

# Bioteque Corporation

## Procedures for the Acquisition or Disposal of Assets

### Article 1: Purpose

This procedure is established to enhance asset management, safeguard investments, and ensure transparency in information disclosure.

The company's acquisition or disposal of assets shall be conducted in accordance with this procedure. If other regulations specify differently, those regulations shall prevail.

### Article 2: Legal Basis

This procedure is established based on the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" as issued by the Financial Supervisory Commission (hereinafter referred to as FSC).

### Article 3: Scope of Assets

The assets covered by this procedure include:

1. Securities such as stocks, government bonds, corporate bonds, financial bonds, certificates of fund, depositary receipts, call (put) warrants, beneficiary certificates, and asset-backed securities.
2. Real estate (including land, buildings, investment property, and construction inventories) and equipment.
3. Membership certificates.
4. Intangible assets such as patent rights, copyrights, trademark rights, and franchise rights.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, discounted foreign exchange, loans, and collection items).
7. Derivative instruments.
8. Assets acquired or disposed of through mergers, demergers, acquisitions, or share transfers according to legal provisions.
9. Other significant assets.

#### **Article 4: Definitions of Related Terms**

1. **Derivative Instruments:** Refers to forward contracts, options, futures, margin trading, swaps, combinations of the above contracts, or structured products embedded with derivatives, where the value is derived from interest rates, financial instrument prices, commodity prices, exchange rates, indices, credit ratings, credit indices, or other variables. Forward contracts here do not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, and long-term (purchase or sale) contracts.
2. **Assets Acquired or Disposed of Through Mergers, Demergers, Acquisitions, or Share Transfers According to Legal Provisions:** Refers to assets acquired or disposed of through mergers, demergers, acquisitions, or share transfers according to the Company Act, Financial Holding Company Act, Financial Institutions Merger Act, or other relevant laws.
3. **Related Parties and Subsidiaries:** Defined in accordance with the "Standards for the Preparation of Financial Reports by Securities Issuers."
4. **Professional Appraisers:** Refers to real estate appraisers or others legally qualified to conduct real estate or equipment valuation business.
5. **Date of Occurrence:** Refers to the earliest of the contract signing date, payment date, transaction execution date, transfer date, board resolution date, or any other date that identifies the transaction counterpart and transaction amount. For investments that require regulatory approval, it shall be based on the date of occurrence or the date regulatory approval is obtained, whichever is earlier.
6. **Investment in Mainland China:** Refers to investment or technical cooperation in Mainland China according to the Ministry of Economic Affairs Investment Commission's regulations for such activities.
7. **Securities Exchange:** For domestic exchanges, this refers to the Taiwan Stock Exchange; for foreign exchanges, it refers to any organized securities market regulated by the securities authority in the relevant jurisdiction.
8. **Securities Dealers' Trading Places:** For domestic dealers, this refers to designated counters for securities trading under relevant securities regulations; for foreign dealers, it refers to financial institutions regulated by foreign securities authorities authorized to conduct securities business.

#### **Article 5: Appraisal Reports or Opinions from Accountants, Lawyers, or Underwriters**

When acquiring assets, public companies should obtain appraisal reports or opinions from professional appraisers, accountants, lawyers, or securities underwriters, who must meet the following requirements:

1. They must not have been subject to a final sentence of more than one year in prison for violating the Securities and Exchange Act, Company Act, Banking Act, Insurance Act, Financial Holding Company Act, Business Accounting Act, or for committing fraud, breach of trust, embezzlement, document forgery, or any other offense. However, this does not apply if three years have passed since the completion of the sentence, probation period, or pardon.

2. They must not have any relationship or substantive connection with the parties involved in the transaction.

3. If more than one appraisal report is required, different professional appraisers or appraisal personnel should not have any relationship or substantive connection with each other. When issuing appraisal reports or opinions, these individuals should comply with the self-regulation guidelines established by their respective industry associations and the following guidelines:

(1) Before taking on a case, they should carefully evaluate their professional competence, practical experience, and independence.

(2) They should properly plan and execute appropriate procedures during the case, ensuring the findings are detailed in the report or opinion based on these procedures, collected data, and conclusions.

(3) They should assess the appropriateness and reasonableness of all data sources, parameters, and information used, ensuring that this data is the basis for the report or opinion.

4. The report should include statements affirming the professional competence and independence of the individuals involved, verification of the appropriateness and reasonableness of the data used, and compliance with relevant laws and regulations.

## **Article 6: Board Approval and Audit Committee Requirements for Asset Acquisitions and Disposals**

For acquisitions or disposals of assets that require approval from the board of directors according to this procedure or other laws, if any director objects and this objection is recorded in minutes or a written statement, the company must also submit the objection record to the audit committee.

When a transaction for acquiring or disposing of assets is submitted to the board of directors, sufficient consideration should be given to the opinions of independent directors, if any have been appointed. If any independent director expresses opposition or reservations, this should be recorded in the meeting minutes.

Significant asset or derivative transactions must be approved by at least half of the audit committee members, followed by board resolution.

If the audit committee does not approve by a majority vote, the transaction may be approved by two-thirds of all directors. In such cases, the board meeting minutes should record the audit committee's decision.

