Soft-World International Corporation

Procedures for the Acquisition or Disposal of Assets

Chapter 1 General Provisions

Article 1: Purpose: This Procedure is established in accordance with Article 36-1 of the Securities and Exchange Act for the purpose of strengthening asset management and achieving full disclosure.

Article 2: The acquisition or disposal of the assets by the Company shall be conducted in accordance with the disposition procedures. provided, where financial laws or regulations provide otherwise, such provisions shall govern.

Article 3: The scope of assets.

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

Article 4: Terms used in these disposition procedures are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed 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 156-3 of the

Company Act.

3. Related party or subsidiary: 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, equipment and assets.
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 other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, 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.
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.
10. “Within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been announced or have obtained an appraisal report from a professional appraiser or a CPA’s opinion in compliance with the disposition procedures or have been approved by the Board of Directors and recognized by the Audit Committee in accordance with the disposition procedures need not be counted toward the transaction amount.
11. The term “latest financial statements” mentioned here shall refer to the Company’s audited/auditor-reviewed financial statements that were published prior to acquiring or disposing the assets.
12. The requirement of 10% of the total assets is based on the total assets in the latest proprietary or independent financial statements governed by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”

In the case of a company whose shares have no par value or a par value other than NT$10—for the calculation of transaction amounts of 20 percent of paid-in capital under these disposition procedures, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these disposition procedures regarding transaction amounts relative to paid-in capital of NT$10 billion, NT$20 billion of equity attributable to owners of the parent shall be substituted.

Article 5: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the 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 the industry associations to which they belong and with the following provisions:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When conducting 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 6: When the Company is engaged in derivatives trading, it shall comply with the "Procedure for Derivatives Trading" of the Company.

Chapter 2 Disposition Procedures

Section 1 Establishment of Disposition Procedures

Article 7: Implementation and revision

The company's "Procedures of Acquisition or Disposal of Assets" and any amendment should be approved by the majority of the audit committee, and submitted to the general meeting for approval after resolved by the Board of Directors. Where Directors may have adverse opinions on record or in written declaration, the Company shall refer to the Audit Committee. When a transaction involving the acquisition or disposal of assets is submitted for discussion to the board of directors, the board of directors shall take into full consideration each independent director's opinions and any recommendations and reasons for agreement or objection shall be recorded in the minutes of the board of directors meeting.

In case where approval of one-half or more of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board of directors meeting.

The entire body of members of the audit committee herein and the entire body of directors in this article shall be counted by the actual incumbents.

Article 8: The determining procedure and reference basis of transaction conditions for the acquisition or disposal of the assets by the Company shall be conducted based on the following situations:

1. Acquisition or disposal of securities that have been traded in the Stock Exchange Market or OTC shall be determined by the transaction amount at the time.
2. Acquiring or disposing of securities that are not traded in the Stock Exchange Market or OTC. shall take into account their net worth per share, profitability, future development potential and reference to the transaction price at the time to make decision.
3. Acquiring or disposing of bonds that are not traded in the Stock Exchange Market or OTC shall take into account the market interest rates at the time, bonds coupon rate, and the debtor's creditability to make decision.
4. Acquisition or disposal of real estate shall take into account the announced current value, the assessed value and the trading value of the adjacent real estate to make decision.
5. Acquisition or disposal of other fixed assets should be processed in accordance with parity, negotiations or tender.

The acquisition or disposal of the assets of the Company shall be decided by the authorized department within the scope of delegation:

1. For the acquisition or disposal of long-term securities investment and real estate (single or cumulative acquisition or disposal of the same subject matter within one year (the accumulated amount of the acquisition or disposal is counted separately)), if it is for a transaction amount of NT$100 million (inclusive), it is to be approved by the chairman of the board of directors; if it is for a transaction amount more than NT$100 million, but less than NT$300 million (inclusive), it is to be approved by the chairman and reported to the most recent board meeting afterwards; if it is for a transaction amount exceeding NT$300 million, it must be approved by the board of directors in advance.
2. For the acquisition or disposal of short-term securities investments and other fixed assets (single or cumulative acquisition or disposal of the same subject matter within one year (the accumulated amount of the acquisition or disposal is counted separately)), if it is for a transaction amount of NT$30 million (inclusive), it is to be approved by the President of the Company; if it is for a transaction amount more than NT$30 million, but less than NT$100 million (inclusive), it is to be approved by the chairman; if it is

for a transaction amount more than NT$100 million, but less than NT$30 million (inclusive), it is to be approved by the chairman and reported to the most recent board meeting afterwards; if it is for a transaction amount exceeding NT$300 million, it must be approved by the board of directors in advance.

