

(Translation in English, Original in Chinese)

# **"Procedures for Acquisition and Disposal of Assets" (The "Procedures") of Sunplus Technology Company Limited (The "Company")**

**(Amended in 2022)**

## **Chapter I General Principles**

Article 1 The Company shall handle the acquisition or disposal of assets in compliance with these Procedures.

Article 2 The term "assets" as used in these Procedures 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. Usage-right property.
6. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
7. Other major assets.

Article 3 Terms used in these Procedures are defined as follows:

1. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
2. 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.
3. 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.

Article4 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following criteria:

1. Have not been sentenced to more than one year in prison for breach of the Securities Exchange Law, the Company Law, the Banking Law, the Insurance Law, the Financial Holding Company Law, the Commercial Accounting Law, or the fraud, breach of trust, encroachment, forgery of documents or business crimes.

Announcement is confirmed. However, if the execution is completed, the probation period expires or the pardon has been completed for three years, this is not the limit.

2. The situation in which the party to the transaction may not be a related person or a person with a substantive relationship.

3. If the company should obtain the valuation report of two or more professional valuers, different professional valuers or appraisers may not be related to each other or have substantive relationships.

Article5 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.

## **Chapter II Appraisal Procedures of Acquiring or Disposing Assets**

Article6 In acquiring or disposing of real property equipment or usage-right property 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 government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.

2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.

3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

(1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.

(2) 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.

Article7 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).

Article8 Where the Company acquires or disposes of intangible assets or usage-right property or membership and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300million 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 9 The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 16, 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 for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 9 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.

Article 11 The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to 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.

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 company shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

### **Chapter III Operating Procedures of Acquiring or Disposing Assets**

Article 12 Where the Company acquires or disposes of preceding equipment, usage-right property, memberships, intangible assets and so forth, the terms of trading, the degree of authority delegated and implement shall be in accordance with the "Rules Governing the Management of Procurement, Payment and Warehouse", "Rules Governing the Management of Assets" and "Rules Governing the Implementation of Authorization".

Article12 Where the Company acquires or disposes of securities and real properties due to expanding operations or other reason, the terms of trading, the degree of authority delegated and implement shall be in accordance with the “Rules Governing the Management of Investment Operations” and “Rules Governing the Implementation of Authorization”.

Article14 Where the Company could serve as board of director by acquiring the shareholding of other companies, the implement shall follow the “Rules Governing the Management of Investment Control”.

Article15 Procedure when participating in a merger, demerger, acquisition or transfer of shares:

1. The companies 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.

The 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.

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

(1) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.

(2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.

(3) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of

board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately 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.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 and 4.

2. 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.

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

(1) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.

(2) An action, such as a disposal of major assets, that affects the company's financial operations.

(3) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.

(4) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.

(5) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of

shares.

(6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

4. The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

(1) Handling of breach of contract.

(2) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.

(3) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.

(4) The manner of handling changes in the number of participating entities or companies.

(5) Preliminary progress schedule for plan execution, and anticipated completion date.

(6) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

5. 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.

#### **Chapter IV Public Announcement and Regulatory Filing Procedures**

Article 16 Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on information reporting website designated by Financial Supervisory

Commission, R.O.C. (FSC), in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:

1. Acquisition or disposal of real property or usage-right property from or to a related party, or acquisition or disposal of assets other than real property or usage-right property 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, bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.

2. Merger, demerger, acquisition, or transfer of shares.

3. Where an asset transaction other than any of those referred to in the preceding two subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

(1) Trading of government bonds or foreign public bonds with a credit rating not lower than my country's sovereign rating.

(2) Professionals who specialize in investment, trading of securities on stock exchanges or the business offices of securities firms, or subscription of foreign public bonds or common corporate bonds raised and issued in the primary market, and general financial bonds that do not involve equity (excluding subordinated bonds) , or subscribe for or buy back securities investment trust funds or futures trust funds, or subscribe for or sell back index investment securities, or securities dealers act as counseling and recommend securities dealers for emerging companies due to underwriting business needs, in accordance with the regulations of the Republic of China Securities OTC Trading Center subscribed securities..

(3) Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.

(4) Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.

(5) 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 the amount the company expects to invest in the transaction is less than NT\$500 million.



The amount of transactions above shall be calculated as follows:

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 trading counterparty within the preceding year.

3. The cumulative transaction amount of real property or usage-right property acquisitions and disposals (cumulative acquisitions and disposals, respectively) 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 Procedures need not be counted toward the transaction amount.

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.

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 headquarters, where they shall be retained for 5 years except where another act provides otherwise.

Article 17 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 commencing immediately from the date of occurrence of the event:

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

Article 18 Information required announcing and reporting publicly in accordance with the provisions of this chapter on acquisitions and disposals of assets by a subsidiary of the Company that is not itself a public company in Taiwan shall

be reported by the Company.

The paid-in capital or total assets of the Company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to Article 16, paragraph 1, requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.

## **Chapter V Related Party Transactions**

Article 19 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 in accordance with Article 6~8 and this chapter 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 Article 6~8. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9 herein.