The terms "all members of the audit committee" and "all directors" refer to those currently holding office.

## **Article 7: Limits on Investment in Non-Business Real Estate and Marketable Securities**

1. The limits on individual acquisitions of the above assets for the company and each subsidiary are established as follows:

(1) Non-operational real estate shall not exceed 20% of net worth.

(2) Individual investments in marketable securities shall not exceed 40% of net worth.

(3) Total long-term equity investments and financial assets at fair value included in profit and loss shall not exceed 50% of total assets.

2. The company and its subsidiaries may invest in stocks of publicly traded companies according to the "Short- and Long-Term Investment Management Policies."

## **Article 8: Evaluation and Operational Procedures for Acquiring or Disposing of Marketable Securities**

1. Method of Price Determination and Reference Basis

For acquiring or disposing of marketable securities, the most recent financial statement of the target company, reviewed or audited by a CPA, should be obtained before the date of occurrence as a reference for evaluating transaction prices. For securities not traded on centralized markets or securities dealers' premises, factors such as net asset value per share, profitability, future growth potential, market interest rates, bond coupon rates, debtor credit, and prevailing transaction prices should be considered.

2. Engaging Experts for Opinions

For acquisitions or disposals of marketable securities meeting any of the following criteria, and when transaction amounts exceed 20% of paid-in capital or NT\$300 million, the company must engage a CPA for an opinion on the transaction price's reasonableness before the date of occurrence:

(1) Securities not traded on a securities exchange or dealer's premises.

(2) Private placement of securities.

Transaction amounts are calculated as follows:

(1) The amount of each transaction.

(2) The cumulative amount for transactions with the same counterparty involving the same type of asset within one year.

(3) The cumulative amount of transactions involving the same security within one year.

The "one-year period" is calculated retrospectively from the date of occurrence. Transactions that have previously obtained an appraisal report or accountant's opinion according to regulations are not counted again.

For assets acquired or disposed of through court auction procedures, court-issued documents may substitute for the CPA's opinion.

3. The first two items should obtain the most recent financial statements of the target company, audited or reviewed by an accountant, or request the accountant to express an opinion on the reasonableness of the transaction price. If the securities involved in the transaction have an active market with public quotations or if the Financial Supervisory Commission has other regulations, this does not apply.

#### 4. Authorized Amount and Level

For the acquisition or disposal of securities, if the transaction amount is less than or equal to NT\$50 million, it must be approved through an internal memo, submitted to the general manager and chairman for approval, and later reported for ratification at the most recent board of directors meeting. If the transaction amount exceeds NT\$50 million, it must be approved by the board of directors before proceeding. However, if the target being bought or sold is a bond-type fund, when the transaction amount reaches NT\$50 million (inclusive), it must be reported for ratification at the most recent board of directors meeting; if the transaction amount reaches NT\$100 million (inclusive), it must be approved by the board of directors before proceeding.

#### 5. Execution Unit

The unit responsible for executing the acquisition and disposal of securities investments for this company is the Finance Department.

### **Article 9: Evaluation and Operational Procedures for Acquiring or Disposing of Real Estate, Equipment, or Right-of-Use Assets**

#### 1. Pricing Determination Method and Reference Basis

For the acquisition or disposal of real estate, equipment, or rights to use such assets, it should be reported and explained by the original user unit or the relevant responsible unit. The asset management unit should refer to the published current value, appraised value, actual transaction prices of nearby real estate, recent transaction prices of similar assets, etc., and select one of the following methods: comparative pricing, negotiated pricing, or bidding.

#### 2. Commissioning Experts to Issue Valuation Reports

For the acquisition or disposal of real estate, equipment, or rights to use such assets, except when transacting with domestic government agencies, self-construction on own land, land leased for construction, or acquiring or disposing of assets used for business operations, if

the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, a professional valuation report issued by an expert should be obtained before the event occurs, and it must comply with the following regulations:

(1) If the transaction price reference is based on a fixed price, specific price, or special price for special reasons, the transaction must first be approved by the board of directors; the same applies if the transaction terms change afterward.

(2) If the transaction amount exceeds NT\$1 billion, two or more professional valuers should be engaged for valuation.

(3) If the valuation results from professional valuers show any of the following conditions, except when the valuation result for the acquired assets is higher than the transaction amount or the valuation result for the disposed assets is lower than the transaction amount, an accountant should be consulted to express a specific opinion on the cause of the difference and the reasonableness of the transaction price:

- A. The difference between the valuation result and the transaction amount exceeds 20% of the transaction amount.
- B. The difference between the valuation results of two or more professional valuers exceeds 10% of the transaction amount.

(4) The date of the professional valuation report and the contract formation date must not exceed three months. However, if the same public current value applies and it is within six months, the original professional valuer may issue a letter of opinion.

The transaction amount mentioned above is calculated as follows:

(1) The transaction amount for each individual transaction.

(2) The accumulated transaction amount within one year for acquiring or disposing of assets of the same nature from the same counterparty.

(3) The accumulated amount within one year for acquiring or disposing (separately accumulated for acquisition and disposal) of real estate or its usage rights from the same development project.

