

Delta Electronics (Thailand) Public Company Limited (the "Company") Operating Procedures of Acquisition or Disposal of Assets

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Chapter 1 General Principles

Article 1: Legal Basis

Delta Electronics, Inc. (“**DEI**”) is required by Article 36-1 of the Securities and Exchange Act and the Regulations Governing the Acquisition or Disposal of Assets by Public Companies of the Republic of China (Taiwan) (the “**Regulations Governing the Acquisition or Disposal of Assets of Taiwan**”) to have its subsidiaries promulgate their own "Operating Procedures of the Acquisition or Disposal of Assets" in accordance with the relevant provisions of the Regulations Governing the Acquisition or Disposal of Assets of Taiwan. The Company, as a subsidiary of DEI, has promulgated the operating procedures (the "**Operating Procedures**") in accordance with the Regulations Governing the Acquisition or Disposal of Assets of Taiwan in a way that is not contrary or conflict with the Company’s obligations under the Securities and Exchange Act B.E. 2535 (as amended) of Thailand, the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rule on Entering into Material Transactions Deemed as Acquisition or Disposal of Asset (as amended), the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposal of Asset B.E. 2547 (as amended) and other relevant laws and regulations (the “**Laws on Acquisition or Disposal of Asset of Thailand**”). Therefore, the Company will apply the Operating Procedures in addition to its obligations under the Laws on Acquisition or Disposal of Asset of Thailand.

Article 2: Promulgation and Amendment of the Operating Procedures

The Operating Procedures shall be approved by one-half or more of all Company’s Audit Committee members and then approved by the Board of Directors of the Company and be further submitted to the shareholders' meeting for approval. The same procedure shall apply to any amendment to the Operating Procedures.

If the Operating Procedures have not been approved by one-half or more of all Company’s Audit Committee members, the Operating Procedures may be undertaken upon the consent of two-thirds or more of all directors of the Company, and the resolution of the audit committee of the Company shall be recorded in the meeting minutes of the Board of Directors of the Company.

"All Audit Committee members" in the preceding paragraph referred to in the Operating Procedures shall mean the actual number of persons currently holding those positions and "all directors" in the preceding paragraph referred to in the Operating Procedures shall mean the seat of those positions regardless of whether such seat is vacant or not.

Article 3: Definition of Terms

1. Assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with applicable laws: refers to assets acquired or disposed through mergers, splits, or acquisitions conducted in accordance with Thai laws or issuance of new shares and by use of the share equity so raised as the consideration payable for acquisition of another company's shares (the "assignment of shares") in accordance with Thai laws.
2. Related party and subsidiaries: as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China (Taiwan).



3. Professional appraiser: refers to a real estate appraiser or other person authorized by applicable laws to engage in the appraisal of real estate or equipment.
4. Date of occurrence: refers to the date of contract signing, date of payment, date of completion of trading, date of transfer registration, date of Board of Directors resolution, or other date confirming the counterpart and amount of the transaction, whichever date is earlier. However, in the case of investments 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.
5. Mainland China area investment: refers to investments in Mainland China area approved by the Investment Commission of the Ministry of Economic Affairs of the Republic of China (Taiwan) or conducted in accordance with the Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China of the Republic of China (Taiwan).
6. As used in the Operating Procedures, "within one year" refers to the year preceding the date of occurrence of the acquisition or disposal of assets; however, items duly announced in accordance with the Operating Procedures will be disregarded.
7. As used in the Operating Procedures, "latest financial statement" refers to the financial statement published and audited or reviewed by the auditing CPA in accordance with applicable laws prior to the acquisition or disposal of assets.
8. As used in the Operating Procedures, "total assets" is calculated based on the total assets as stated in the most recent stand-alone or individual financial statement published and audited or reviewed by the auditing CPA in accordance with applicable laws prior to the acquisition or disposal of assets.

