

Chinese Maritime Transport Ltd.  
(the Corporation)

Procedures for Acquisition or Disposal of Assets  
(the Procedures)

Amended and approved by the Regular Shareholders' Meeting on May 12, 2022

- Article 1 Purpose  
In order to protect assets and implement the information disclosure, the Procedures have been set.
- Article 2 Legal basis  
This Procedure is stipulated in accordance with relevant laws and regulations.
- Article 3 The term "assets" as used in these Procedures includes the following:
1. Securities: including 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, construction enterprise inventory) and equipment.
  3. Memberships.
  4. Intangible assets: including patents, copyrights, trademarks and franchise rights, and other intangible assets.
  5. Right-of-use assets.
  6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, overdue receivables).
  7. Derivatives.
  8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
  9. Other major assets.
- Article 4 Terms used in these Procedures are defined as follows:
1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not

include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, date of Board of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Corporation in the Mainland area.

Article 5 The limit for acquisition of real property and its right-of-use assets for non-business use and securities.

The Corporation and each subsidiary's individual limit for acquisition of the above mentioned assets are set as follows:

1. The total amount of real property and its right-of-use assets acquired not for business use shall be limited to the net worth of each company. However, if the subsidiary is an investment company, it is not subject to this restriction.
2. The total amount of securities acquired shall be limited to 2.5 (two and half) times the net worth of each company. However, if the

subsidiary is an investment company, it is not subject to this restriction.

3. The limit for acquiring individual securities are as follows
  - 3.1 A single security investment of non-current assets is limited to the net worth of each company. However, if the subsidiary is an investment company, it is not subject to this restriction.
  - 3.2 A single security investment of current assets is limited to 30% net worth of each company. However, if the subsidiary is an investment company, it is not subject to this restriction.

The above mentioned net worth items shall be subject to the amount of the company's latest with independent auditors' report or review report.

Article 6 Professional appraisers and their officers, certified public accountants, attorneys, and securities underwriters that provide the Corporation with appraisal reports, certified public accountant's opinions, attorney's opinion, or underwriter's opinion shall meet the following requirements:

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

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be

fully and accurately specified in the case working papers.

3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepare the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 7 With respect to the Corporation's acquisition or disposal of assets that is subject to the approval of the board of directors under these Procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the Corporation shall submit the director's dissenting opinion to audit committee.

When a transaction involving the acquisition or disposal of assets 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. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Article 8 Evaluation and operating procedures for acquiring or disposing of real property, equipment or its right-of-use assets.

1. The method of price determination and supporting reference materials.

When acquiring or disposing of real property, equipment or right-of-use assets, the execution unit shall submit the department's investment budget and equipment addition plan in accordance with regulations, evaluate and analyze the investment subject.

Carry out feasibility analysis and research on the pre-investment status, investment motives and objectives, investment cost, estimated recovery period, investment benefit analysis, etc., formulate specific investment implementation plans, and submit them to the general manager and chair for approval.

2. Appoint a professional appraiser to issue an appraisal report.  
In acquiring or disposing of real property, equipment or right-of-use assets thereof where the transaction amount reaches 20 percent of the Corporation's paid-in capital or NT\$300 million or more, the Corporation, unless transacting with a domestic government agency,

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

- 2.1 Where due to special circumstances it is necessary to give a limited price, special price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- 2.2 Where the transaction amount is NT\$1billion or more, appraisals from two or more professional appraisers shall be obtained.
- 2.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price.
  - 2.3.1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
  - 2.3.2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- 2.4 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.

Where the Corporation 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.

3. The degree and the levels of authority delegated.
  - 3.1 The acquisition of real property, equipment or right-of-use

assets thereof, if the amount is less than NT\$30 million is submitted to the chair for approval, and if it exceeds NT\$30 million, it must be approved by the board of directors. However, capital expenditures, such as ship annual maintenance/repairs, which have been included in the budget and approved by the board of directors shall not be applicable to this restriction.

3.2 The disposal of real property, equipment or right-of-use assets thereof, if the book value or appraisal value is less than NT\$30 million is submitted to the chair for approval, and if it exceeds NT\$30 million, it must be approved by the board of directors.

