

Taiwan FamilyMart Co., Ltd.

Procedures for Acquisition and Disposal of Assets

Article 1 Purpose:

These Procedures are established for the purposes of strengthening assets management, securing investment, and making information publicly available. Acquisition or disposal of assets in the Company shall be subject to these Procedures.

Article 2 Legal basis:

Implemented in accordance with Article 36-1 of the Securities and Exchange Act and the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

Article 3 Scope of assets:

- I. Other 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).
- II. Real estate (including land, houses and buildings, and investment property) and equipment.
- III. Memberships.
- IV. Patent rights, copyrights, trademarks, franchise rights, and other intangible assets.
- V. Right-to-use assets.
- VI. Debt entitlements over financial institutions (including receivables, bills purchased and discounted, loans and overdue debts).
- VII. Derivatives.
- VIII. Assets legally acquired or disposed of through mergers, demergers, business acquisitions or share transfer.
- IX. Other major assets.

Article 4 Definitions

The terms used in these Procedures are defined as follows:

- I. Derivative: Refers to a forward contract that derives its value from specific interest rates, financial instrument prices or product prices, foreign exchange rates, price or fee rate indexes, credit ratings or credit indexes, or other variables; options contract, futures contract, leverage contract, swap contract, combinations of the above products, or compound contracts embedded in derivatives or structural products. The forward contracts mentioned here do not include insurance contracts, performance contracts, after-sale service contracts, long term lease contracts, and long term (purchase)sale contracts.
- II. Assets legally acquired or disposed of through mergers, demergers, business acquisitions or share transfer. Refers to assets acquired or disposed of in accordance with the Business Mergers And Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act or other laws due to mergers, demergers, or acquisitions, or the issuance of new shares to be transferred to others (hereinafter

- referred to as share transferees) in accordance with Article 156-3 of the Company Act.
- III. Related person, subsidiary: Shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
 - IV. Professional appraiser: Refers to real estate appraisers or other persons permitted to engage in the real estate and equipment appraisal business in accordance with the law.
 - V. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Board of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction (whichever date is earlier); for investments that require the approval of the competent authority, the date of occurrence shall be determined as the earlier between the above dates and the date approved by the competent authority.
 - VI. Investment in Mainland China: Refers to mainland investments conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area stipulated by the Investment Commission, MOEA.

Article 5 Appraisal and operating procedures, determination of transaction terms, and referential basis:

The determination of transaction terms, referential basis, and level of delegated authority in the acquisition or disposal of assets of the Company shall be handled in accordance with the following circumstances.

- I. When the Company engages in other investments, the finance unit or other relevant units shall conduct relevant financial analysis of investment targets, anticipate potential returns, and evaluate possible investment risks. Regarding real estate or other equipment, management or relevant units shall carefully assess expected investment returns and risks according to current operations, financial status, and future development plans. Acquisition or disposal of such assets shall be executed by the managing unit in accordance with authorization regulations following the approval of applicable supervisor.
- II. The acquisition or disposal of assets stipulated in these Procedures shall be executed by relevant units of the Company in accordance with authorization regulations following the approval of applicable supervisor. Purchasing and selling of real estates for non-operating use must be ratified by the Board of Directors. Assets that meet any of the descriptions outlined in Paragraph 1, Article 185 of the Company Act shall be handled in accordance with the provision of the Company Act.
- III. The basis of transaction terms for the acquisition or disposal of assets of the Company is as follows: Trading of a specific security in a centralized exchange market shall be determined by the finance unit in accordance with the market rate. Trading of a specific security in non-centralized exchange market or Taipei Exchange shall be based