Chapter 2 Scope of Assets and Investment Limits

Article 4: Scope of assets applicable to the Operating Procedures

1. Securities: including long-term and short-term investments such as stocks, government bonds, corporate bonds, financial debentures, securities representing interest in a fund, deposit receipts, call (put) warrants, beneficiary certificates and asset-backed securities.
2. Real estate (including land, buildings and construction, investment real estate) and equipment.
3. Membership certificates
4. Intangible assets: including patents, copyrights, trademarks, and franchises, etc.
5. Right-of-use assets.
6. Claims against financial institutions (including receivables, loans and bills purchase discounts, and overdue receivables).
7. Assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with applicable laws.
8. Other important assets.

Article 5: The total value of real property, its right-of-use assets or securities acquired by the Company and its subsidiaries ("**Subsidiary**" or "**Subsidiaries**") for non-operating use and limit on acquisition of each specific security are as follows:

1. The total value of real property or its right-of-use assets acquired by the Company for non-operating use may not exceed 20% of DEI's net worth as stated in its latest financial statement. The total value of real property or its right-of-use assets acquired by a Subsidiary for non-operating use may not exceed 20% of DEI's net worth as stated in its latest financial statement.

2. The total value of securities acquired by the Company may not exceed 60% of DEI's net worth as stated in its latest financial statement. The total value of securities acquired by a Subsidiary may not exceed 60% of DEI's net worth as stated in its latest financial statement.
3. The specific security acquired by the Company may not exceed 30% of DEI's net worth as stated in its latest financial statement. The specific security acquired by a Subsidiary may not exceed 30% of DEI's net worth as stated in its financial statement.

Chapter 3 Evaluation and Operating Process

Article 6: When assets are acquired or disposed in accordance with the Operating Procedures, the execution department shall evaluate the terms and conditions of the transaction according to the Company's internal operating procedures in advance and then submit it for approval by the authorized person according to the authorized limit table approved by the Board of Directors of the Company. If the amount of the assets to be acquired or disposed exceeds the amount as set forth in the authorized limit table, the transaction may be implemented only after approved by the Board of Directors of the Company.

The execution departments referred to in the foregoing paragraph are as follows:

1. For securities: the Investment Department and the Finance Department.
2. For real property and equipment: the Department which uses such assets and the Finance Department.
3. For membership certificate: the Finance Department.
4. For intangible assets: each business unit, Legal and Intellectual Property Department or other competent department concerned.
5. For right-of-use assets: the Department which uses such assets and the Finance Department.
6. For claims against financial institutions: the Finance Department.
7. For assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with applicable laws: the Investment Department.
8. For other important assets: the Department which uses such assets.

Article 7: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions in accordance with the Operating Procedures 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 Securities and Exchange Act B.E. 2535 (as amended) of Thailand or a law governing its profession, 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 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.

Article 8: When the Company acquires or disposes of assets through court auction procedures, the relevant evidence documentation issued by the court may be used as substitute for the appraisal report or the accountant opinion

Article 9: If any acquisition or disposal of assets should be approved by the Audit Committee, the Board of Directors of the Company, or the shareholders' meeting in accordance with the Laws on Acquisition or Disposal of Asset of Thailand, paragraph 1 of Article 6 of the Operating Procedures shall not apply to such acquisition or disposal of assets. In this case, the execution department shall evaluate the terms and conditions of the transaction according to the Company's internal operating procedures in advance, and then approved by one-half or more of all Audit Committee members of the Company and submit it for approval by the Board of Directors of the Company, and/or approval by the Company shareholders' meeting.

If approval of more than half of all Audit Committee members is not obtained regarding the acquisition or disposal of assets as set forth in the preceding paragraph, the procedures may be implemented if approved by more than two-thirds of all directors of the Company, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors of the Company.

Chapter 4 Guidelines for the Acquisition or Disposal of Assets and Operating Procedures

Article 10: When acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, first obtain the latest audited or reviewed financial statement of the issue company for reference in appraising the transaction price. If the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall, prior to the date of occurrence of the event, appoint an accountant to render an opinion on the reasonableness of the transaction price. If the accountant needs to use an expert's report, the accountant shall do so in accordance with the International Standards of Auditing No. 620. 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 competent authority.