4. The units responsible for implementation.

When the Corporation acquires or disposes of real property, equipment or right-of-use assets thereof, it shall be executed by the executive unit or user department designated by the board of directors or the chair after submitting the approval authority in accordance with the preceding paragraph.

Article 9 Evaluation and operating procedures for acquiring or disposing of securities.

1. The method of price determination and supporting reference materials.

The Corporation 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:

1.1 When the acquisition or disposal of securities that have been traded in the centralized securities exchange market or the business premises of a securities firm shall be determined in accordance with the prevailing market price.

1.2 When the acquisition or disposal of securities that are not traded in the centralized securities exchange market or the business premises of a securities firm, its net worth per share, profitability, future development potential, market interest rate, bond coupon rate, debtors' credits, and negotiated with reference to the current transaction price, shall be taken into consideration.

2. Obtain expert opinion

The Corporation acquiring or disposing of securities, if the amount of the transaction is 20 percent of the Corporation's paid-in capital or NT\$300 billion or more, the Corporation 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. If the CPA needs to use the report of an expert as evidence, the expert/report referred to shall comply with the self-regulatory rules of the industry associations to which they belong. 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.

3. The degree and the levels of authority delegated.

The Corporation acquiring or disposing of securities with a single amount of more than NT\$30 million must be approved by the board of directors and processed after approval; those with a single amount of less than NT\$30 million (inclusive) shall be approval by the chair of board of directors; however, when investing in specific securities approved by the board of directors, it shall be processed in accordance with the authorization of the board of directors.

4. The units responsible for implementation.

When the Corporation engages in securities investment, it shall be executed by the executive unit or user department designated by the board of directors or the chair after submitting the approval authority in accordance with the preceding paragraph, and the financial department shall assist in handling.

## Article 10 Related party transactions

1. When the Corporation intends to acquire or dispose of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Corporation's total assets, or NT\$300 million or more, the Corporation shall, prior to the date of occurrence of the event, obtain an appraisal report from a professional appraiser or CPA's opinion. Besides, when judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

2. Appraisal and operating procedures

When the Corporation intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of other assets or right-of-use assets thereof other than real property from or to a related party and the

transaction amount reaches the material standards of the preceding paragraph, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Corporation may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:

- 2.1 The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
  - 2.2 The reason for choosing the related party as a transaction counterparty.
  - 2.3 With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness in accordance with Article 10, paragraph 4, subparagraph 1 and 4.
  - 2.4 The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
  - 2.5 Monthly cash flow forecast 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.
  - 2.6 An appraisal report from professional appraiser or a CPA's opinion obtained in compliance with Article 10, paragraph 1.
  - 2.7 Restrictive covenants and other important stipulation associated with the transaction.
3. The degree and the levels of authority delegated.  
The Corporation and its parent company, subsidiaries, or between its subsidiaries in which it directly or indirectly hold 100% of the company's shares, acquire or dispose of equipment for business use or right-of-use assets thereof, or real property right-of-use asset, with a single amount of NT\$50 million below (inclusive), the board of directors shall authorize the chair to make a decision first, and report to the latest board of directors for ratification afterwards.
  4. Evaluation of reasonableness of the transaction costs.
    - 4.1 When the Corporation obtains real property or its right to use assets from related parties, it shall evaluate the reasonableness



of the transaction costs according to the following methods:

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

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

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

4.3 The Corporation that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with Article 10, paragraph 4, subparagraph 1 and 2 shall also engage a CPA to check the appraisal and render a specific opinion.

4.4 When the results of the Corporation's appraisal conducted in accordance with Article 10, paragraph 4, subparagraph 1 and 2 are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 10, paragraph 4, subparagraph 5. 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:

4.4.1. Where the related party acquired undeveloped land or

leased land for development, it may submit proof of compliance with one of the following conditions:

- a. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
- b. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

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

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

4.5 Where the Corporation acquires real property or right-of-use assets thereof from a related party and the result of appraisals

conducted in accordance with the Article 10, paragraph 4, subparagraph 1 and 2 are uniformly lower than the transaction price, the following steps shall be taken. In addition, the Corporation and the public company that adopts equity method to evaluate the investment of the Corporation have set aside a special reserve in accordance with foregoing regulations, the public company may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

4.5.1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment to the Corporation, then the special reserve under Article 41, paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share.

