

E. SUN Commercial Bank, Ltd. - Procedures for the Acquisition or Disposal of Assets

Approved on 2003.3.13 during the 11th meeting of the Fourth Board of Directors
Amended on 2003.5.15 during the 12th Meeting of the Fourth Board of Directors
Amended on 2007.2.14 during the 12th Meeting of the Sixth Board of Directors
Amended on 2008.8.14 during the 3rd Meeting of the Seventh Board of Directors
Amended on 2008.11.21 during the 5th meeting of the Seventh Board of Directors
Amended on 2009.2.27 during the 6th Meeting of the Seventh Board of Directors
Amended on 2012.03.16 during the 7th Meeting of the Eighth Board of Directors
Amended on 2014.01.24 during the 20th Meeting of the Eighth Board of Directors
Amended on 2017.03.24 during the 23rd Meeting of the Ninth Board of Directors
Amended on 2019.01.18 during the 12th Meeting of the Tenth Board of Directors
Amended on 2022.03.11 during the 18th Meeting of the Eleventh Board of Directors

Chapter 1 General Provisions

Article 1 These Procedures are established 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" published by the Financial Supervisory Commission ("FSC") to facilitate the asset management and information disclosure of E. SUN Commercial Bank, Ltd. (the "Bank").

Article 2 These Procedures shall apply to the following asset categories:

- I. 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, investment property, and rights to use land) and equipment.
- III. Memberships.
- IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- V. Right-of-use assets.
- VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VII. Derivatives.
- VIII. Assets acquired or disposed of through merger, demerger, acquisition, or share exchange.
- IX. Other key assets.

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

- I. Derivatives: Forward contracts, option contracts, futures contracts, leveraged guarantee contracts, or swap contracts, that have their value determined by specific interest rates, the prices of financial instruments or products, exchange rates, price or rate indexes, credit ratings or credit indexes, or other variables; hybrid contracts of the foregoing contracts; or hybrid contracts or structured products containing

embedded derivatives. As used here, forward contracts do not include insurance contracts, performance contracts, after-sale service contracts, long-term lease contracts, or long-term purchase (sale) contracts.

- II. Assets acquired or disposed of through merger, demerger, acquisition, or share exchange: Refers to assets acquired or disposed of through merger, demerger, or acquisition conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act, or other acts; or assets acquired through issuance of new shares in exchange for the counterparty's shares ("share exchange") conducted under in Article 156-3 of the Company Act.
- III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- IV. 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.
- V. Date of occurrence: Refers to the earliest date of the contract signing date, payment date, consignment deal-closing date, date of ownership transfer, date of Board of Directors' resolution, or any other dates, on which the transaction counterparty and the monetary amount of a transaction can be verified with certainty; provided, however, that, for investment for which an approval of the competent authority is required, the earlier of the above date or the date on which the approval of the competent authority is received shall apply.
- VI. Investment in mainland China: Refers to the investment in the mainland China area conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area announced by the Investment Commission of the Ministry of Economic Affairs.
- VII. Professional investment enterprises: Refers to financial holding companies, banks, insurance companies, bills finance companies, trust enterprises, securities dealers engaging in proprietary trading or underwriting services, and futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they locate.
- VIII. Securities exchange: "Domestic securities exchange" refers to Taiwan Stock Exchange Corporation (TWSE); "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it locates.
- IX. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign

competent authority and that is permitted to conduct securities business.

Chapter 2 Appraisal and Operating Procedures

Section 1 Acquisition or Disposal of Assets

Article 4 When acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Bank's paid-in capital or NT\$300 million or more, the Bank, 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:

I. Where, for any reason, the Bank needs to use a restrictive, specific, or special price to serve as reference for the transaction price, then the transaction must be resolved in favor by the Board of Directors before proceeding. This rule shall apply mutatis mutandis to any changes to the terms of the transaction thereafter.