- on considerations for net value of each share, profitability, and future development potential. The referential basis of transaction price or calculated transaction terms shall be submitted to the Board of Directors for ratification. The acquisition or disposal of real estate shall factor in publicly announced current value, appraised value, actual transaction prices of nearby real estates, and resolutions of price of the transaction. The acquisition or disposal of other equipment shall proceed by means of price inquiries, price comparison, price negotiation, or request for bids. The level of delegated authority for the acquisition or disposal of the Company's assets is subject to regulations regarding approved authority level for various matters of the Company.
- IV. The Company acquisition and disposal of assets in accordance with this processing procedure or other laws and regulations shall be approved by the board of directors. If any director expresses an objection that is recorded or specified in a written statement, information on the director's objection shall be sent to the Audit Committee.
 - V. When the acquisition or disposal of assets is proposed for discussion by the Board of Directors as prescribed in the preceding paragraph, independent directors' opinions must also be fully taken into consideration. Any objections or qualified opinions made by independent directors must be detailed in board meeting minutes.
 - VI. For major asset or derivative transactions, the approval of more than half of all members of the Audit Committee shall be required followed by the approval of the board of directors, and the provisions of paragraphs 2 and 3 of Article 15 shall apply *mutatis mutandis*.

Article 6 Related party transactions:

When the Company acquires or disposes of assets from or to a related party, the Company shall, in accordance with this article and Article 10, complete the relevant resolution procedures and assess the reasonableness of transaction terms. If the transaction amount reaches 10% of the company's total assets, related data must be submitted to the shareholders' meeting for approval. However, the resolution of the shareholders' meeting is not required for transactions with the Company's parent company, subsidiaries, or the Company's subsidiaries. The Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in accordance with Article 10. The transaction amount shall be calculated according to Article 10, Paragraph 1, Subparagraph 4. When determining whether the transaction counterparty is a related party, in addition to paying attention to its legal form, the substantive relationship should also be considered.

When the Company intends to acquire or dispose of real estate or its right-to-use asset from or to a related party, or when it intends to acquire or dispose of assets other than real property or its right-to-use asset from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under

repurchase and resale agreements, or subscription or redemption of domestic money market funds that are issued by securities investment trust companies, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been submitted to the Audit Committee for approval by at least half of all committee members and approved by the Board of Directors:

- I. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- II. The reason for choosing the specific related party as the transaction counterparty.
- III. Where real estate or right-to-use asset is acquired from a related party, evaluate any information that is relevant to establish the reasonableness of transaction terms in accordance with Paragraph 6, Subparagraphs 1-6, of this article.
- IV. The date and price at which the related party originally acquired the asset, the original transaction counterparty, as well as the relationship between the original transaction counterparty and the Company/the Company's related parties.
- V. 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.
- VI. Valuation report issued by a professional appraiser or CPA opinion obtained in accordance with Paragraph 1 of this article.

VII. Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in the preceding paragraph shall be conducted in accordance with Article 9, Paragraph 2 herein. In the meantime, "within one year" as used herein refers to the year proceeding to the date of occurrence of the current transaction. Amounts that have already been approved by the Audit committee and submitted to the Board of Directors for resolution in accordance with these Procedures may be excluded from calculation.

The second item shall be approved by more than half of all members of the Audit Committee, a resolution of the board of directors shall be obtained, and the provisions of paragraphs 1 and 2 of Article 15 shall apply mutatis mutandis.

When the Company and parent company, subsidiaries, or subsidiaries with 100% shares or capital directly or indirectly held by the Company engage in the following transactions, if the transaction amount is within a limit, the Board of Director may, in accordance with the provisions herein, delegate the Chairman the authority to decide matters pertaining to monetary amounts under NT\$1 billion, and the decisions shall be subsequently submitted to and ratified by the next Board of Directors meeting:

- I. The acquisition or disposal of equipment or its right-of-use asset for business use.
- II. The acquisition or disposal of real estate right-of-use asset for business use.