4.5.2. Audit committee shall comply with Article 218 of the Company Act.

4.5.3. Actions taken pursuant to the preceding two subparagraphs shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

4.6 Where the Corporation acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, it should be handled in accordance with the relevant evaluation and operating procedures in Article 10, paragraph 1, paragraph 2, and Article 10, paragraph 4, subparagraph 1, subparagraph 2, subparagraph 3 on the assessment of the reasonableness of transaction cost is not applicable.

- 4.6.1. The related party acquires real property or right-of-use assets thereof through inheritance or as a gift.
- 4.6.2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
- 4.6.3. 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 Corporation's own land or on rented land.
- 4.6.4. The real property right-of-use assets for business use are acquired by the Corporation with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares.

4.7 When the Corporation obtains real property or right-of-use assets thereof from a related party, it shall also comply with the Article 10, paragraph 4, subparagraph 5, if there is other evidence indicating that the acquisition was not an arm's-length transaction.

Article 11 Evaluation and operating procedures for acquiring or disposing of intangible assets or right-of-use assets thereof or memberships.

- 1. The method of price determination and supporting reference materials  
To obtain or dispose of intangible assets or right-of-use assets thereof or memberships, the assets may generate benefits and the fair value of the market in the future should be considered, and expert opinions should be consulted when necessary and agree with the counterparty of the transaction.
- 2. Appoint an expert to issue an opinion  
Where the Corporation acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Corporation shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.
- 3. The degree and the levels of authority delegated  
The Corporation acquires or disposes of intangible assets or right-of-

use assets thereof or memberships with the transaction amount of more than NT\$20 million must be approved by the board of directors; where the transaction amount is less than NT\$20 million (inclusive), the board of directors authorizes the chair to make decision.

4. The units responsible for implementation

The Corporation's acquisition or disposal of intangible assets or right-of-use assets thereof or memberships shall be executed by the executive unit or use department designated by the board of directors or the chair after the approval of the authority of the preceding paragraph.

Article 11-1 Transaction amount calculation

To obtain or dispose of the assets of Article 8, Article 9, Article 10 and Article 11, the calculation of the transaction amount shall be carried out in accordance with the provisions of Article 15, paragraph 1, subparagraph 6, of this Procedure. The stated period of one year is based on the date of the transaction facts, retrospectively calculated one year in the past, and the valuation report or CPA's opinion issued by the professional appraisers obtained in accordance with the regulations is exempt from re-entry.

Article 12 Evaluation and operating procedures for acquiring or disposing of claims of financial institutions.

In principle, the Corporation does not engage in the acquisition or disposal of claims of financial institutions. If the Corporation intends to engage in the acquisition or disposal of claims of financial institutions in the future, the Corporation will submit to the board of directors for approval before formulating its evaluation and operating procedures.

Article 13 Evaluation and operating procedures for acquiring or disposing of derivatives.

1. Trading principles and strategies

1.1 Types of transactions

1.1.1. The derivatives products that the Corporation may engage in refer to the contracts set in Article 4, paragraph 1.

1.1.2. The term "for the purpose of trading" in this Article means the purpose of holding or issuing derivatives is to earn the spread, including transactions that are measured at fair value and recognized as current profit and loss; "for the purpose of non-trading" refers to those trading

activities for purpose other than the foregoing.

## 1.2 Operating or hedging strategies

1.2.1. For the purpose of trading: Flexibility and mobility are the principle of operating strategy.

1.2.2. For the purpose of non-trading: Prudence and conservatism are the principle of hedging strategy.

## 1.3 Authorization and Delegation

1.3.1. Signing of transaction contracts and related documents: signed by the chair of the board or a person designated by chair on behalf of the Corporation.