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

III. 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 CPA shall be engaged render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

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

(II) 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 the appraisal report is issued by a professional appraiser and the date when a contract is executed; provided, 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.

In the event that the appraisal results are obtained from two or more professional appraisers pursuant to Subparagraph 2 of the preceding paragraph, the different professional appraisers or appraisal officers may not be a related party or substantively related party of each other.

Article 5 In case of acquisition or disposal of securities, the Bank shall, prior to the date of occurrence of the event, obtain the financial statements of the target company for the most recent period which have been certified or reviewed by a certified public

accountant (“CPA” hereinafter) to benchmark the transaction price. If the transaction amount has reached 20% of the Bank's paid-in capital or NT\$300 million, the Bank shall, prior to the date of occurrence of the event, additionally engage a CPA to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to securities with publicly quoted prices from an active market, or to the circumstance where the Financial Supervisory Commission (FSC) provides otherwise.

Article 6 Where the Bank acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of its paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Bank shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price;

Article6-1 The calculation of the transaction amounts referred to in the preceding three articles shall be conducted in accordance with Paragraph 2 of Article 25 herein. In the meantime, "within one year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained in accordance with these Procedures need not be counted toward the transaction amount.

Article 7 Where the Bank acquires or disposes of assets through court auction procedures, the evidential documentation issued by the court may be used as a substitute for the appraisal report or CPA’s opinion.

Article 8 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters, that provide the Bank with appraisal reports, CPA'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 Securities and Exchange 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 the completion of service of the sentence, since the expiration of the period of a suspended sentence, or since a pardon was received.
- II. Are prohibited related parties or substantively related parties with the parties to the transaction.
- III. Where the Bank 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 substantively related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with, in addition to the self-regulatory rules established by their respective industry associations, the following:

- I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- II. When examining 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 adequacy and reasonableness of the sources of data used, the parameters, and the information to serve as the basis for the issuance of an appraisal report or an 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 reasonable and accurate, and that they have complied with applicable laws and regulations.

Section 2 Operating Procedures

Article 9 Unless otherwise provided by these Procedures, the Bank's regulations shall apply to its acquisition or disposal of assets in terms of appraisal and appraisal procedures, the procedures for determining transaction terms, the unit responsible for carrying out the task, announcement and reporting procedures, investment scope and amount, and other matters required to be done.

Section 3 Total amounts of real property and its right-of-use assets thereof acquired for non-business use; total amounts of securities allowed; and total amounts of individual securities allowed

Article 10 The total amounts of real property and its right-of-use assets not intended for business use, the total amounts of securities, and the total amounts of individual securities, that the Bank is allowed to possess shall be determined by The Banking Act of The Republic of China.

Each individual subsidiary of the Bank may be allowed to purchase real property or its right-of-use assets; provided, however, that the total amount purchased shall not exceed the net worth of such a subsidiary at the time of purchase, unless it is a professional investment enterprise or the law provides otherwise. The total amount of securities acquired by such a subsidiary may not be more than 7 times its net worth; The total amount of each individual security acquired by such a subsidiary may not be more than

5 times its net worth;

Where a subsidiary is a professional investment enterprise, the total amount of real property and the right-of-use assets thereof it intends to acquire for non-business use may not be more than twice its value at the time of acquisition; the total amount of securities it intends to acquire may not be more than 10 times its value at the time of acquisition; and the total amount of individual securities it intends to acquire shall not exceed five times its net worth at the time of acquisition.

Chapter 3 Related Party Transactions

Article 11 When the Bank engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in accordance with this chapter and Section 1 of Chapter 2, if the transaction amount reaches 10 percent or more of the Bank's total assets, the Bank shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding chapter. With regard to the calculation of the transaction amount prescribed in the preceding paragraph, the Bank shall follow the procedures prescribed in Article 6-1 herein.

When determining whether the transaction counterparty is a related party, the Bank shall take into account not only the legal formalities, but also the substance of the relationship.