Article 9: The Company's acquisition or disposal shall be implemented by the financial management center, using department (real estate and other fixed assets) and related authorized departments.

Article10: The limited amount for the Company's acquisition and disposal of the assets shall be pursuant to the following regulations:

1. The sum of real estate for non-business use shall not be higher than 20% of the shareholders' equity.
2. The sum of securities investment shall not be higher than the 200% of the shareholders' equity.
3. The investment on a single security shall not be higher than 100% of the shareholders' equity.

Subsidiaries:

The limited amount for the subsidiaries who are public companies to acquire and dispose the assets shall be pursuant to the "Procedure of Acquisition or Disposal of the Assets" established by the subsidiaries.

The limited amount for the subsidiaries who are not public companies to acquire and dispose the assets shall be pursuant to the regulations of the Company, and the limited amount shall be calculated based on the net worth of the parent company.

The calculation of the aforementioned (total) marketable security investment amount is based on the original investment cost.

Article 11: Regulations governing a subsidiary's acquisition or disposal of assets:

1. The subsidiaries who are public companies shall comply with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" to establish the Procedures for Acquisition or Disposal of Assets and implement correspondingly.
2. For the acquisition or disposal of assets of the subsidiaries who are not public companies, they shall comply with the regulations of the parent company to establish the "Procedure for Acquisition and Disposal of Assets" and implement correspondingly. Their transaction amount shall be evaluated based on the authorized capital of the parent company.
3. For the subsidiaries who are not public companies, when the acquired or disposed assets reach the standards of announcement stipulated in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," the parent company (the Company) shall conduct the announcement for its subsidiaries.

Under the announcement standards of the subsidiaries, the regulations for paid-in capital or total assets shall refer to the paid-in capital or total assets of the parent company (the Company).

Article 12: Penalty clauses

When the Company's employees conduct the acquisition and disposal of the assets in violation of this procedure, such events shall be reported for appraisal regularly according to the personnel management policy and the employee handbook; and shall be punished based on the circumstances.

Section 2 Acquisition or Disposal of Assets

Article 13: The Evaluation Report for Real Estate or Equipment:

In the event that the transaction amount for acquiring or disposing of real property, equipment, or its right-of-use assets reaches twenty percent (20%) of the paid-in capital or NT$300 million or more, the Company shall obtain an appraisal report prior to the date of event occurrence from a professional appraiser and comply with the provisions below, except for transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or its right-of-use assets held for business use.

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; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
2. Transactions amounting to NT$1 billion or more should have two or more professional appraisers invited to appraise.
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 render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
   (1) The spread between the appraisal result and the transaction amount exceeds 20%
   (2) The appraisal spread between the two or more appraisers exceeds 10% of the transaction amount
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
5. For assets acquired or disposed through court auctions, documentary proof issued by the court can be used in place of the valuation report or CPA's opinion.

Article 14: The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the competent authority.

Article 15: Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.

Section 3 Related Party Transactions

Article 16: When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the disposition procedures.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with the disposition procedures.

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

Article 17: In the acquisition or disposition of property or right-of-use assets with related parties , or in the acquisition or disposition of assets other than property with related parties at 20% of the paid-in capital or 10% of the total assets of the Company, or exceeding NT$300 million, the following materials must be provided to the Board for resolution and the ratification of the Audit Committee before entering into agreement on the transactions and effecting payment except for the trading of domestic government bonds, R/P bonds or reverse R/P bonds, or the subscription or redemption of domestic money market funds issued by domestic securities investment trust firms.

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a transaction counterparty.
3. With respect to the acquisition of real estate or right-of-use assets from a related party, it shall assess the relevant information for the reasonableness of the preliminary transaction terms in accordance with the disposition procedure.
4. The matters of the related party's original acquisition date and price, counterparty, and the relationship with the Company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the fund utilization.
6. Obtain an appraisal report issued by a professional appraiser in accordance with the disposition procedures or a CPA's opinion.
7. Restrictive covenants and other important stipulations associated with the transaction.

When the transactions listed below are conducted between the Company and its parent company, subsidiaries, or between the subsidiaries that the Company directly or indirectly holds 100% of the issued shares or authorized capital, the Board of Directors may, pursuant to the disposition procedure, delegate the Chairman to decide such matters first when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:

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

Where the position of independent director has been created in accordance with the regulations, when reported to the Board for discussion in accordance with Paragraph 1, it should fully consider the views of the independent directors. The objections or reservations of independent directors, if any, should be stated in the minutes of the Board meeting.