1.3.2. Execution of transactions and assessment of profit or loss:

a. The commodities related to the raw materials shall be in charge by purchasing department.

Freight related shall be in charge by Business department.

Finance related shall be in charge by Finance department.

b. The executives of each relevant department are authorized for the decisions of accounts opening, trading, confirmation, and delivery.

c. The transaction instruments, invoices, and deposit receipts are made by traders, reviewed by executives at the designated level, and distributed to the Finance Department, the Accounting Department, and the Audit Department.

d. The profit and loss assessment shall be made by the person-in-charge of the relevant departments, and the assessment report shall be sent to the executive of the Audit department.

1.3.3. Accounting: The accounting department prepare slips base on various documents and enters the accounts, and completes the relevant accounting statements according to the accounting cycle.

1.3.4. Audit: The auditing office conducts regular and irregular audits in accordance with the internal audit system.

1.3.5. Legal affairs: The legal specialist and above are responsible for the review of the transaction contract.

1.3.6. Unless otherwise specified, the execution level of the Corporation engaged in derivatives trading shall be above or as the manager or its designated person.

#### 1.4 Performance Assessment

The performance benchmark shall be assessed based on the year-end net profit and loss.

#### 1.5 Total amount of derivatives contracts and authorization

1.5.1. For the purpose of trading: The gross amount of all contracts of all targets at any point in time shall not exceed 50 percent of the Corporation's net worth in the previous year. The executives of each relevant department are authorized to execute each contract that is under 5 percent of the Corporation's net worth, and shall submit to the latest Board meeting for notification after the transaction. If the amount of each contract exceeds 5 percent of the Corporation's net worth, it shall be approved by the Board before transaction.

1.5.2. For the purpose of non-trading: The upper limit is the assets or liabilities held and expected to be traded, and the relevant departments heads are responsible for planning proposals, which can only be done after the general manager submits it to the board of directors for approval.

#### 1.6 Loss cap

1.6.1. For the purpose of trading: The upper limit of individual contract losses is 15 percent of the Corporation's paid-in capital, and the upper limit of total contract losses is 15 percent of the Corporation's paid-in capital.

1.6.2. For the purpose of non-trading: The upper limit of individual contract losses is 15 percent of the Corporation's paid-in capital, and the upper limit of total contract losses is 15 percent of the Corporation's paid-in capital.

### 2. Risk management measures

2.1 Credit risk of counterparties: Counterparties must be financial institutions or corporations with good credit ratings.

2.2 Market risk of price reversal: In accordance with the provisions

of subparagraph 6, paragraph 1 of Article 13.

- 2.3 Market liquidity risk: Any commodity shall be available for trading two-way with the quotations from two or more financial institutions or corporations in the market at the same time.
- 2.4 Cash flow risk: The fair market value of the financial products under contract shall regularly disclosed in order to properly express the expected cash flow of the financial product.
- 2.5 Internal operation risk: In accordance with the provisions of subparagraph 3, paragraph 1 of Article 13.
- 2.6 Legal risk of signing contracts and related documents: Professional opinions must be issued by the legal office.
- 2.7 Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
- 2.8 Risk measurement, monitoring, and control personnel shall be assigned to a different department that the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.
- 2.9 Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.

### 3. Internal audit system

The Corporation's internal audit personnel shall periodically make a determination of the suitability of internal controls on the derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any violation is discovered, audit committee shall be notified in writing.

### 4. Regular assessment method and handling of abnormal situations

- 4.1 The board of directors shall designate the person in charge of the audit office to pay attention to the supervision and control of derivatives trading risk at all time.
- 4.2 The board of directors shall designate a person to regularly evaluate whether the performance of the derivative transaction



is in line with the established business strategy and whether the risk assumed is within the acceptable range of the Corporation.

- 4.3 The head of auditing office shall regularly assess whether the currently used risk management measures are appropriate and are indeed handled in accordance with the processing procedures set out in this article, and supervise transactions and profit and loss situations. When abnormalities are found, they shall take necessary response measures and immediately report to the board of directors, and independent directors shall be present on the board of directors and express their opinions.
- 4.4 The Corporation shall establish a log book in which details of the types and amount of derivatives trading engaged in, the board of directors approval dates, and the matters required to be carefully evaluated under Article 13, paragraph 2, subparagraph 9, and under subparagraph 2 and subparagraph 3 of this paragraph, shall be recorded in detail in the log book.