For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

Article 20 When the Company intends to acquire or dispose of real property or usage-right property from or to a related party, or when it intends to acquire or dispose of assets other than real property or usage-right property 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 government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been recognized by the audit committee and approved by the board of directors:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a trading counterparty.
3. With respect to the acquisition of real property or usage-right property from a related party, information regarding appraisal of the reasonableness of the preliminary

transaction terms in accordance with Article 21 and Article 22.

4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.

5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.

6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.

7. Restrictive covenants and other important stipulations associated with the transaction.

Items that have been have been

recognized by the audit committee and approved by the board of directors need not be counted toward the transaction amount:

1. Obtain or dispose of the equipment for business use or its right to use assets.

2. Acquiring or disposing of the right to use real estate for business use.

With respect to the acquisition or disposal of business-use equipment between the company and its parent or subsidiaries, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.

When a matter is submitted for discussion by the board of directors pursuant to the first 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, and shall be announced subject to mutatis mutandis application of Article 28 in these Procedures. If the company or its subsidiary that is not a domestic public offering company has the first transaction, and the transaction amount is more than 10% of the company's total assets, the company shall submit the information listed in the first paragraph to the shareholders' meeting for approval, Before signing the transaction contract and making payment. However, the transaction between the company and its parent company, subsidiaries, or its subsidiaries is not limited to this.

The calculation of the transaction amount in Paragraph 1 and the preceding Paragraph shall be carried out in accordance with the provisions of Paragraph 2 of Article 16, and the term within one year shall be based on the date of the actual occurrence of this transaction, and shall be retrospectively calculated for one year in accordance with this The procedures stipulated that the parts submitted to the shareholders' meeting,

the audit committee and the board of directors for approval will be exempted from re-counting.

Article 21 The Company that acquires real property or usage-right property from a related party shall evaluate

the reasonableness of the transaction costs by the following means:

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

2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

Where land and structures thereupon are combined as a single property purchased or rented in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph. The Company that acquires real property or usage-right property from a related party and appraises the cost of the real property in accordance with paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Company acquires real property or usage-right property from a related party and one of the

following circumstances exists, the acquisition shall be conducted in accordance with Article 20 and the preceding three paragraphs do not apply:

1. The related party acquired the real property or usage-right property through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or usage-right property to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party or through engaging a related party to build real property, either on the company's own land or on rented land.

4. With the parent company, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, obtain the real estate use right assets for business use.

Article 22 When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 23. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply: :

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

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

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

2. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions for 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; transaction for similarly sized parcels in

principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.

Article23 Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 21 and Article 22 are uniformly lower than the transaction price, the following steps shall betaken:

1. A special reserve shall be set aside in accordance with Article of 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.
  2. Those independent directors of audit committee shall comply with Article 218 of the Company Act.
  3. Actions taken pursuant to subparagraph 1 and subparagraph 2 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 at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent. When the Company obtains real property or usage-right property 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.

## **Chapter VI Other Important Matters**

Article24 Total amounts of real property or usage-right property and securities acquired by the Company for business use, and limits on individual securities as below:

1. The total amounts of real property or usage-right property for business use may not be higher than 50 percent or more of paid-in capital.
2. The total amount of securities for investment of a long-term nature may not be higher than 200 percent of the net asset on the latest financial statement.
3. The amount for each investment of a long-term nature shall be limited to

60 percent of the net asset on the latest financial statement.

4. Except the bond fund and money fund for investment of a short-term nature, the amount of each individual securities for investment of a short-term nature acquired by the Company shall be limited to 2 percent of the net asset on the latest financial statement, and the total amount of securities acquired by the Company may not be higher than 10 percent of the net asset on the latest financial statement.

The "net asset " in these Procedures means the balance sheet asset attributable to the owners of the each company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article25 The Company shall see to it that its subsidiaries to make and implement its procedures for the acquisition or disposal of assets in compliance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” by the competent authority. The overseas subsidiaries shall apply the rules, in addition, in compliance with the regulations by local government.

Article26 Penalties for mangers and personnel violating these Procedures or “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” by the competent authority to causes loss to the Company shall be in accordance with the “Rules Governing the Management of Employment”.

## **Chapter VII Additional Provisions**

Article27 The company shall establish the audit committee in accordance with Securities and Exchange Act. Any amendment of the procedures and major transaction of acquisition and disposal of assets or usage-right property from or to a related party, or when it intends to acquire or dispose of assets other than real property or usage-right property 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, shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding

those positions.

Article28 When any amendment of Procedures and major transactions or other matters shall be approved by the board of directors for a resolution, the company shall submit the director's dissenting opinion to the audit committee if any director expresses dissent and it is contained in the minutes or a written statement, When any amendment of the procedures and transaction of either acquisition or disposal is 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. It shall be recorded in the minutes of the board of directors meeting if an independent director agrees or objects about any matter.

A public report of preceding opinion shall be made on the information reporting website designated by the competent authority within 2 days commencing immediately from the date of board meeting.

Article29 After approved by the audit committee and Board Meeting, the procedures shall be enacted after proposed to and resolved by shareholders' meeting. The same applies in case of amendment.