Article 12 When the Bank intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of the Bank's paid-in capital, 10 percent or more of the Bank's total assets, or NT\$300 million or more, except in trading in domestic government bonds or bonds under repurchase and resale agreements, or subscription to or redemption of money market funds issued by domestic securities investment trust enterprises, the Bank may not proceed to enter into a transaction contract or make a payment until the following matters have been submitted to the Audit Committee, approved by it, and resolved in favor 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 related party as a transaction counterparty.
- III. The information used to assess the reasonableness of the preliminary transaction terms, as required by Article 13 and Article 14 when acquiring real property or the right-of-use assets thereof from a related party.
- IV. Matters regarding the date and price at which the related party originally acquired the asset, the original trading counterparty, as well as the relationship

between the original trading counterparty and the Bank/the Bank'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. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- VII. Restrictive covenants and other important stipulations associated with the transaction.

When the following transaction is between the Bank and its parent company or subsidiary, or among subsidiaries in which the Bank directly or indirectly holds 100% issued shares or authorized capital, the Board of Directors may, by the power vested by Article 9, authorize the chairman of the Board to determine at discretion such a transaction to a certain monetary extent, before submitting it to the latest Board of Directors for approval.

I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.

II. Acquisition or disposal of real property right-of-use assets held for business use.

Where the Bank or its subsidiary that is not a publicly-listed company in Taiwan engages in any transaction listed in Paragraph 1 and the transaction amount reaches 10 percent of the Bank's total assets, the information listed in Paragraph 1 shall be submitted to the shareholders' meeting for approval; only after such information has been approved by the shareholders' meeting may the contract be signed or payment be made. However, this does not apply to a transaction between the Bank and its parent or subsidiary, or among subsidiaries.

The calculation of amounts of transactions referred to in Paragraph 1 and the preceding paragraph shall be conducted in accordance with Paragraph 2 of Article 25 herein. In the meantime, "within one year" as used herein refers to the year preceding the date of occurrence of the current transaction. Amounts that have already been approved by the Audit Committee and resolved in favor by the Board of Directors and the shareholders' meeting need not be counted towards the calculation.

Article 13 Before acquiring real property or right-of-use assets thereof from a related party, the Bank shall evaluate the reasonableness of the transaction costs by the following means:

- 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 Bank purchases the property; provided, however, that it may not be higher than the maximum non-financial industry lending rate announced by the

Ministry of Finance.

- II. Based on the total value of the real property appraised by a financial institution to which the related party has pledged such a real property for a loan; provided, however, that the actual loan amount granted shall reach 70% of the appraised value and the lending period shall exceed one year. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

Where land and buildings thereupon are combined as a single property for sale or rent, the transaction costs for the land and the buildings may be separately appraised in accordance with either of the means listed in the preceding paragraph.

In the case that the Bank 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 the preceding two paragraphs, the Bank shall also engage a CPA to check the appraisal and to render a specific opinion.

Where the Bank acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the Article 12, and the preceding three paragraphs do not apply:

- I. The related party acquired the real property or right-of-use assets thereof 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-of-use assets to the signing date for the current transaction.
- III. The real property is acquired through the signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Bank's own land or on rented land.
- IV. The acquisition of real property right-of-use assets for business use is between the Bank and its parent company or subsidiary, or among the subsidiaries in which the Bank directly or indirectly holds 100 percent of issued shares or authorized capital.

Article 14 Where the appraisal results conducted by the Bank in accordance with Paragraph 1 and Paragraph 2 of the preceding article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 15. However, this restriction may not apply where the following circumstances exist and the Bank is able to prove such circumstances with objective evidence, and a professional real property appraiser's report and a CPA's opinion can be provided to indicate the reasonableness.