The term "one year" refers to a period starting from the date the current transaction event occurs, counting backward one year. Parts for which a professional valuation report or an accountant's opinion has already been obtained according to regulations need not be recalculated.

If the asset is acquired or disposed of through a court auction procedure, the certificate issued by the court may replace the valuation report or accountant's opinion.

### **3. Authorized Amount and Level**

For the acquisition or disposal of real estate, equipment, or rights to use such assets, if the transaction amount is NT\$30 million or less, it must be approved through an internal memo, submitted to the general manager and chairman for approval. If the transaction amount is greater than NT\$30 million but less than or equal to NT\$100 million, it must first be approved through an internal memo, submitted to the general manager and chairman for approval, and then reported for ratification at the most recent board of directors meeting. If the transaction amount exceeds NT\$100 million or 20% of the paid-in capital, it must be approved by the board of directors before proceeding.

#### **4. Execution Unit**

The unit responsible for executing the acquisition and disposal of real estate, equipment, or rights to use such assets for the company is the user department and the relevant responsible units.

#### **Article 10: Transactions with Related Parties**

When acquiring or disposing of assets with related parties, the company must follow the decision-making and evaluation procedures for reasonableness as prescribed by the previous and subsequent articles. If the transaction amount reaches 10% of total assets, a professional appraiser's report or accountant's opinion must also be obtained.

To determine whether a counterparty qualifies as a related party, both legal form and substance should be considered.

Transaction amounts are calculated as follows:

- (1) The amount of each transaction.
- (2) The cumulative amount for transactions with the same counterparty involving the same type of asset within one year.
- (3) The cumulative amount for real estate or right-of-use assets within the same development project acquired or disposed of within one year.
- (4) The cumulative amount of the same marketable security within one year.

The "one-year period" is calculated retrospectively from the date of occurrence. Transactions that have previously obtained board approval are excluded from repeated calculations.

When acquiring or disposing of real estate or right-of-use assets from a related party, or other assets of NT\$300 million or more, the following information must be submitted for board approval:

- (1) The purpose, necessity, and expected benefits.
- (2) Reason for choosing the related party as a counterparty.
- (3) Evaluation of reasonableness based on this Article's procedures.
- (4) Details of the original acquisition by the related party.
- (5) Projected cash flows and necessity for transaction justification.
- (6) Professional appraiser's report or CPA's opinion, as per preceding articles.
- (7) Restrictions and other important terms.

1. Transactions between the company and its subsidiaries, or subsidiaries directly or indirectly holding 100% of the issued shares or capital of the company, involving the following transactions, shall be subject to the authorization limits and levels specified in Article 9, Section 3. If the transaction amount is NT\$30 million (inclusive) or less, it must be approved through an internal memo and submitted to the General Manager and Chairman for approval. If the transaction amount is greater than NT\$30 million but less than or equal to NT\$100 million, it must first be approved through an internal memo, submitted to the General Manager and Chairman for approval, and then reported to the most recent board of directors meeting for ratification:

(1) Acquisition or disposal of equipment or its rights to use for business operations.

(2) Acquisition or disposal of real estate usage rights for business operations.

The transaction amount mentioned above shall be calculated as follows:

(1) The transaction amount for each individual transaction.

(2) The accumulated transaction amount within one year for acquiring or disposing of assets of the same nature from the same counterparty.

(3) The accumulated amount within one year for acquiring or disposing (separately accumulated for acquisition and disposal) of real estate or its usage rights from the same development project.

(4) The accumulated amount within one year for acquiring or disposing (separately accumulated for acquisition and disposal) of the same securities.

The term "one year" refers to the period from the date the current transaction event occurs, counting backward one year. Parts that have already been submitted to the board of directors for approval in accordance with regulations need not be recalculated.

If the company has appointed independent directors, when reporting to the board of directors for discussion in accordance with the above provisions, the opinions of all independent directors should be fully considered. If any independent director has objections or reservations, they should be recorded in the board meeting minutes.

According to the provisions of Section 1, the transaction must first be approved by more than half of the members of the Audit Committee and then submitted to the board of directors for a decision, applying the provisions of Article 6, Sections 4 and 5.

For public companies or their non-domestic public subsidiaries involved in the transactions specified in Section 1, if the transaction amount reaches more than 10% of the total assets of the public company, the public company must submit the information listed in Section 1 to the shareholders' meeting for approval before entering into the transaction contract and making payments. However, transactions between a public company and its parent company, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or capital do not fall under this limitation.



## 2. Reasonableness Evaluation of Transaction Costs

(1) When acquiring real estate or its usage rights from related parties, the reasonableness of the transaction cost should be evaluated according to the following methods:

- A. The related party transaction price plus necessary financing interest and costs that the buyer is legally obligated to bear. The "necessary financing interest cost" shall be calculated based on the weighted average interest rate of the company's borrowings for the year of the asset purchase, but it cannot exceed the highest lending interest rate for non-financial industries published by the Ministry of Finance.
- B. If the related party has used the asset as collateral for a loan from a financial institution, the financial institution's total valuation of the loan against the asset should be considered. However, the actual accumulated loan value from the financial institution must exceed 70% of the total valuation, and the loan period must exceed one year. This does not apply if the financial institution is a related party to one of the parties in the transaction.