The matters set out in Paragraph 1 shall be subject to the consent of one-half or more of the entire membership of the Audit Committee and be submitted to the Board of Directors for a resolution; also, it is subject to the relevant regulations of the disposition procedures.

When the Company or the Company's subsidiary that is not itself a public company in Taiwan has conducted any transactions as specified in Paragraph 1 for a transaction amount exceeding 10% of the Company's total assets, the Company shall have the information as stated in Paragraph 1 submitted to the shareholder meeting for approval before having the transaction contract signed and payment made. This does not apply, however, to transactions between the Company and its subsidiaries, or between its subsidiaries.

The calculation of the transaction amounts referred to in Paragraph 1 and the preceding paragraph shall be made in accordance with the disposition procedures and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been resolved by the shareholders' meeting and Board of Directors; also, recognized by the Audit Committee need not be counted toward the transaction amount.

Article 18: Evaluation on reasonable cost of transactions

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

(1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

(2) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 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 transaction counterparties.

Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

The Company that acquires real estate or right-of-use assets from a related party shall evaluate the reasonableness of the transaction costs in accordance with the preceding Article. If one of the following situations occurs, and shall not apply for the preceding 3 Paragraph of this procedure:

(1) The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.

(2) Related party's contracting for the acquisition of real estate or its right-of-use assets is over five years from the date of the trade contract signed.

(3) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.

(4) The real property right-of-use assets for business use are acquired by the company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 19: Subparagraphs (1) and (2), Paragraph 1 of preceding Article shall apply to real property or right-of-use assets acquired from related parties if the valuation methods described in this Article 20 both produce a value that is lower than the transaction price. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

    (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

    (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

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

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

Article 20: Where the company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with against the difference between the real property or right-of-use assets transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Public companies that account the Company as an investment using the equity method shall also recognize a portion of the Company's special reserves according to their respective shareholding percentages.
2. Audit Committee shall comply with Article 218 of the Company Act.
3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or 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 competent authority has given its consent.

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

Section 4 Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

Article 21: 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.

Article 22: 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 the paragraph 1 of preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

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

Article 23: For the merger, spins-off, or acquisition of a company, unless otherwise required by law or due to special factors must report to the competent authorities in advance, the board meeting and the shareholders' meeting should be convened in the same day to resolve the matters related to the corporate merger, spins-off, and acquisition.

For the assignment of shares of a company, unless otherwise required by law or due to special factors must report to the competent authorities in advance, the board meeting should be convened in the same day.

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 directors' meetings.

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 subparagraphs 1 and 2 of the preceding paragraph to the competent authority for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer 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 the preceding two paragraphs.

Article 24: 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.

Article 25: The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital 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 disclosed.

The agreement for the Company to engage the merger, demerger, acquisition, or transfer of shares shall comply with the regulations to specify the relevant items in order to protect the rights and benefits for participating companies.

Article 26: The contract for participation by the Company 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.

Article 27: 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.

Article 28: 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 disposition procedures.

Chapter 3 Public Disclosure of Information

Article 29: 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. Engaged in derivatives transaction with a loss up to the limit of the total or individual contract amount regulated in this procedure.
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) Public companies with paid-in capital of less than NT$10 billion and amount of transaction exceeds NT$500 million.
   (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. Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million; among such cases, if the public company has paid-in capital of NT$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT$1 billion or more.
6. 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.

7. Where an asset transaction other than any of those referred to in the preceding six 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) Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
   (3) The trade of RP/RS bonds and purchase/repurchase of money market funds that are issued by domestic securities investment trust enterprises

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
4. The cumulative amount of the same marketable securities acquired or disposed of (amount accumulated separately) within one year;

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the competent authority by the 10^{th} day of each month.

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.

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.

Article 30: Timing of announcement and report

If the transactions reported and announced by the Company in accordance with the provision referred to above are found with any of the following circumstances, the Company should have the related information announced and reported on-line at the information network designated by the competent authorities within 2 days from the date of occurrence:

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.

Chapter 4 Additional Provisions

Article 31: Any matter that is not mentioned in this procedure shall be conducted in accordance with the applicable laws and regulations.

Article 32: This Regulations 1st amendment was made on June 25, 2003; the 2nd amendment was made on June 23, 2006; the 3rd amendment was made on June 26, 2007, the 4th amendment was made on June 19, 2009, the 5th amendment was made on June 27, 2012; the 6th amendment was made on June 19, 2014; the 7th amendment was made on June 22, 2017; the 8th amendment was made on June 18, 2019; the 9th amendment was made on June 21, 2022; and the 10th amendment was made on June 24, 2024.