The evaluation of the reasonableness of the transaction conditions between the Company and its related parties shall be handled in accordance with the following circumstances:

- I. When the Company obtains real estate or its right to use assets from related parties,

it shall evaluate the reasonableness of transaction costs according to the following methods:

- (I) 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.
 - (II) If the related party has previously pledged the property as collateral to borrow from a financial institution, then the value estimated by the financial institution should be used as reference, provided that the financial institution lent more than 70% of the property value for more than 1 year. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.
- II. Where land and buildings thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the buildings may be separately appraised in accordance with either of the means listed in the preceding subparagraph.
- III. When transacting with a related party to obtain real estate or its right-to-use assets, the Company shall appraise the cost of the real estate or its right-of-use asset in accordance with the two preceding subparagraphs, while engaging a CPA to review the appraisal and render an opinion.
- IV. Under the following circumstances, the Company shall follow the rules specified in paragraph 2 herein for acquiring real estate or its right-to-use asset from a related party. The provisions in the three preceding subparagraphs shall not apply:
 - (I) The related party has acquired the real estate or its right-to-use asset through inheritance or as a gift.
 - (II) More than 5 years have elapsed from the time the related party signed the contract to obtain the real property or its right-to-use asset to the signing date for the current transaction.
 - (III) 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.
 - (IV) When the Company and parent company, subsidiaries, or subsidiaries with 100% shares or capital directly or indirectly held by the Company acquire real estate right-to-use assets from each other for business use.
- V. The Company shall observe the rules prescribed in subparagraphs 1 and 2, paragraph 6 herein if the appraised values arrived at according to subparagraphs 7 to 9 of paragraph 6 herein are uniformly lower than the transaction price. The rule specified

in the first paragraph, however, shall not apply to the following situations if the Company could provide objective evidence, professional appraisal reports and a CPA's opinion on the reasonableness of the transaction terms:

(I) 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. The total appraised value of the undeveloped land and the buildings exceed the actual transaction price, where the undeveloped land has been evaluated in accordance with the methods prescribed in Paragraph 6, Subparagraphs 1 to 4 herein and the buildings have been appraised by adding a reasonable construction profit to the construction cost paid by the related party. 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 parcels of land, where the land area and transaction or leasing terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.

(II) When purchasing real estate or leasing the real estate right-to-use asset from a related party, the Company shall provide evidence that the terms and conditions of the transaction are equivalent to the terms of the transactions concluded in neighboring areas for similar-sized parcels by other non-related parties within one year.

VI. Completed transactions for neighboring parcels of land in the preceding paragraph in principle refer 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 for similar-sized parcels", in principle, refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction. "Within one year" refers to one year dating back from the date of occurrence of acquiring of the real estate or its right-to-use assets.

VII. When the Company acquires real estate or its right-to-use asset from a related party and the appraised values arrived at in accordance with Paragraph 6, Subparagraphs 1 to 6 herein are uniformly lower than the transaction price, the following procedures shall be followed:

(I) 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 transaction

price and the appraised cost for the real estate or its right-to-use asset. These funds may not be distributed or used for capital increase or issuance of bonus shares. For a public company adopting the equity method to account for its investment in another company, the special reserve called for under Article 41, Paragraph 1 of the Securities and Exchange Act shall also be appropriated on a pro-rata basis according to the percentage of shares held by the investor.

(II) The Audit Committee shall act in accordance with Article 218 of the Company Act.

(III) Actions taken pursuant to the two preceding items shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

VIII. If the Company has set aside a special reserve under Paragraph 6, Subparagraph 7 herein, it shall not draw on the reserve unless it has recognized the loss on decline in market value of the assets it purchased or leased at a premium; has disposed of the assets, terminated the lease agreement, or made adequate compensation; or has restored the status quo ante; or there is other evidence confirming that there was nothing unreasonable about the transaction. Agreement from the FSC is also required.

IX. The rules specified in the preceding two subparagraphs shall also be followed if there is other evidence showing nonconformity with general business practices when the Company acquires real estate or its right-to-use asset from a related party.

Article 7 Engaging in derivatives trading:

The Company has separately established Procedures for Engaging in Derivatives Trading, and appraisal and operating procedures for derivative transactions are subject to procedures for processing derivative transactions.