Article 14 Evaluation and operating procedures for merger, demerger, acquisition or transfer of shares.

1. Evaluation and operating procedures

- 1.1 When the Corporation conducts a merger, demerger, acquisition or transfer of shares, it is advisable to appoint an attorney, CPA, or securities underwriter to jointly discuss the estimated timetable statutory procedures and organize a task force to implement statutory procedures.

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

1.2 The Corporation 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, subparagraph 1 of the Article 14 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 laws and regulations exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

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

2. Other things to note

2.1 Board date: A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders' meeting on the day of transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another laws and regulations provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

2.2 Prior confidentiality commitment: Every person participating in or privy to the plan for merger, demerger, or acquisition, or transfer of shares shall issue a writing 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, or acquisition, or transfer of shares.

2.3 Principles for setting of share exchange ratio or acquisition price: Prior to convening the board of directors, the companies participating in a merger, demerger, or acquisition, or transfer of shares, 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 shareholders' meeting.

In principle, the share exchange ratio or acquisition price cannot be changed arbitrarily, but it is not restricted if the conditions for the change have been set in the contract and have been publicly disclosed.

The conditions for alteration of share exchange ratio and acquisition price are as follows:

- 2.3.1. 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.
- 2.3.2. An action, such as a disposal of major assets, that affects the company's financial operations.
- 2.3.3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
- 2.3.4. An adjustment where any of companies participating in the merger, demerger, or acquisition, or transfer of shares from another company, buys back treasury stock.
- 2.3.5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
- 2.3.6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

2.4 The content of the contract: The contract of the merger, demerger, acquisition, or transfer of shares, shall specify the following items in addition to the provisions of Article 317 of the Company Act and the Article 22 of the Business Mergers And Acquisition Act.

- 2.4.1. Handling of breach of contract.
- 2.4.2. 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.

- 2.4.3. 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.
  - 2.4.4. The manner of handling changes in the number of participating entities or companies.
  - 2.4.5. Preliminary progress schedule for plan execution, and anticipated completion date.
  - 2.4.6. Scheduled date for convening legally mandated shareholders' meeting if the plan exceeds the deadline without completion, and relevant procedures.
- 2.5 When the number of companies participating in a merger, demerger, acquisition, or transfer of shares changes: 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.
- 2.6 Where any of companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Corporation shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of the Article 14, paragraph 2, subparagraph 1 regarding the date of the board meeting, prior confidentiality commitment, the number of companies participating in a merger, demerger, acquisition, or transfer of shares changes.
- 2.7 When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on 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:

- 2.7.1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in a 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.
- 2.7.2. Dates of material events: Including of 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.
- 2.7.3. 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.

2.8 When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report the information regarding of the Article 14, paragraph 2, subparagraph 7, to the FSC for recordation.

2.9 Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of the Article 14, paragraph 2, subparagraph 7 or 8.

## Article 15 Public disclosure of information

1. Items to be declared and declared declaration standards.

1.1 Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or

bonds under repurchase or resale agreements, or subscription or redemption of domestic money market funds.

- 1.2 Merger, demerger, acquisition, or transfer of shares.
- 1.3 Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
- 1.4 Where an asset transaction other than any of those referred to in the preceding three 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:
  - 1.4.1. Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.
  - 1.4.2. Where done by professional investors-securities trading on securities exchanges or OTC markets.
  - 1.4.3. Trading of bonds under repurchase or resale agreements, or subscription or redemption of domestic money market funds.
  - 1.4.4. Where equipment or right-of-use assets thereof for business use acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount less than NT\$500 million.
  - 1.4.5. Acquisition or disposal by the company in the construction business of real property for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount less than NT\$500 million.
  - 1.4.6. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction

less than NT\$500 million.