Article 10-1: Where the transaction amount of a proposed acquisition or disposal in a specific security by the Company or a Subsidiary exceeds NT\$1 billion, the proposed acquisition or disposal shall be reported to DEI and approved by the Audit Committee of DEI and the Board of Directors of DEI in advance.

Article 11: The Company shall comply with the following guidelines with regard to the acquisition or disposal of real property, equipment or its right-of-use assets:

When acquiring or disposing real property, equipment or its right-of-use assets, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$ 300 million or more, except for transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on leased land, or acquiring equipment for operating use or its right-of-use assets, the Company shall, prior to the date of occurrence of the event, obtain an appraisal report from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances, a limited price, specific price or specified price should be used as reference price in determining the transaction price, such transaction shall be submitted for approval by the Board of Directors of the Company in advance, and the same procedures shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
2. If the transaction amount is NT\$1 billion or more, the Company shall obtain appraisal reports from at least two professional appraisers.
3. If the professional appraiser's appraisal results revealed any of the following circumstances, 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, the Company shall appoint an accountant to conduct the appraisal in accordance with

the provisions of the International Standards of Auditing No. 620 and render a specific opinion regarding the cause of the differences and the reasonableness of the transaction price:

- (1) Where the difference between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 - (2) Where the difference between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
4. The period from the date of the appraisal report issued by a professional appraiser to the execution date of the relevant sale and purchase agreement should be no more than three months. However, where the publicly announced current land value for the same period is used and not more than six months have elapsed from the issuance of the appraisal report, such appraisal report may still be used.
5. Items which should be included in an appraisal report are:
- (1) Items required in accordance with regulations on real estate appraisal.
 - (2) Matters regarding the professional appraiser and its appraisal personnel:
 - a. The professional appraiser's name, amount of paid-in capital, organizational structure, and personnel composition.
 - b. The names, ages, academic records and curriculum vitae (with relevant evidences), number of years performing appraisal work and employment period, and number of appraisals conducted of the appraisal personnel.
 - c. Relationship between professional appraiser, appraisal personnel, and the client.
 - d. Declaration of no false statement or omission being contained in the appraisal report.
 - e. Date of appraisal report.
 - (3) Basic information of the subject property, which shall at least include the name and nature, location, and area of the subject property.
 - (4) Examples of transactions involving other properties that are located within the area as the subject property.
 - (5) When the appraisal type is for a specific price or specified price, the conditions of the specific or specified price and whether said conditions are met under current circumstances, the reason for the difference between the normal prices and such specific or specified price and the reasonableness of such difference, and whether the specific price or specified price is qualified to be used as reference for the transaction price.
 - (6) In terms of a joint development contract, the reasonable allocation percentage between the parties should be provided.
 - (7) An estimate of land value incremental tax.
 - (8) In case that appraised value of the subject property at the same appraisal date among appraisers differs and the difference is twenty percent or more, the land owner or the interested party may request the local real estate appraiser guild where the appraised real estate is located to negotiate with relative appraisers for an accepted appraised value. If necessary, the local real estate appraiser guild may appoint other appraisers to undertake reappraisal before another negotiation in respect of appraised value.
 - (9) Attachments to the appraisal report shall include the appraisal details of the subject property, ownership registration information, photocopy of cadastral map, urban planning sketch, location map of the subject property, certificate of land use zoning, and photographs showing current condition of the subject property.

Article 11-1: Where the transaction amount of a proposed acquisition or disposal by the Company or a Subsidiary in a specific real property or its right-of-use assets for non-operating use exceeds NT\$ 300 million, the proposed acquisition or disposal shall be approved by the Audit Committee of DEI and the Board of Directors of DEI in advance.

Article 12: Procedures governing transactions with a related party are as follows:

1. When the Company acquires or disposes of assets from or to a related party, in addition to complying with the requirements set forth in Article 10, Article 11 and Article 13 and following required resolution procedures and assessing the reasonableness of the transaction terms and other relevant matters in accordance with the following provisions as well as the Securities and Exchange Act B.E. 2535 (as amended) of Thailand, the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions as amended) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (as amended) and other relevant regulations (the “**Laws on Connected Transaction of Thailand**”), if the transaction amount reaches 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or an accountant in accordance with Article 10, Article 11 and Article 13.

