

Fu Chun Shin Machinery Manufacture Co., Ltd.

Regulations Governing the Acquisition and Disposal of Assets

Article 1: Purpose

To establish a systematic regulation for the acquisition and disposal of the company's assets, ensuring that all acquisitions and disposals undergo appropriate evaluation and approval, that adhere to information disclosure, and comply with relevant laws and regulations.

Article 2: Legal Basis

These Regulations are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act"). In case other regulations provide otherwise, such provisions shall be followed.

Article 3: Scope of Application and Definition of Terminology :

The term "assets" as used in these Regulations includes the following:

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.

Terms used in these Regulations 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 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 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.

Article 4: Appraisal procedures

1. For acquiring or disposing of securities not traded in the centralized securities exchange market or over-the-counter market, the evaluation should consider the net value per share, profitability, future development potential, market interest rate, bond coupon rate, debtor creditworthiness, and the negotiated transaction price at the time.
2. For acquiring or disposing of securities traded in the centralized securities exchange market or over-the-counter market, the evaluation should be based on the market price of the stocks or bonds at the time.
3. For other assets mentioned in the previous two points, the evaluation should be conducted through inquiry and comparison or public tender, referring to the announced current value, assessed current value, and actual transaction prices of nearby real estate. If the announcement standards in these procedures are met, the appraiser's valuation report

shall also be considered.

4. 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 CPA opinion.

Article 5: Asset Acquisition or Disposition Procedure

1. The handling department should evaluate the reason for acquisition or disposal, the target asset, the counterparty, the transfer price, payment terms, and price references, then submit it to the competent authority for approval and execution by the management department. Relevant matters should be handled in accordance with the company's internal control system and these procedures.
2. The financial department handles investments in long-term and short-term securities, while the usage department and relevant competent authorities handle real estate and other fixed assets. Other assets that are not securities, real estate, or fixed assets should be evaluated by the relevant execution department before proceeding.
3. All operations related to asset acquisition or disposal should comply with the company's internal control system. In the event of major violations, relevant personnel should be dealt with according to the severity of the violation.
4. If asset acquisitions or disposals require board approval according to regulations, any objections raised by directors should be recorded or documented and sent to the audit committee members. When submitting asset acquisitions or disposals for board discussion, the opinions of independent directors should be fully considered. If there are opposing or reserved opinions from independent directors, they should be recorded in the board meeting minutes.

Article 6: Approval Authority

Purchases and sales of long-term and short-term securities investments should be handled according to the "Investment Cycle System." Each investment project must be approved by the competent authority according to the stipulated approval process before proceeding.

Article 7: Investment Limits

The total investment amount for purchasing non-operational real estate and its right-of-use assets by the company and its subsidiaries should not exceed 40% of the company's net value as per the most recent financial report. The total investment amount for securities and the limit for individual securities investments are not subject to the restrictions of Article 13 of the Company Act on the total investment amount. °

Article 8: Standards for Announcement and Reporting

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

1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust

enterprises.

2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - A. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - B. 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:

A. Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.

B. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded notes, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.

C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds 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 transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding 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 FSC by the 10th 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 9: Time Limit for Announcement and Reporting

Where any of the following circumstances occurs with respect to a transaction that the company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

Article 10: In acquiring or disposing of real property, equipment, or right-of-use assets thereof where 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 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 right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and must 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 if the future transaction terms change, the same procedures should be followed unless the valuation

results of the acquired assets exceed the transaction amount or the valuation results of the disposed assets are lower than the transaction amount.

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 render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the appraisal report shall be obtained within 2 weeks

counting inclusively from the date of occurrence, and the certified public accountant's opinion under subparagraph 3 of the preceding paragraph shall be obtained within 2 weeks counting inclusively from the day the appraisal report is obtained.

Article 11: 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 Financial Supervisory Commission (FSC).

Article 12: 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.

Article 13: Calculation of Transaction Amounts for Articles 10, 11, 12, and 16:

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 thereof within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction.

The valuation reports or accountant opinions obtained in accordance with Articles 10, 11, and 12 need not be included again.

The portions submitted to the board of directors for approval and recognized by the audit committee according to the regulations of Article 16 need not be included again.

Article 14: 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 CPA opinion.

Article 15: The valuation reports or opinions from accountants, lawyers, or securities underwriters on asset acquisitions or disposals should not come from related parties to the professional appraisers and their valuation personnel, accountants, lawyers, or securities underwriters.

Article 16: Related Party Transactions

1. 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 provisions of the preceding Section and this Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 13 herein.