(2) If both land and buildings are acquired or leased together, the transaction costs for land and buildings may be evaluated separately according to any method listed in (1).

(3) When acquiring real estate or its usage rights from related parties, the costs of the real estate or its usage rights should be evaluated according to (1) and (2), and a professional accountant should be consulted for a review and to provide specific opinions.

(4) When acquiring real estate or its usage rights from related parties, under the following circumstances, the provisions of Item 1 of this Article should apply, and the provisions of (1) to (3) do not apply:

- A. The related party acquired the real estate or its usage rights through inheritance or gift. The related party contracted to acquire the real estate or its usage rights more than five years before the current transaction contract date.
- B. The related party entered into a joint construction contract, or the real estate was acquired from the related party through self-construction or leased land construction
- C. The public company and its subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or capital, acquire real estate usage rights for business operations from each other.

3. If the evaluation results according to Items (1) and (2) are lower than the transaction price, the provisions of Item (4) should apply. However, if the following circumstances occur, and objective evidence is provided, including specific reasonableness opinions from real estate professionals and accountants, the provisions of this section will not apply:

(1) If the related party acquires raw land or leases land for further construction, evidence must be provided to meet at least one of the following conditions:

- A. The raw land meets the evaluation criteria in Section (2), and the building is valued based on the related party's construction cost plus a reasonable construction profit, where the total amount exceeds the actual transaction price. The

"reasonable construction profit" should be based on the average gross profit margin of the related party's construction department in the last three years or the most recent gross profit margin of the construction industry published by the Ministry of Finance, whichever is lower.

- B. Other transactions for similar buildings or land in the same area or neighboring areas within the last year, where the area is similar, and the transaction conditions, after being evaluated for reasonable floor or regional price differences based on real estate buying or leasing practices, are comparable.

(2) Evidence is provided that the transaction conditions for acquiring real estate or leasing real estate usage rights from the related party are comparable to other transactions in the nearby area within one year for non-related parties, where the area is similar.

The term "nearby area transactions" refers to transactions within the same or adjacent street blocks, within 500 meters of the transaction asset, or with similar public current values; the term "similar area" means the area of other non-related party transactions is not less than 50% of the transaction asset area; the term "within one year" refers to the period starting from the date the real estate or its usage rights are acquired, counting back one year.

4. If the evaluation results for acquiring real estate or its usage rights from related parties under Sections (2) and (3) are lower than the transaction price, the following measures should be taken:

(1) The difference between the transaction price and the evaluated cost of the real estate or its usage rights should be allocated as a special surplus reserve in accordance with Article 41, Section 1 of the Securities and Exchange Act, and it cannot be distributed or capitalized. For investors valuing investments in the company using the equity method, if the investor is a public company, the same allocation should be made proportionally according to the shareholding ratio.

(2) The members of the Audit Committee should handle this matter according to Article 218 of the Company Act.

(3) The handling results of (1) and (2) should be reported to the shareholders' meeting, and the details of the transaction should be disclosed in the annual report and public offering prospectus.

Once the special surplus reserve has been allocated according to the above provisions, it may only be used after the high-value purchased or leased assets have recognized impairment losses, or been disposed of, or lease agreements have been terminated, or suitable compensation or restoration has occurred, or other evidence proves there is no unreasonable situation, and with the approval of the Securities and Futures Commission.

5. If there is other evidence showing that the transaction with related parties for acquiring real estate or its usage rights is inconsistent with normal business practices, the provisions of Item (4) should also apply.

## **Article 11: Evaluation and Operational Procedures for Acquiring or Disposing of Intangible Assets, Right-of-Use Assets, or Membership Certificates**

### **1. Method of Price Determination and Reference Basis**

When acquiring or disposing of intangible assets, right-of-use assets, or membership certificates, the transaction shall consider the potential benefits and fair market value of the asset, consulting expert opinions if necessary, and negotiating with the transaction counterparty.

## 2. Engaging Experts for Opinions

If the transaction amount for acquiring or disposing of intangible assets, right-of-use assets, or membership certificates reaches 20% of paid-in capital or NT\$300 million, a CPA must provide an opinion on the reasonableness of the transaction price before the date of occurrence. Transaction amounts are calculated as follows:

(1) Each individual transaction amount.

(2) The cumulative amount of transactions with the same counterparty involving similar assets within one year.

The "one-year period" is calculated retrospectively from the date of occurrence. Transactions that have previously obtained an appraisal report or CPA opinion are excluded from repeated calculations.

For assets acquired or disposed of through court auction, court-issued documents may substitute for an appraisal report.

## 3. Authorization Limits and Levels

(1) Acquisition or Disposal of Membership Certificates:

If the transaction amount is NT\$5 million (inclusive) or less, it must be approved through an internal memo and submitted to the General Manager and Chairman for approval. If the transaction amount exceeds NT\$5 million, it must be approved by the Board of Directors before proceeding.

(2) Acquisition or Disposal of Intangible Assets:

If the transaction amount is NT\$20 million (inclusive) or less, it must be approved through an internal memo and submitted to the General Manager and Chairman for approval, and then reported to the most recent Board of Directors meeting. If the transaction amount exceeds NT\$20 million, it must be approved by the Board of Directors before proceeding.