The aforementioned calculation of the transaction amount shall be made in accordance with Article 13-1 hereof. Furthermore, when determining whether the transaction counterparty is a related party, in addition to legal formalities, the Company shall take into consideration of the substance of the relationship between the transaction parties.

2. Appraisal and operating procedures:

In addition to the Laws on Connected Transaction of Thailand, where the Company acquires or disposes of real property or its right-of-use assets from or to a related party, or acquires or disposes of assets other than real property or its right-of-use assets from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million, except for trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises, the Company may proceed to enter into a transaction contract and make only after submitting the following information to the Audit Committee of the Company and obtaining approval by one-half or more of all Audit Committee members and, after submitting the same to the Board of Directors of the Company, obtaining approval from the Board of Directors of the Company, and paragraphs 2 and 3 of Article 2 shall apply mutatis mutandis:

- (1) The purpose, necessity and estimated benefits of the acquisition or disposal of assets.
- (2) The reason for choosing the related party as the transaction counterparty.
- (3) With respect to the acquisition of real property or its right-of-use assets from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the provisions of items (1) to (4) and (6) of subparagraph 3 of this Article 12.
- (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.
- (5) Monthly cash flow forecasts for the year beginning from the anticipated month of execution of the contract, and evaluation of the necessity of the transaction, and reasonableness of the use of funds.

- (6) An appraisal report from a professional appraiser or an accountant's opinion obtained in accordance with this Article.
- (7) Restrictive covenants and other important terms in connection with the transaction.

The aforementioned calculation of the transaction amount shall be made in accordance with subparagraph 6 of paragraph 1 of Article 16 hereof, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to and approved by the Audit Committee of the Company and the Board of Directors of the Company in accordance with the Operating Procedures need not be counted toward the said transaction amount and shall be subject to mutatis mutandis application of Article 2, paragraphs 2 and 3.

3. Assessment of reasonableness of transaction cost:

- (1) The Company shall use the following methods to assess the reasonableness of the transaction cost when acquiring real property or its right-of-use assets from a related party:
 - a. Based upon the related party's transaction price plus necessary interest on funding and the costs payable by the buyer in accordance with applicable law. "Necessary interest on funding" refers to and is calculated by use of the weighted average interest rate on funds borrowed by the Company in the year when the Company plans to purchase the property as the basis. However, such necessary interest on funding may not be higher than the maximum non-financial industry lending rate under Thai Law.
 - b. Based upon the total appraisal value from a financial institution if the related party has previously taken a mortgage on the property as security for a loan; provided that the actual cumulative amount lent by the financial institution shall be 70% or more of the financial institution's appraisal value for the property and the loan shall have been disbursed and outstanding for one year or more. However, this method shall not apply if the financial institution is a related party of one of the transaction counterparties.
- (2) Where the land and the building situated thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the building may be separately appraised in accordance with either of the methods set forth in the preceding paragraph.
- (3) When the Company acquires real property or its right-of-use assets from a related party, it shall appraise the cost of the real property or its right-of-use assets in accordance with the provisions of items (1) and (2) of this subparagraph, and shall also engage an accountant to review the appraisal result and issue a specific opinion regarding appraisal result.
- (4) Where the Company acquires real property or its right-of-use assets from a related party and the results of appraisal performed in accordance with the provisions of items (1) and (2) of this subparagraph are both lower than the transaction price, the transaction shall be handled in accordance with the provisions of item (5) and (7) of this subparagraph. However, if any of the following circumstances occur and where any objective evidence has been provided and specific opinions on reasonableness of the transaction price have been obtained from a professional appraiser and an accountant have been obtained, the preceding paragraph shall not apply:
 - a. When the related party has acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - i. The undeveloped land is appraised in accordance with the foregoing methods as set forth in the provisions of item (1) to (3) and (6) of this subparagraph, and the building is appraised according to the related party's

construction cost which is in line with the price standard of the housing and construction, and the total appraised value of the land and the building is in excess of the actual transaction price. The price standard of the housing and construction shall be the price announced by the competent authority or the Valuers Association of Thailand"