1.5 The amount of transactions above shall be calculated as follows, and "within the preceding year" refers to the year preceding the date of occurrence of the current transaction, and has been exempted from re-entry in accordance with the required announcement.

1.5.1. The amount of any individual transaction.

1.5.2. The cumulative transaction amount of acquisitions or disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.

1.5.3. The cumulative transaction amount of acquisitions or disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.

1.5.4. The cumulative transaction amount of acquisitions or disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

2. Time limit for handling announcements and declarations.

The Corporation acquires or disposes of assets that have the items to be announced of Article 15, paragraph 1, and the transaction amount meets the standards of Article 15, shall publicly announce and report within two days counting inclusively from the date of occurrence of the event.

3. Announcement declaration procedure.

3.1 The Corporation shall publicly announce and report the relevant information on the FSC's designated website.

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

3.3 When the Corporation at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their

entirety within two days counting inclusively from the date of knowing of such error or omission.

3.4 The Corporation acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports, and CPA, attorney and securities underwriter opinions at the company, where they shall be retained for five years except where another act provides otherwise.

3.5 Where any of the following circumstances occurs with respect to a transaction that the Corporation has already publicly announced and reported in accordance with Article 15, a public report of relevant information shall be made on the information reporting website designated by the FSC within two days counting inclusively from the date of occurrence of the event:

3.5.1. Change, termination, or rescission of a contract signed in regard to the original transaction.

3.5.2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.

#### 4. Announcement format

The format and content of the announcement regarding the acquisition or disposal of assets shall be handled in accordance with the regulations of the competent authority.

Article 16 The Corporation's subsidiaries shall comply with the following regulations:

1. Subsidiaries shall also formulate "Procedures for Acquisition or Disposal of Assets" in accordance with the relevant provisions of the "Regulations Governing the Acquisition and Disposal of Assets by the Public Companies". After approval by the subsidiary's board of directors, it shall be submitted to the subsidiary's shareholders' meeting for approval. The same applies for amendments.
2. If a subsidiary is not a domestic public offering company, the assets obtained or disposed of meet the requirements of Chapter 3 of the "Regulations Governing the Acquisition and Disposal of Assets by the Public Companies" that require an announcement and declaration, the parent company shall handle the announcement and declaration on behalf of the subsidiary.
3. Subsidiaries in the preceding paragraph shall announce the requirements of reach 20 percent of company's paid-in capital or 10



percent of total assets in the declaration standards, which shall be based on the Corporation's paid-in capital or total assets.

Article 16-1 For the calculation of 10 percent of total assets under these Procedures, the total assets stated in the latest parent company only financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

Article 17 Penalty

The Corporation's employees who's in charge of the acquisition or disposal of assets in violation of the provisions of the Procedures shall be submitted for assessment in accordance with the Corporation's personnel management regulations and be punished according to the severity of the circumstances.

Article 18 Implementation and revision

The procedures can be amended with the approval of audit committee and approved by the board of directors with a resolution, and then to a shareholders' meeting for approval. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to audit committee.

When the transactions of the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to these procedures, the board of directors shall take into full consideration each independent director's opinion. 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.

When the transactions of the acquisition and disposal of assets are submitted to the board of directors for a resolution, the prior approval of audit committee shall be obtained.

Any matter that shall be approved by the audit committee that has not been approved by one half or more of the entire membership of the audit committee, it may be adopted with the approval of two thirds or more of the entire board of directors and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms "entire membership of the audit committee" and "entire board of directors" above-mentioned, shall be counted as the number of members actually in office at the given time.

Article 19 In regards to all matters not provided for in these Procedures, relevant laws and regulations shall govern.

Article 20 Supplementary Provisions

The Procedures were enacted on June 18, 2003.

The first amendment was made on April 29, 2004.

The second amendment was made on June 14, 2006.

The third amendment was made on June 28, 2007.

The fourth amendment was made on June 24, 2008.

The fifth amendment was made on June 22, 2012.

The sixth amendment was made on June 16, 2014.

The seventh amendment was made on June 14, 2017.

The eighth amendment was made on June 18, 2019.

The ninth amendment was made on May 12, 2022.