- I. The related party acquired undeveloped land or leased land for development. In

this case, the Bank may prove its case by proving that one of the following conditions exists:

- (I) The value of the undeveloped land, which is appraised in the manner specified in the preceding article, plus the value of buildings, which is appraised by summing the construction costs assumed by the related party and reasonable construction profit, exceed the transaction price. The term "reasonable construction profit" shall mean 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.
 - (II) There is a transaction completed by unrelated parties within the preceding year that involves other floors or nearby areas of the target real property, with the area size being approximate and the transaction terms being similar if taking into account the price differentials among floors and regions that are deemed reasonable by the generally accepted real property trading and leasing practices.
- II. The Bank is able to prove that the transaction terms for the real property it purchased from a related party or the right-of-use assets it acquired from a related party through leasing are similar to the transaction terms for a transaction completed by unrelated parties in the neighboring area within the preceding year that involves a real property of a similar size.

In principle, the term "transaction completed" shall mean the transaction involving a piece of real property of which the publicly announced current value approximates that of the target real property, or the transaction involving a piece of real property that locates on the same or neighboring block and within 500 meters from the target real property. The term "similar size" shall, in principle, mean that the area of the real property transacted by unrelated parties is no less than 50% of the area of the target real property. The term "within the preceding year" shall mean the year preceding the date of occurrence of event, or the date on which the target real property is obtained.

Article 15 Where the Bank acquires real property or the right-of-use assets thereof from a related party and the results of appraisal conducted in the manner specified in Article 13 and Article 14 are unanimously lower than the transaction price, the following matters shall be performed by the Bank:

- I. A special reserve shall be set aside in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act against the difference between the transaction price and the appraised cost for the real estate or its right-of-use assets. 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 a company, the special reserve called for under Paragraph 1, Article 41 of the Securities and Exchange Act shall also be appropriated on a pro-rata basis by such a public company according to the percentage of shares held by it.

- II. The Audit Committee shall follow Paragraph 3, Article 14-4 of the Securities and Exchange Act and Article 218 of the Company Act.
- III. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The special reserve set aside under the preceding paragraph may not be utilized until the Bank has recognized a loss on declines in market value of the assets it purchased or leased at a premium, or such assets have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the Bank obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

Chapter 4 Engaging in Derivatives Trading

Article 16 When engaging in derivatives trading, the Bank shall strictly adhere to its own regulations.

Chapter 5 Business Merger, Demerger, Acquisition, and Share Exchange

Article 17 Where the Bank intends to propose a merger, demerger, acquisition, or share exchange, prior to convening a Board of Directors meeting to resolve on the proposal, 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 shall submit such opinions, along with the proposal, to the Board of Directors meeting for deliberation and adoption. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case where the Bank merges a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, or where the merger is between subsidiaries in which the Bank directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Article 18 Where the Bank participates in a merger, demerger, or acquisition, the Bank shall make a publicly available document detailing the key contractual covenants and matters pertaining thereto before the convening date of the shareholders' meeting, and shall

send it, together with the expert opinion mentioned in Paragraph 1 of the preceding article as well as the meeting notice, to shareholders for their reference as to whether to approve such a merger, demerger, or acquisition. However, this restriction shall not apply where other laws exempt the Bank from convening a shareholders meeting to approve the merger, demerger, or acquisition.

Where the Bank participates in a merger, demerger, or acquisition but its shareholders meeting fails to be convened due to lack of quorum, insufficient votes, or other legal restrictions, or where the proposal has been rejected by the shareholders meeting, the Bank shall immediately present publicly the reasons, the follow-up measures, and the date for the next shareholders' meeting.

Article 19 When participating in a merger, demerger, or acquisition, the Bank shall convene a Board of Directors' meeting and a shareholders' meeting on the same date as that of the Board of Directors' meeting and shareholders' meeting of other participating companies, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a share exchange, the Bank shall convene a Board of Directors' meeting and a shareholders' meeting on the same date as that of the Board of Directors' meeting and shareholders' meeting of the other party participating in share exchange, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in merger, demerger, acquisition, or share exchange, the Bank shall compile the following information into documents and retain them for five years for consulting purpose.