- ii. Concluded transactions or leasing by unrelated parties within the preceding year involving other floors of the same target property or properties located in the neighboring area, of which the property size and transaction terms are similar to the proposed transaction after taking into consideration of reasonable price differences in floor or area prices in accordance with standard real property market practices or standard real property leasing market practices.
 - b. Where the Company provides evidences that the terms of the proposed acquisition of real property or obtaining real property right-of-use assets through leasing with the related party are similar to the terms of transactions concluded for the acquisition of property located in neighboring area of a similar size by unrelated parties within the preceding year. Concluded transactions for the acquisition of property located in neighboring area in the preceding paragraph in principle refers to property located at the same or an adjacent block of the target property and within a distance of no more than 500 meters or the publicly announced current value of the property is close to that of the target property; transaction of similar size refers to transactions concluded by unrelated parties with a land area of no less than 50% of the target property; within one year refers to one year preceding the date of occurrence of the proposed acquisition of the target property or its right-of-use assets.
- (5) When the Company acquires real property or its right-of-use assets from a related party and the results of appraisal performed in accordance with the provisions of items (1) to (4) and (6) of this subparagraph are both lower than the transaction price, the Company shall allocate the difference between the real property or its right-of-use assets transaction price and the estimate cost as a special reserve, and shall not be distribute this reserve or use it for capitalization and issuance of new shares. If an investor that has investment in the Company by using the equity method is a public company, it shall also allocate special reserve in an amount in proportion to its shareholding in the Company.

In addition, if the Company have allocated a special reserve in accordance with the above provisions, the Company may not utilize such special reserve until it has recognized loss due to price decline in market value of the assets it purchased or leased at a premium, or such property has been disposed of, or adequate compensation has been made, or the leasing contract has been terminated, or the original condition has been restored, or there is other evidence confirming that it is not unreasonable to do so, and approval in connection therewith from the competent authority shall have been obtained.

- (6) When the Company acquires real property or its right-of-use assets from a related party and any of the following circumstances occur, it shall implement the transaction in accordance with the appraisal and operating procedures in subparagraph 2 of this paragraph, and items (1) to (3) of this subparagraph regarding the assessment of the reasonableness of transaction cost are not applicable:
- a. The related party acquired the real property or its right-of-use assets through inheritance or as a gift.
 - b. More than five years will have elapsed from the time the related party signed the contract to obtain the real property or its right-of-use assets to the execution date of the proposed transaction.

- c. The real property is to be acquired through signing of a joint development contract with the related party or through engaging the related party to build real property, either on the Company's own land or on a leased land.
 - d. The real property right-of-use assets for business use are acquired by the Company from its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.
- (7) When the Company acquires real property or its right-of-use assets from a related party and there is other evidence indicating that such acquisition does not conform to conventional business practice, the Company shall act in accordance with item (5) of this subparagraph.

Article 13: The Company shall comply with the following guidelines with regard to the acquisition or disposal of intangible assets or its right-of-use assets or membership certificates:

When the Company acquires or disposes of intangible assets or its right-of-use assets or membership certificates and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, except for transacting with a domestic government agency, the Company shall, prior to the date of occurrence of the event, appoint an accountant to render an opinion on the reasonableness of the transaction price. The accountant so appointed shall act in accordance with the International Standards of Auditing No. 620.

Article 13-1: The calculation of the transaction amount referred to in Articles 10, 10-1, 11, 11-1 and 13 shall be made in accordance with subparagraph 6 of paragraph 1 of Article 16 hereof, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or an accountant's opinion is obtained in accordance with the Operating Procedures need not be counted toward the transaction amount.

Article 14: The Company shall comply with the following guidelines with regard to the acquisition or disposal of claims against financial institutions: The Company shall not engage in the acquisition or disposal of claims against financial institutions. If the Company wishes to acquire or dispose of claims against financial institutions in the future, it shall promulgate assessment and operating procedures after obtaining approval by the Board of Director of the Company.