Article 8 Appraisal and Operating Procedures for Mergers, Demergers, Acquisitions, and Transfers of Shares:

The Company's Appraisal and Operating Procedures for Mergers, Demergers, Acquisitions, and Transfers of Shares shall be handled in accordance with the following conditions:

- I. In handling mergers, demergers, acquisitions or share transfers, the Company shall, before convening a board meeting to approve such matter, engage a CPA, attorney or securities underwriter to provide opinions on the reasonableness of the share exchange ratio, acquisition price, the cash or other property to be distributed to shareholders, etc. The proposal shall be submitted to the board of directors for deliberation and passage. However, professional appraisal is exempted when the Company directly or indirectly merges with subsidiaries holding 100% of the Company's outstanding shares or capital or when subsidiaries that directly or indirectly hold 100% of the Company's outstanding shares or capital are merged.
- II. The Company shall, before the shareholders' meeting, prepare a public report to the shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition. The report shall be sent to the shareholders along

with the notification for shareholders' meeting and the expert opinions referred to in Paragraph 1 of the article herein, so that it can be used as a reference for decision-making on the merger, demerger, or acquisition. However, this does not apply where other laws or regulations provide exemption from holding a shareholders meeting to resolve mergers, demergers or acquisitions.

Where the shareholders' meeting and 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 explain publicly the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.

- III. Unless otherwise provided by law or agreed in advance by the FSC for special reasons, companies participating in any merger, demerger, or acquisition shall convene a Board of Directors meeting and shareholders' meeting on the same day to resolve related matters. Unless otherwise provided by law or agreed in advance by the FSC for special reasons, the companies participating in share exchange shall convene a Board of Directors meeting on the same day.
- IV. Anyone who participates in or is aware of the company merger, demerger, acquisition or share transfer plan shall issue an undertaking of confidentiality in writing not to disclose the content of the plan prior to public disclosure of the information. Neither shall they, in their own name or under the name of a third person, trade in any stock and other equity securities of any company related to such plan.
- V. Except for the following circumstances, the Company shall not arbitrarily change the share exchange ratio or acquisition price when participating in the merger, demerger, acquisition or share exchange. The Company shall, in the meantime, stipulate in the relevant contracts for the merger, demerger, acquisition, or share exchange the conditions where such changes are allowed:
 - (I) Administering capital increase in cash or issuance of convertible corporate bonds, bonus shares, corporate bonds with warrants, preferred shares with warrants, stock warrants or other equity based securities.
 - (II) Disposal of the Company's major assets or other activities which may influence the financial operations of the Company.
 - (III) Significant events such as major disasters or material technology changes which will influence the shareholders' equity or share price of the Company.
 - (IV) Adjustments made by any of the participating companies of the merger, demerger, acquisition or share exchange due to the lawful buyback of treasury stock.
 - (V) Changes in the entities or number of participating companies for the merger, demerger, acquisition, or share transfer.
 - (VI) Other terms and conditions in which changes are permitted, subject to that they have been stipulated in the relevant contracts and publicly disclosed.