## 4. Execution Unit

The execution units for the acquisition and disposal of intangible assets or their usage rights, or membership certificates, are the Finance Department, the management unit, and the relevant responsible units.

## Article 12: Evaluation and Operational Procedures for Acquiring or Disposing of Financial Institution Claims

The company does not engage in transactions involving the acquisition or disposal of financial institution claims. Should this change, such transactions will require board

approval, after which the company will establish the relevant evaluation and operational procedures.

## Article 13: Evaluation and Operational Procedures for Derivatives

### 1. Transaction Principles and Policies

#### (1) Types of Transactions

The company may engage in derivative financial instruments such as contracts for which the value is derived from assets, interest rates, exchange rates, indices, or other measures (e.g., forward contracts, options, futures, interest or currency swaps, or structured contracts).

#### (2) Operational and Hedging Strategies

The company may engage in derivative transactions primarily for hedging operational risks. The primary counterparties for derivative transactions should be selected financial institutions with the capacity to mitigate credit risks.

#### (3) Division of Responsibilities

The responsibilities for derivative product transactions within the company are as follows:

- A. Procurement Department: Responsible for formulating operational strategies related to commodity futures trading and conducting transactions within authorized limits.
- B. Finance Unit: Responsible for formulating operational strategies for derivative products other than commodity futures and conducting transactions within authorized limits.
- C. Accounting Unit: Responsible for processing the accounting of derivative product transactions, preparing financial statements, and compiling data on a regular basis.
- D. Audit Unit: Understands the appropriateness of internal controls such as responsibility division and operating procedures, and audits the transaction units' compliance with these procedures.
- E. Approval Authority:

Level	Per Contract Amount	Accumulated Net Position
Board of Directors	Over USD 4 million	Over USD 8 million
Chairman's Approval, followed by Board Confirmation	USD 4 million or less	USD 8 million or less
Chairman	USD 1 million or less	USD 2 million or less
General Manager	USD 500,000 or less	USD 1 million or less

#### (4) Performance Evaluation

- A. Hedging Transactions
  - (A) Performance is evaluated based on the profit and loss between the company's book exchange rate cost and the results from derivative financial transactions.
  - (B) To fully understand and express the risks of the transactions, the company evaluates profit and loss using a monthly valuation method.
  - (C) The Finance Department should provide foreign exchange position evaluations and market trends to the General Manager as management reference and guidance.
- B. Specific Purpose Transactions
  - Performance evaluation is based on actual profits and losses, and accounting personnel must regularly prepare reports on the positions for management reference.

#### (5) Total Contract Amount

The total contract amount for derivative product transactions should, in principle, not exceed the company's foreign currency demand for the next six months or the total amount of foreign currency assets held by the company, whichever is higher.

#### (6) Loss Limits

- A. For hedging transactions aimed at risk avoidance, the maximum loss is limited to the nominal principal of the contract.
  - B. For transactions with specific purposes, the maximum loss is limited to 50% of the contract amount.
  - C. The maximum loss for each contract is limited to 30% of the contract amount.
  - D. The maximum annual loss limit for specific purpose transactions is USD 600,000.
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## 2. Risk Management Measures

### (1) Scope of Risk Management

- A. Credit Risk Management – Transactions should be conducted with financial institutions that have good credit standing and can provide professional information. The Finance Manager is responsible for controlling the transaction limits with financial institutions, ensuring that exposure is not overly concentrated, and adjusting the limits based on market conditions.
- B. Market Risk Management – Choose markets with publicly available price information.
- C. Liquidity Risk Management – Ensure that the financial institutions involved in transactions have adequate facilities, information, and trading capacity, and can conduct transactions in any market.
- D. Cash Flow Risk Management – To ensure stable working capital turnover, the company's derivative product transactions should be funded from its own funds, and the operational amount should consider future cash flow needs for the next three months.
- E. Operational Risk Management – Strictly comply with the company's authorized limits, operating procedures, and other regulations to avoid operational risks.

- F. Legal Risk Management – Any documents signed with financial institutions must be reviewed by the Legal Department before being officially signed to avoid legal risks.

(2) Personnel involved in derivative product transactions, as well as personnel responsible for trade confirmation, settlement, and other operations, must not overlap.

(3) Risk measurement, monitoring, and control personnel should be from different departments from the personnel in the previous item and should report to the Board of Directors or senior executives who are not responsible for transaction or position decisions.

(4) The positions held in derivative product transactions should be evaluated regularly, following the method outlined in the first item, fourth clause (1).

### 3. Internal Audit System

The company's internal audit personnel should regularly assess the appropriateness of the internal controls related to derivative product transactions and conduct monthly audits of the transaction department's compliance with these procedures. If major violations are found, the Audit Committee should be notified in writing.