Article 15: Procedures governing mergers or consolidations, splits, acquisitions, or assignment of shares are as follows:

1. Appraisal and operating procedures:

- (1) When the Company wishes to conduct a merger or consolidation, split, acquisition, or assignment of shares, it may engage an accountant, lawyer, and underwriter to jointly review statutory procedures and proposed timetable; the Company shall also form a project execution team to implement the transaction in accordance with statutory procedures. The Company should, prior to convening a meeting of the Board of Directors of the Company to decide on the matter, further engage an accountant, lawyer, or underwriter to render opinions regarding the reasonableness of the share swap ratio, acquisition price, or distribution of cash or other property to shareholders, and shall submit the same to the Board of Directors of the Company for discussion and approval. In the event the Company merges with its wholly owned subsidiary(ies), or the merger occurs between or among the Company's wholly owned subsidiaries, the above-mentioned appraisal report from a professional appraiser may be exempted.
- (2) If required by the Laws on Acquisition or Disposal of Asset of Thailand, when conducting a merger or consolidation, split, or acquisition, the Company shall prepare a public report to its shareholders, specifying important contractual contents and matters relevant to the merger or consolidation, split, or acquisition prior to the shareholders'

meeting. The Company shall attach such public report and the expert opinions referred to in item (1) of this subparagraph when sending the notice of shareholders' meeting for shareholders' reference in determining whether to approve the merger or consolidation, split, or acquisition. Moreover, where any one of the companies participating in a merger or consolidation, split, or acquisition fails to convene or obtain a resolution due to lack of a quorum, insufficient votes, or restrictions by applicable laws, or the proposal was vetoed by the shareholders' meeting, such company shall immediately publicly announce an explanation of the reason for such failure, follow-up measures to be taken, and the proposed date of the next shareholders' meeting.

2. Other matters to be noted:

(1) Date of shareholders' meeting or meeting of the Board of Directors:

Companies participating in a merger or consolidation, split, or acquisition shall convene their Board meetings and shareholders' meetings on the same day to resolve matters relevant to the merger or consolidation, split, or acquisition, unless otherwise provided by applicable laws or there are extraordinary conditions which should be reported to and approved by the competent authority in advance. Companies participating in an assignment of shares shall convene their Board meetings on the same day, unless otherwise provided by applicable laws or there are extraordinary conditions which should be reported to and approved by the competent authority in advance.

When participating in a merger or consolidation, split, acquisition, or assignment of another company's shares, the Company shall prepare a full written record of the following information and retain it for five years for reference:

- a. Basic identification data for personnel: including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved prior to disclosure of the information in the planning or implementation of any merger or consolidation, split, acquisition, or assignment of another company's shares.
- b. Dates of material events: including those for signing of any letter of intent or memorandum of understanding, engaging of a financial or legal advisor, execution of a contract, and convening of a Board of Directors meeting.
- c. Important documents and minutes: including merger or consolidation, split, acquisition, or plan of assignment of share, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

When participating in a merger or consolidation, split, acquisition, or assignment of another company's shares, the Company shall report to DEI immediately so that DEI could, within two days commencing from the date of passage of a resolution by the Board of Directors of the Company, report (in the prescribed format and via the Internet-based information system) the aforementioned basic identification data for personnel and dates of material events to the Financial Supervisory Commission of the Republic of China (Taiwan) for recordation.

Where any of the companies participating in a merger or consolidation, split, acquisition, or assignment of another company's shares is neither listed in the securities exchange nor trading over-the-counter, the Company shall sign an agreement with such company in order to prepare a full written record of the information of basic identification data for personnel, dates of material events and important documents and minutes and retain it for five years for reference and report to DEI for DEI to report (in the prescribed format and via the Internet-based information system) the aforementioned basic identification data for personnel and dates of material events to the Financial Supervisory Commission of the Republic of China (Taiwan) for recordation.

