article 26**

After any transaction has been publicly announced and reported pursuant the provisions set forth in the preceding article, if there is any of the following circumstances, relevant information shall be publicly announced and reported in the website designated by the FSC within two (2) days from the occurrence date thereof:

1. Contract relating to the transaction has been changed, terminated or canceled.
2. Failure to complete the merger, split, acquisition or stock transfer on the expected date as shown in the contract concerned.
3. The contents originally presented in public disclosure have been changed.

### **Chapter 4: Miscellaneousness**

#### **Article 27**

Procedures for the Company to control the acquisitions or disposals of assets by its subsidiaries are as follows:

1. To procure its subsidiary to set up its own “Procedures for Acquiring and Disposing of Assets” in accordance with relevant guidelines, and carry out auditing in compliance with such relevant guidelines.
2. To procure its subsidiary shall follow the Procedures set up by itself when acquiring or disposing of any assets.
3. Internal auditors of the Company shall review the auditing report made by the subsidiary.

If the assets acquired or disposed of by a subsidiary that is not a domestic public company have reached the standards of public announcement and report, the Company shall do so for its subsidiary. The aforementioned subsidiary applies to the term “the Company’s paid-in capital or total assets” as referred in the standards of public announcement and report in accordance with the provisions of Paragraph 1 of Article 25 based on the paid-in capital or total assets of the Company.

#### **Article 27-1**

For the calculation of 10% of total assets under these Procedures, the total assets

stated in the latest parent company only financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

### **Article 28**

Where anyone in the Company has committed in violation of these Procedures, then the Personnel Dept. will take a discipline action against him/her according to the severity of circumstance.

### **Article 29**

Upon the adoption or amendment of these Procedures, it shall be approved first by the Audit Committee and then be resolved by the Board of Directors; then, these Procedures shall enter into effectiveness after ratification of the shareholders' meeting.

### **Article 30**

Based on the regulation of this procedure, all matters that shall obtain the approval of the Audit Committee shall be approved by at least one-half of the members of the Audit Committee.

In the event that the preceding does not obtain at least one-half of the approval of the Audit Committee, it shall then ask for the approval of at least two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board's Meeting.

The members of the Audit Committee and all Directors mentioned in the preceding paragraphs refer to the members in office.

When a matter that should be submitted to the Board of Directors for resolution in accordance with this procedure is submitted for discussion to the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes.

### **The History of "PROCEDURES FOR ACQUIRING AND DISPOSING OF ASSETS"**

1. These Procedures shall become effective on June 25, 2003;
2. The 1st amendment was made on May 30, 2019;
3. The 2nd amendment was made on November 29, 2019;
4. The 3rd amendment was made on June 18, 2020.

5. The 4th amendment was made on June 10, 2022.