### 4. Regular Evaluation Method and Handling of Abnormal Situations

- (1) Positions held in derivative product transactions should be evaluated at least once a week. However, if the transactions are hedging transactions for business purposes, at least two evaluations should be conducted per month, with evaluation reports submitted to the senior executives authorized by the Board of Directors.
- (2) The Board of Directors should authorize senior executives to regularly monitor and evaluate whether the current risk management measures are appropriate, whether derivative product transactions are being conducted according to regulations, whether the performance of derivative product transactions aligns with established business strategies, and whether the risks undertaken are within the company's acceptable limits. If any abnormal situations arise, necessary corrective actions should be taken, and the Board of Directors should be promptly notified.

### 5. Board of Directors' Supervision and Management

- (1) The Board of Directors should monitor and manage derivative product transactions according to the following principles:
  - a. Appoint senior executives to monitor and control derivative product trading risks at all times.
  - b. Regularly assess whether the performance of derivative product transactions aligns with established business strategies and whether the risks undertaken are within acceptable limits.
- (2) Senior executives authorized by the Board of Directors should manage derivative product transactions according to the following principles:
  - a. Regularly evaluate the appropriateness of current risk management measures and ensure compliance with the "Guidelines for Public Companies Acquiring or Disposing of Assets" and these procedures.
  - b. Monitor the transactions and profit and loss situation. If any abnormal situations

arise, necessary corrective actions should be taken, and the Board of Directors should be promptly notified. If independent directors are appointed, their opinions should be considered in the Board meeting.

- (3) Transactions conducted by the company, according to this procedure, should be reported to the Board of Directors afterwards.

#### 6. Derivative Product Transaction Register

The company should maintain a register for derivative product transactions, documenting the type and amount of transactions, the Board of Directors approval date, and any matters requiring careful evaluation in accordance with clauses (4)(1), (5)(1)2, and (5)(2)1. This information should be carefully recorded for reference.

### **Article 14: Evaluation and Operational Procedures for Mergers, Demergers, Acquisitions, or Share Transfers**

#### 1. Method of Determining Transaction Price and Reference Basis

In determining the consideration for mergers, demergers, acquisitions, or share transfers, the company shall consider the past and projected financial and operational conditions, anticipated future benefits, and the market fairness of the transaction price, consulting CPAs, lawyers, or underwriters for professional opinions.

#### 2. Engaging Experts for Opinions

The company shall obtain opinions on the reasonableness of the share exchange ratio or acquisition price before a board meeting to approve the merger, demerger, acquisition, or share transfer. This requirement is waived if the company merges with a wholly owned subsidiary.

#### 3. Decision-Making Levels

The company shall handle mergers, divisions, acquisitions, or stock transfers in accordance with the Company Act and relevant regulations.

#### 4. Submission of Relevant Materials and Disclosure of Information When Shareholder Approval Is Not Obtained

##### (1) Mergers, Divisions, or Acquisitions:

When the company conducts a merger, division, or acquisition, it must prepare a public document containing the key terms and related matters of the merger, division, or acquisition to be provided to the shareholders prior to the shareholders' meeting. This document should be delivered to shareholders together with the expert opinions specified in Article 1, Paragraph 2, and the notice of the shareholders' meeting. This will serve as a reference for whether shareholders approve the merger, division, or acquisition. However, if other laws exempt the requirement to convene a shareholders' meeting for approving mergers, divisions, or acquisitions, this requirement does not apply.

##### (2) Failure to Convene or Approve Shareholders' Meetings:

If the shareholders' meeting of any participating company in the merger, division, or acquisition cannot be convened, resolved, or is rejected due to insufficient

attendance, voting rights, or other legal restrictions, the participating company must immediately disclose the reason for this failure, the subsequent handling procedures, and the anticipated date of the next shareholders' meeting.

## 5. Board and Shareholders' Meeting Dates, Relevant Records, and Announcements

- (1) When the company conducts a merger, division, or acquisition, unless otherwise specified by law or special circumstances have been approved by the Securities and Futures Bureau in advance, the company should hold both the Board of Directors' meeting and the shareholders' meeting on the same day as the participating company to resolve matters related to the merger, division, or acquisition.
- (2) When the company conducts a stock transfer, unless otherwise specified by law or special circumstances have been approved by the Securities and Futures Bureau in advance, the company should hold the Board of Directors' meeting on the same day as the participating company.
- (3) Participating companies in mergers, divisions, acquisitions, or stock transfers that are listed or whose stocks are traded at securities firms must create a complete written record of the following information and retain it for five years for audit purposes:
  - A. Personnel Information: Including the names, titles, and identification numbers (passport numbers for foreign nationals) of all individuals involved in the merger, division, acquisition, or stock transfer plan or its execution prior to the public disclosure of the information.
  - B. Key Dates: Including the dates of signing letters of intent or memoranda of understanding, engaging financial or legal advisors, signing contracts, and Board of Directors' meetings.
  - C. Key Documents and Meeting Minutes: Including the merger, division, acquisition, or stock transfer plans, letters of intent or memoranda of understanding, important contracts, and Board meeting minutes.
- (4) Participating companies in mergers, divisions, acquisitions, or stock transfers that are listed or whose stocks are traded at securities firms must file the information specified in Article 3, Paragraph 1 and Paragraph 2 within two days from the date the Board of Directors approves, in the required format through the Internet Information System for filing with the Securities and Futures Bureau.
- (5) If any participating company in a merger, division, acquisition, or stock transfer is not a listed company or not traded at securities firms, the listed or traded company must enter into an agreement with such companies and handle matters as outlined in Article 3, Paragraph 3 and Paragraph 4.