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

2. When a public company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the audit committee:

A. The purpose, necessity and anticipated benefit of the

- acquisition or disposal of assets.
- B. The reason for choosing the related party as a transaction counterparty.
 - C. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms as per the regulations.
 - D. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
 - E. 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.
 - F. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
 - G. Restrictive covenants and other important stipulations associated with the transaction.

For acquiring or disposing of equipment or its right-of-use assets for operational use between the company and its subsidiaries, the board of directors may authorize the chairman to make decisions within a certain limit and report to the next board meeting for ratification. When submitting the transaction to the board for discussion, the opinions of independent directors should be fully considered. If there are opposing or reserved opinions from independent directors, they should be recorded in the board meeting minutes.

Where an audit committee has been established in accordance with the provisions of the Act, according to paragraph 2 shall be approved by one-half or more of all audit

committee members and then submitted to the board of directors for a resolution.

If a public company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 2 and the transaction amount will reach 10 percent or more of the public company's total assets, the public company shall submit the materials in all the subparagraphs of paragraph 2 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries.

The calculation of the transaction amounts referred to in paragraph 2 and the preceding paragraph shall be made in accordance with Article 8, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders meeting or board of directors and recognized by the audit committee need not be counted toward the transaction amount.

3. The company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means. And shall also engage a CPA to check the appraisal and render a specific opinion.

A. 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.

- B. 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.

- 4. Where a public company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply, but the procedures should still be conducted in accordance with the aforementioned second paragraph:

- A. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
- B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
- C. 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.

D. The real property right-of-use assets for business use are acquired by the public 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.

5. When the results of a public company's appraisal conducted in accordance with paragraph 3, subparagraph 1 and subparagraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraph 6. 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:

A. 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 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.

b. Completed transactions by unrelated parties within the preceding year involving other floors of

the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

c. Lease cases of other floors of the same real estate property with non-related parties within one year, where the transaction conditions are deemed equivalent based on a reasonable estimation of the floor price differences according to real estate leasing practices.

B. 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.

6. 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 the preceding paragraph 4 and paragraph 5 are uniformly lower than the transaction price, the following steps shall be taken:

- A. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act 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 another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
- B. The audit committee shall comply with Article 218 of the Company Act. Where an audit committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee.
- C. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming

that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When a public 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 arms length transaction.

Article 17: The company engages in derivative transactions following the "Procedures for Derivative Transactions" and should pay attention to risk management and audit matters, implement internal controls for derivative transactions, and managers should supervise and evaluate whether the performance of derivative transactions aligns with established strategies and whether the risks are within the company's tolerable range. If abnormalities are found, they should be immediately reported to the board of directors.

Article 18: Procedures for Mergers, Splits, Acquisitions, and Share Transfers

1. The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the company of 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 company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

2. Prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.
3. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.
4. A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
5. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction,

unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

6. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

- A. 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.
- B. 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.
- C. 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 FSC for recordation.

7. 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 them and process it in accordance with this procedure and relevant legal regulations.
8. 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.
9. The companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
 - A. 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.
 - B. An action, such as a disposal of major assets, that affects the company's financial operations.
 - C. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.

- D. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - E. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - F. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
10. 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:
- A. Handling of breach of contract.
 - B. 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.
 - C. 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.
 - D. The manner of handling changes in the number of participating entities or companies.
 - E. Preliminary progress schedule for plan execution, and anticipated completion date.
 - F. 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 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.

12. 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 relevant regulations.

Article 19: Subsidiary Asset Acquisition or Disposal Regulations

1. Subsidiaries should handle asset acquisition or disposal in accordance with the parent company's regulations.
2. If the subsidiary is not a domestic public company and the asset acquisition or disposal reaches the announcement and reporting standards stipulated in Article 8, the parent company should handle the announcement and reporting.
3. The announcement and reporting standards of the subsidiary refer to "reaching 20% of the company's paid-in capital or 10% of total assets" based on the parent company's paid-in capital or total assets.

A subsidiary is defined as a company directly holding more than 50% of the issued voting shares or companies indirectly holding more than 50% of the issued voting shares through

subsidiaries or companies directly and indirectly holding more than 50% of the issued voting shares through subsidiaries.

Article 20: Financial Statement Disclosure

If the company's asset acquisition or disposal reaches the announcement and reporting standards stipulated in Article 8 and the transaction counterpart is a related party, the announced content should be disclosed in the financial statement notes and reported to the shareholders' meeting.

Article 21: If relevant personnel violate these procedures, they should be dealt with according to the company's work rules and relevant laws.

Article 22: Effective Date

After this procedure have been approved by the board of directors, they shall be submitted to each member of the audit committee, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each member of the audit committee. When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Article 23: Unaddressed matters in the Procedures shall be subject to the requirements of relevant laws and regulations.