- I. Basic Information on Personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or share exchange prior to 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 merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

When participating in merger, demerger, or acquisition, the Bank shall, within two days counting inclusively from the date the Board of Directors adopts the resolution, file with the Financial Supervisory Commission the data specified in Subparagraph 1 and Subparagraph 2 of the preceding paragraph in prescribed format via the Internet for

filing purposes.

Where a participating company in the merger, demerger, acquisition, or share exchange is not listed on the exchange or the OTC market, the Bank shall sign an agreement with it, and shall perform the matters prescribed in the previous two paragraphs.

Article 20 All of the Bank's personnel participating in or being informed of the merger, demerger, acquisition, or share exchange plan shall present a written piece of non-disclosure agreement promising not to confide the plan contents to others and not to trade in shares or equity-based securities, either in own name or in another person's name, of any company involved in the merger, demerger, acquisition, or share exchange prior to the disclosure of such a plan.

Article 21 When participating in a merger, demerger, acquisition, or share exchange, the Bank may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract of the merger, demerger, acquisition, or share exchange:

- I. Issuance of follow-up offerings, issuance of convertible corporate bonds, distribution of stock dividends, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
- II. Disposal of the Bank's major assets or other activities which may influence the financial operations of the Bank.
- III. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
- IV. An adjustment where any of the companies participating in the merger, demerger, acquisition, or share exchange buys back treasury shares.
- V. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or share exchange.
- VI. Publicly disclosed contractual terms that specify the conditions for alternation.

Article 22 When participating in merger, demerger, acquisition, or share exchange, the Bank shall stipulate clearly on the contracts the rights and obligations of all participating parties, as well as the following:

- I. Handling of breach of contract.
- II. Principles for the handling of equity-type securities previously issued or treasury shares previously bought back by the company that is eliminated in a merger or that is demerged.
- III. The amount of treasury shares 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.

- IV. The manner of handling changes in the number of participating entities or companies.
- V. Preliminary progress schedule for plan execution, and anticipated completion date.
- VI. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 23 If the Bank wishes to include more entities in the merger, demerger, acquisition, or share exchange after such information has been disclosed, all the procedures or legal actions having completed shall be carried out anew, except where the number of participating companies decreases and the Bank's shareholders' meeting has authorized the Board of Directors to alter the authorities granted, in which case the Bank may proceed with the merger, demerger, acquisition, or share exchange without having to convene another shareholders' meeting for the adoption of the resolution.

Article 24 Where a participating company in the merger, demerger, acquisition, or share exchange is not listed on the exchange or the OTC market, the Bank shall sign an agreement with it, and shall proceed in the manner prescribed in Article 19, Article 20, and the previous article.

Chapter 6 Information Disclosure

Article 25 Under any of the following circumstances, the Bank shall, within 2 days counting inclusively from the date of occurrence of the event, file the information on the acquisition or disposal of assets with the FSC through the website designated by the FSC in the prescribed format.

- I. 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 Bank's total assets, or NT\$300 million or more; however, this shall not apply to trading in domestic government bonds or bonds under repurchase and resale agreements, or subscription to or redemption of money market funds issued by domestic securities investment trust enterprises.
- II. Merger, demerger, acquisition, or share exchange.
- III. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the provisions herein.
- IV. Acquisition or disposal of operating equipment or its right-of-use assets from or to non-related parties that amounts to more than NT\$1 billion.
- V. Where land is acquired under an arrangement on engaging others to build on the

Bank'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 Bank expects to invest in the transaction reaches NT\$500 million.