## 6. Confidentiality Obligations and Avoidance of Insider Trading

All individuals who participate in or are aware of the company's merger, division, acquisition, or stock transfer plan must provide a written confidentiality commitment. Prior to the public disclosure of the information, they must not disclose the content of the plan to any third party, nor may they trade in the stocks or other equity-related securities of the company involved in the merger, division, acquisition, or stock transfer, either personally or through others.

## 7. Principles for Changes in the Share Exchange Ratio or Acquisition Price

The share exchange ratio or acquisition price in a merger, division, acquisition, or stock



transfer shall not be arbitrarily changed, except in the following circumstances, and such conditions must be specified in the merger, division, acquisition, or stock transfer agreement:

- (1) The issuance of new shares, the issuance of convertible bonds, the free allocation of shares, the issuance of bonds with warrants, preferred stock with warrants, warrants, or other equity-related securities.
- (2) Disposition of significant company assets or other actions that affect the company's financial and operational status.
- (3) Occurrence of major disasters, technological changes, or other events that affect shareholders' rights or securities prices.
- (4) Adjustments arising from the repurchase of treasury stock by any participating company in the merger, division, acquisition, or stock transfer.
- (5) Changes in the number of participating entities in the merger, division, acquisition, or stock transfer.
- (6) Other conditions for change that have been previously disclosed to the public and stipulated in the agreement.

#### 8. Required Items to be Included in the Contract

When the company participates in a merger, division, acquisition, or stock transfer, the contract should outline the rights and obligations of the participating companies and include the following items:

- (1) Default Handling.
- (2) Handling of equity-related securities or treasury stock issued or repurchased by companies that are merged or divided.
- (3) The number of shares that the participating companies may lawfully repurchase as of the share exchange ratio reference date and the handling of such repurchases.
- (4) Handling of changes in the number of participating entities.
- (5) Estimated project implementation progress and expected completion schedule.
- (6) Procedures for handling if the plan is not completed within the expected timeframe, including the scheduled date for calling a shareholders' meeting in accordance with relevant laws.

#### 9. Actions When Participating Companies Proceed with Further Transactions

If, after the public disclosure of information, any party to the merger, division, acquisition, or stock transfer intends to merge, divide, acquire, or transfer shares with another company, unless the number of participating entities is reduced, and the shareholders' meeting has approved and authorized the Board of Directors to change the decision-making authority, the participating companies are not required to reconvene the shareholders' meeting to resolve the matter. However, the procedures or legal actions that have already been completed in the original merger, division, acquisition, or stock transfer must be re-executed by all participating companies.

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#### 10. Agreements with Non-Public Companies

If any participating company in the merger, division, acquisition, or stock transfer is not a

publicly traded company, the company must enter into an agreement with it and follow the procedures outlined in Article 5, Paragraphs 1, 5, and 6, and Article 9.

## **Article 15: Announcement and Reporting Procedures**

1. The company shall announce and report acquisitions or disposals of assets that meet any of the following criteria within two days of occurrence on the FSC-designated website:

- (1) Acquisition or Disposal of Real Estate or Rights Thereof with Related Parties:  
The company acquires or disposes of real estate or the rights to real estate from a related party, or acquires or disposes of other assets from a related party, and the transaction amount reaches 20% of the company's paid-in capital, 10% of total assets, or NT\$300 million or more. This does not apply to the purchase or sale of domestic government bonds, bonds with repurchase or sell-back conditions, bonds issued by domestic securities investment trusts, or repurchase of currency market funds from domestic securities investment trust enterprises.
- (2) Merger, Division, Acquisition, or Stock Transfer:  
The company conducts a merger, division, acquisition, or stock transfer.
- (3) Derivative Product Trading Losses:  
The company incurs a trading loss in derivative products that reaches the defined loss limit for a contract or individual contract as per the company's internal procedures.
- (4) Acquisition or Disposal of Operating Assets:  
The company acquires or disposes of operating assets (equipment or usage rights) from a non-related party, and the transaction amount meets one of the following criteria:
  - A. If the paid-in capital is less than NT\$10 billion, the transaction amount exceeds NT\$500 million.
  - B. If the paid-in capital is NT\$10 billion or more, the transaction amount exceeds NT\$1 billion.
- (5) Publicly Listed Companies in the Construction Business:  
A publicly listed company in the construction business acquires or disposes of real estate or the rights to real estate used for construction, and the transaction amount exceeds NT\$500 million. For companies with paid-in capital of NT\$10 billion or more, if the company disposes of completed real estate developed by itself, the transaction amount must exceed NT\$1 billion.
- (6) Acquisition of Real Estate for Development:  
The company acquires real estate for development purposes (self-land, land leasing, co-building, or co-development), and the expected investment amount exceeds NT\$500 million.
- (7) Other Asset Transactions and Debt Collection:  
Other asset transactions, debt disposals by financial institutions, or investments in mainland China that meet the company's paid-in capital threshold of 20% or NT\$300 million or more. The following situations are excluded:
  - A. Purchase and sale of domestic government bonds or foreign government bonds with a credit rating not lower than the sovereign rating of Taiwan.