- VI. When participating in the merger, demerger, acquisition, or transfer of shares, the Company shall state clearly in the relevant contracts the rights and obligations of the participating companies and shall clearly specify the following matters:
- (I) Procedures for handling breach of contract.
 - (II) Principles for handling equity securities previously issued or treasury stock previously bought back by a company which has been divested, or extinguished in the process of a merger.
 - (III) The amount of treasury stock that can be lawfully purchased back by the participating company after the record date for calculating the share exchange ratio and the administrative principles.
 - (IV) Methods for handling changes in the entities or number of participating companies.
 - (V) The implementation timetable and expected date of completion for the project.
 - (VI) The scheduled date for the shareholders' meeting required by law and the relevant procedures in case of any failure to meet the project deadline.
- VII. In the event that, after the public disclosure of the information for the merger, demerger, acquisition or share transfer participated in by the Company, one of the participating companies intends to engage another company (companies) in such activities, all the participating companies shall again go through all the procedures and legal actions which have already been completed for the original merger, demerger, acquisition or share transfer. A participating company, however, may be exempted from calling another shareholders' meeting to reapprove the plan, if the number of participating companies has decreased and the Board of Directors of the Company have received approval and authorization from the shareholders' meeting to change the authority.
- VIII. If any of the participating companies of the merger, demerger, acquisition, or share transfer is not a publicly listed company, the Company shall sign an agreement with such participating companies, while abiding by the provisions of Subparagraphs 3, 4, and 7 and Subparagraphs 9 to 11 herein.
- IX. When participating in merger, demerger, acquisition or share transfer, listed companies or companies having its shares traded on an OTC market shall keep a complete written record including the following information, which shall be retained for five years for review and audit purposes:
- (I) Basic Personnel Information: Including the job title, name and ID number (or passport number in the case of foreign nationals) of all personnel involved in the planning or implementation of the merger, demerger, acquisition, or share transfer prior to public disclosure of the information.
 - (II) Dates of Important Events: Including the dates of signing a letter of intent/memorandum of understanding, commissioning a financial or legal advisor,

signing contracts or holding board of directors meetings.

(III) Important Documents and Meeting Minutes: Including the plans for merger, demerger, acquisition or share transfer, letter of intent or memorandum of understanding, important contracts and minutes of the board of directors meetings.

- X. When participating in merger, demerger, acquisition or share transfer, listed companies or companies having its shares traded on an OTC market shall, within 2 days from the date of passage of the board resolution, submit to the FSC for recordation the information required in Items (1) and (2) of Subparagraph 9. The information shall be compiled according to the specified format and transmitted via the Internet.
- XI. Where any of the companies participating in a merger, demerger, acquisition or transfer of shares is neither listed on an exchange nor has its shares traded on an OTC market, the listed companies or companies having its shares traded on an OTC market shall sign an agreement and shall abide by the provisions of Subparagraphs 9 and 10.

Article 9 The standards required for public announcement and report and data retention period:

Under any of the following circumstances, the Company shall, within 2 days from the date of occurrence of the event, according to the nature of the event and in accordance with the stipulated format, publicly announce and report the relevant information about the acquisition or disposal of assets on the website designated by the FSC:

- I. Real estate or its right-to-use assets acquired from or disposed of to related parties, or other non-real estate properties or its right-to-use assets acquired from or disposed of to related parties that amount to 20% of the company's paid up capital, or 10% of total assets, or more than NT\$300 million. This however shall not apply to trading of domestic government bonds, or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds that are issued by securities investment trust companies.
- II. Engaging in a merger, demerger, acquisition or transfer of shares.
- III. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts specified in relevant procedures.
- IV. Where the type of asset acquired or disposed of is equipment or its right-to-use asset for business use, the trading counterparty is not a related party, and the transaction amount is more than NT\$500 million.
- V. Where land is acquired under an arrangement 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; the counterparty is an unrelated party, and the amount the company expects to invest in the transaction is more than NT\$500 million.
- VI. Asset transactions other than the ones specified in the five preceding Subparagraphs, disposals of debt entitlement by a financial institution, or investments in Mainland China

that amount to 20% of the company's paid-up capital or more than NT\$300 million. This shall not apply to the following circumstances:

- (I) Trading of domestic government bonds or foreign government bonds with a rating not lower than Taiwan's sovereign rating.
- (II) Where the subsidiary of the Company is a professional investment firm and is engaged in securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds or corporate bonds in the primary market and general financial bonds (excluding subordinated debentures) that do not involve share equity, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of ETNs, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company in accordance with the rules of Taipei Exchange.
- (III) Trading of bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds that are issued by securities investment trust companies.