VI. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, the 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; however, this shall not apply to the following circumstances:

- (I) Trading in domestic government bonds, or a foreign central government bond with a sovereign rating not lower than the sovereign rating of the ROC.
- (II) Trading securities on domestic or foreign securities exchanges or OTC markets; subscription to foreign government bonds, ordinary corporate bonds, or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the domestic primary market; subscription to or redemption of securities investment trust funds or futures trust funds; subscription to or resale of exchange-traded notes; or subscription to securities by a securities firm as required by the Taipei Exchange due to its undertaking to serve as an advisory and recommending securities firm for a company to be listed on the emerging stock market.
- (III) Trading in bonds under repurchase and resale agreements, or subscription to or redemption of domestic money market funds that are issued by securities investment trust enterprises.

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

The term “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 Bank shall compile monthly reports on the status of derivative transactions conducted up to the end of the preceding month by itself and any of its subsidiaries that are not publicly-listed companies in Taiwan. The information shall be transmitted in the prescribed format to the information reporting website specified by the Financial Supervisory Commission before the 10th day of each month.

When the Bank at the time of public announcement omits to report an item required by regulations to be publicly announced or reports it wrong and so is required for correction, 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.

If after the Bank has publicly announced its investment in Mainland China in compliance with Subparagraph 4, Paragraph 1 herein the competent authority rejects such announcement, the Bank shall disclose the date of the original public announcement, the name of the investee company in China, the planned investment amount, the trading counterparty, and the date the competent authority rejects such announcement.

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

Article 26 Where any of the following circumstances occurs with respect to a transaction that the Bank has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

- 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 exchange within the deadline prescribed in the contract.
- III. Change to the originally publicly announced and reported information.

Chapter 7 Control Procedures for the Acquisition and Disposal of Assets by Subsidiaries

Article 27 Information required to be publicly announced and reported in accordance with the provisions of Chapter 6 on acquisitions and disposals of assets conducted by the Bank's subsidiary that is not itself a public company in Taiwan shall be announced by the Bank. The paid-in capital or total assets of the Bank shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to

paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Paragraph 1 of Article 25. The subsidiary shall be the standard when calculating the remaining paid-in capital or total assets prescribed in these Procedures.

Article 28 The Bank's internal auditors shall periodically review the self-review report pertaining to the acquisition or disposal of assets by the Bank and its subsidiaries.

The Bank's internal auditors shall periodically review the self-audit report pertaining to the acquisition or disposal of assets by the Bank and its subsidiaries. Any employee of the Bank who violates these Procedures when handling the acquisition or disposal of assets shall be subject to the disciplinary actions prescribed in the internal regulations of the Bank and its subsidiaries, in addition to the legal consequences prescribed by law.

Article 29 The Bank shall urge its subsidiaries to establish their internal procedures for handling acquisition or disposal of assets in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies promulgated by the FSC, shall assess whether their procedures comply with laws, and shall ensure that they acquire and dispose of assets in the manner prescribed in their procedures.

The Bank shall urge subsidiaries to review on their own whether their established procedures for asset acquisition or disposal comply with relevant official regulations and whether they acquire or dispose of assets by their procedures.

Chapter 8 Supplementary Provisions

Article 30 These Procedures shall be approved by the Audit Committee, submitted to the Board of Directors for resolution, and then presented to the shareholders' meeting for approval. The same rule shall apply mutatis mutandis to any future amendment thereto. If any director expresses dissent and it is contained in the minutes or a written statement, the director's dissenting opinion shall be submitted to the Audit Committee.

Article 31 Where these Procedures or other laws require the approval of the Board of Directors in order for the Bank to acquire or dispose of assets, if a director has a dissenting opinion and it is contained in the minutes or a written statement, such recorded or written materials shall be submitted to the Audit Committee as well.

When the acquisition or disposal of assets is proposed for the Board of Directors' deliberation, 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 the Board of Directors meeting minutes.

Article 32 The acquisition or disposal of assets by the Bank shall follow the FSC's "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" as well as

these Procedures; except where financial laws provide otherwise.

Article32-1 For the calculation of 10% of total assets under these Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.