- B. Securities transactions by professional investors on stock exchanges or securities firms' business premises, including domestic and foreign public bond purchases, bonds not involving equity interests, or securities investment trust fund purchases or repurchases.
- C. Purchase and sale of bonds with repurchase or sell-back conditions or repurchase of currency market funds from domestic securities investment trust enterprises.

The transaction amount in the above cases shall be calculated as follows:

- A. The amount of each individual transaction.
- B. The cumulative amount of transactions of the same type with the same counterparty within one year.
- C. The cumulative amount of transactions with the same real estate development project (or its rights) within one year.
- D. The cumulative amount of transactions with the same security within one year.

For the purposes of calculating "one year," the reference date is the date of the current transaction, counting one year backwards, with previously announced portions excluded from the calculation.

## 2. Monthly Reporting of Derivative Product Transactions

The company must report the derivative product trading activities of both the company and its subsidiaries (that are not publicly listed in Taiwan) by the 10th of each month, as of the end of the previous month, in the format prescribed by the Securities and Futures Bureau on the designated reporting website.

## 3. Correction of Errors or Omissions in Announcements

If the company discovers any errors or omissions in the items that should be announced, the company must correct the announcements and re-submit them within two days after becoming aware of the issue.

## 4. Documentation of Transactions

The company must retain all relevant contracts, meeting minutes, reference books, valuation reports, and opinions from accountants, lawyers, or securities underwriters related to the acquisition or disposal of assets. Unless specified otherwise by law, these documents must be kept for at least five years.

## 5. Reporting of Subsequent Changes After Announcement

After the company has filed an announcement about an asset acquisition or disposal, the company must re-file the information within two days if any of the following events occur:

- (1) There is a change, termination, or cancellation of the original contract.
- (2) The merger, division, acquisition, or stock transfer is not completed according to the scheduled date in the contract.
- (3) The previously announced details change.

## 6. Reporting for Subsidiaries That Are Not Publicly Listed

If the company's subsidiary, which is not a publicly listed company in Taiwan, acquires or

disposes of assets that meet the reporting thresholds specified above, the parent company shall handle the reporting for the subsidiary. In this case, the threshold criteria for the reporting standard based on paid-in capital of 20% or total assets of 10% will be calculated based on the parent company's paid-in capital or total assets.

#### **Article 16: Control Procedures for Subsidiaries' Acquisition or Disposal of Assets**

1. The company shall require each subsidiary to establish procedures for the acquisition or disposal of assets according to the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies," and these procedures must be approved by the subsidiary's board, reviewed by the audit committee, and submitted to the shareholders' meeting for approval. Any amendments shall follow the same process.
2. For acquisitions or disposals of assets by subsidiaries that require board approval per the subsidiary's procedures or other laws, the transaction must be reported to the company before it takes effect. The company's Finance Department will evaluate the feasibility, necessity, and reasonableness of the transaction and will subsequently monitor its execution and analyze the outcome.
3. Internal auditors of the company shall regularly audit each subsidiary's compliance with their procedures for asset acquisition or disposal, producing audit reports. Findings and recommendations shall be reviewed and shared with the subsidiaries for improvement. Regular follow-up reports shall ensure that appropriate corrective actions are taken in a timely manner.

#### **Article 17: Penalties**

If any employee responsible for the company's asset acquisition or disposal violates the FSC's "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" or the company's own procedures, they shall be subject to disciplinary measures according to the company's personnel management regulations, with the severity based on the circumstances.

#### **Article 18: Implementation**

These procedures shall come into effect following approval by the audit committee, then the board of directors, and finally by the shareholders' meeting. Any amendments shall follow the same process. If any director expresses dissent and this dissent is recorded in writing or verbally, the dissent shall also be submitted to the audit committee.

When submitting these procedures or any amendments for board discussion, sufficient consideration shall be given to the opinions of independent directors. Any dissenting or reserved opinions from independent directors should be documented in the board meeting minutes.

For the establishment or amendment of these procedures, at least half of the audit committee members must approve, followed by a board resolution. If audit committee

approval is not obtained, the procedures or amendments may be approved by two-thirds of all directors, with the audit committee's resolution recorded in the board meeting minutes.

#### **Article 19: Revision Dates**

The procedures for the acquisition or disposal of assets were initially approved on June 25, 2003, and have since been amended as follows:

- First Revision: May 18, 2004, effective upon shareholders' meeting resolution.
- Second Revision: June 27, 2007, effective upon shareholders' meeting resolution.
- Third Revision: June 22, 2009, effective upon shareholders' meeting resolution.
- Fourth Revision: June 15, 2010, effective upon shareholders' meeting resolution.
- Fifth Revision: June 15, 2012, effective upon shareholders' meeting resolution.
- Sixth Revision: June 24, 2013, effective upon shareholders' meeting resolution.
- Seventh Revision: June 22, 2017, approved by the shareholders' meeting.
- Eighth Revision: June 18, 2019, approved by the shareholders' meeting.
- Ninth Revision: June 15, 2022, approved by the shareholders' meeting.