The amount of transactions above shall be calculated as follows:

- I. The amount of any individual transaction.
 - II. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
 - III. The cumulative transaction amount of real estate or is right-to-use asset acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
 - IV. 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.

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

When the Company at the time of public announcement makes an error or omission in an item required by the regulations to be publicly announced and is required to correct it, all the items shall be again publicly announced and reported in their entirety within 2 days commencing immediately from the date on which the error or omission is known.

When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and opinions of the certified public

accountant, attorney and securities underwriter at the Company headquarters, where they shall be retained for five years, except where another act provides otherwise.

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

- I. Change, termination or rescission of a contract signed in regard to the original transaction.
- II. Failure to complete the merger, demerger, acquisition, or share transfer within the deadline prescribed in the contract.
- III. Change to the originally publicly announced and reported information.

Article 10 Obtaining an expert report:

In acquiring or disposing of assets, the Company shall consign an objective, impartial, and independent expert to issue a report on the assets acquired or disposed of in accordance with the following regulations:

- I. In acquiring or disposing of real estate, equipment, or right-to-use assets where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or its right-to-use asset 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:
 - (I) If, for any reason, the company needs to use restrictive, specific or special pricing to serve as reference for the transaction price, then the transaction must be resolved by the board of directors before proceeding. The same shall apply to any future changes to the terms of the transaction.
 - (II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
 - (III) If one of the following situations occurs with regard to the professional appraisal report, the Company shall engage a CPA to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price. This is not required, however, if all the appraised prices for the assets to be acquired are higher than the transaction amount, or if all the appraised prices for the assets to be disposed of are lower than the transaction amount.
 1. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.

- (IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; however, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may be issued by the original professional appraiser.
- II. Before the date of occurrence of the acquisition or disposal of securities, the latest financial statements of the target company audited or reviewed by CPA should be acquired for the assessment and reference of transaction price. Where the transaction amount reaches 20% of the company's paid-in capital or more than NT\$300 million, the Company shall engage a CPA to provide an opinion regarding the reasonableness of the transaction price before the date of occurrence. This requirement does not apply, however, to securities with publicly quoted prices from an active market, or if it has been otherwise provided by the regulations of the Financial Supervisory Commission (FSC).
- III. If the dollar amount of intangible assets or its right-to-use assets or memberships to be acquired or disposed of by the Company reaches 20% of the company's paid-in capital or more than NT\$300 million, except in transactions with a domestic government agency, the Company shall engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price.
- IV. The calculation of the transaction amounts referred to in the preceding three paragraphs shall be conducted in accordance with Article 9, Paragraph 2 herein. In the meantime, "within one year" as used herein refers to the year proceeding to the date of occurrence of the current transaction. The basis for calculation, however, shall not include any transactions for which a professional appraisal report or CPA's opinion has been obtained according to these Procedures.
- V. For the Company's acquisition or disposal of assets through auction procedures of courts, the appraisal report or certified public accountant's opinion can be replaced by documents issued by the courts.

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

- I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of

the period of a suspended sentence, or since a pardon was received.

- II. May not be a related party or de facto related party of any party to the transaction.
- III. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

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

- I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- II. When handling a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
- III. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
- IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.

Article 11 Control of the acquisition and disposal of assets by subsidiaries:

- I. Subsidiaries of the Company shall in accordance with Regulations Governing the Acquisition and Disposal of Assets by Public Companies and these Procedures formulate Procedures for Acquisition and Disposal of Assets.
- II. Subsidiaries of the Company shall report to the Company every month the status of derivative trading and the acquisition or disposal of assets as of the end of the previous month.
- III. Where the Company's subsidiary is not a publicly listed domestic company and the assets acquired or disposed meet the announcement or reporting standards set out in these Procedures, it shall notify the Company before the date of occurrence, and the Company shall engage in announcement and reporting on its behalf.
- IV. If the Company's subsidiary is not a publicly listed domestic company, the applicable standards in these Procedures shall be determined as follows:
 - (I) The provisions concerning paid-in capital or total assets in the application of Article 9, Paragraph 1 regarding announcement and reporting standards shall be based on the Company's paid-in capital or the Company's total assets stated in its most recent individual financial report.
 - (II) When applying Article 6 and Paragraph 1 of Article 10 regarding the criteria for obtaining expert opinions and Article 6 regarding the criteria for determining

procedures to be performed when engaging in transactions with related parties, the “subsidiary’s” paid-in capital or total assets shall apply.

Article 12 Penalties

If related personnel of the responsible unit of the Company violate the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, appraisals shall be regularly reported in accordance with the Company's Personnel Management Regulation and work rules and disciplinary action shall be taken in accordance with actual circumstances.

Article 13 Other notes

- I. The total amounts of real estate and its right-to-use assets or securities acquired by the Company and its subsidiaries for non-operating use, and limits on individual securities:
 - (I) The total amount of real estate and its right-to-use assets acquired by the Company for non-operating use may not exceed 50% of the Company's capital or shareholder equity (whichever is higher); the total amount of securities invested may not exceed 200% of the Company's capital or shareholder equity (whichever is higher); the limit on individual securities invested shall be 50% of the Company's capital or shareholder equity (whichever is higher). These rules shall not apply with the approval of the Company's Board of Directors.
 - (II) The total amounts of real estate and its right-to-use assets or securities acquired individually by the Company's subsidiary for non-operating use, and limits on individual securities invested, shall be subject to the following regulations:
 1. The total amount of real estate and its right-to-use assets acquired by a subsidiary that is not a professional investment firm for non-operating use may not exceed 50% of its capital or shareholder equity (whichever is higher); the total amount of securities invested may not exceed 150% of its capital or shareholder equity (whichever is higher); the limit on individual securities invested shall be 50% of its capital or shareholder equity (whichever is higher).
 2. The total amount of real estate and its right-to-use assets acquired by a subsidiary that is a professional investment firm for non-operating use may not exceed 50% of its total assets; the total amount of securities invested may not exceed 100% of its total assets; the limit on individual securities invested shall be 100% of its total assets.
 3. These rules shall not apply if a subsidiary exceeding the investment limit has been approved by the subsidiary's Board of Directors and ratified by the Company's Board of Directors.
- II. The 10% of total assets in these Procedures is calculated based on the total assets in the latest individual financial reports specified in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 14 Supplementary Provisions

Any matters not covered in these Procedures shall be handled in accordance with relevant laws and regulations and Company regulations.

Article 15 Enactment

Establishment or amendment of these Procedures shall be approved by more than one half of all Audit Committee members, submitted to the Board of Directors for approval, and presented to the shareholders' meeting for approval and enactment. The same procedures shall apply for future amendments. If any director expresses an objection that is recorded or specified in a written statement, information on the director's objection shall be sent to the Audit Committee. When proposed for discussion by the Board of Directors, independent directors' opinions shall also be fully taken into consideration. Any objections or qualified opinions made by independent directors must be detailed in board meeting minutes.

If the preceding item is not approved by more than half of all Audit Committee members, 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 aforementioned terms "all Audit Committee members" and "all directors" in the two preceding paragraphs shall be counted as the actual number of persons currently holding those positions.

Article 16 These Rules were established on June 21, 1996. The first revision was made on March 7, 2001; the second revision was made on March 18, 2003; the third revision was made on March 20, 2006; the fourth revision was made on March 26, 2007; the fifth revision was made on June 21, 2012; the sixth revision was made on June 21, 2013; the seventh revision was made on June 21, 2014; the eighth revision was made on June 18, 2015; the ninth revision was made on June 17, 2016; the tenth revision was made on June 16, 2017; the eleventh revision was made on June 21, 2019, and the twelfth revision was made on Friday, August 13, 2021, and the thirteenth revision was made on June 17, 2022.