(2) Commitment to confidentiality obligations in advance:

Each person participating in or being informed of the plan for merger or consolidation, split, acquisition, or assignment of shares shall execute a written undertaking of confidentiality and shall not disclose the contents of the plan prior to public announcement of information in connection with the plan and shall not trade, in their own names or under the name of another person, in any stock or other equity security of any company related to the plan for merger or consolidation, split, acquisition, or assignment of shares.

(3) Principles for setting and amending share swap ratio or acquisition price:

When conducting a merger or consolidation, split, acquisition, or assignment of shares, except for the following circumstances, the share swap ratio or acquisition price shall not be amended arbitrarily and the circumstances in which the share swap ratio or acquisition price could be amended should be provided in the contract for the merger or consolidation, split, acquisition, or assignment of shares:

- a. Capital increase by cash, issuance of convertible bonds, free distribution of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, and other equity securities.
- b. Any disposal of material assets of the company or other action which may have a material adverse effect on the company's financial condition or business.
- c. A disaster or major technological shift or other event which may affect shareholder's equity or the share price.
- d. An adjustment results from the buy-back of treasury stock by any of the companies participating in the merger or consolidation, split, acquisition, or assignment of shares.
- e. An increase or decrease in the number of entities or companies participating in the merger or consolidation, split, acquisition, or assignment of shares.
- f. Other terms and conditions allowing amendments which have been provided in the relevant contract and have been publicly disclosed.

(4) Items to be provided in contract:

In addition to those items required under Article 317-1 of the Company Law of the Republic of China (Taiwan) and Article 22 of the Business Mergers and Acquisitions Act of the Republic of China (Taiwan), the contract for participation in a merger or consolidation, split, acquisition, or assignment of shares shall provide the following provisions:

- a. Remedy for breach of contract.
- b. Principles for the handling of equity securities previously issued or treasury stock previously bought back by any company that is to be dissolved in a merger or that is spun off.
- c. The amount of treasury stock that could be bought back by participating companies in accordance with applicable laws after the record date of calculation of the share swap ratio, and the handling principles thereof.
- d. Methods for handling changes in the number of participating entities or companies.
- e. Estimated schedule for execution of the plan, and anticipated completion date.
- f. Scheduled date for convention of shareholders' meeting in accordance with applicable laws in the event that execution of the plan falls behind the estimated schedule and relevant handling procedures.

- (5) Changes in the number of companies participating in a merger or consolidation, split, acquisition, or assignment of shares: After relevant information has been publicly announced, if any company participating in the merger or consolidation, split, acquisition, or assignment of shares intends further to carry out a merger or consolidation, split, acquisition, or assignment of shares with another company, all of the participating companies shall repeat the procedures or legal actions that had originally been completed toward the merger or consolidation, split, acquisition, or assignment of shares.
- (6) Where a company participating in a merger or consolidation, split, acquisition, or assignment of shares is not a public company, the Company shall sign an agreement with that company, and shall conduct the merger or consolidation, split, acquisition, or assignment of shares in accordance with the Board of Directors meeting or the general meeting convention date specified in item (1) of this subparagraph, the confidentiality obligation in item (2), and the requirements regarding changes in the number of companies participating in a merger or consolidation, split, acquisition, or assignment of shares in item (5), subparagraph 2 of this Article 15.

Chapter 5 Disclosure of Information and Public Announcement and Reporting Procedures

Article 16: In addition to the requirement under the Laws on Acquisition or Disposal of Asset of Thailand and the Laws on Connection Transaction of Thailand, items to be publicly announced and reported and requirements for public announcement and reporting are as follows:

1. Acquisition or disposal of real property or its right-of-use assets from or to a related party, or acquisition or disposal of assets other than real property or its right-of-use assets from or to a related party where the transaction amount reaches 20% of the DEI's paid-in capital, 10% of DEI's total assets, or NT\$ 300 million; provided, however, that this paragraph shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises.
2. Merger or consolidation, split, acquisition, or assignment of shares.
3. Where equipment or its right-of-use assets for operational use are acquired or disposed of, and the transaction counterparty is not a related party, and the transaction amount is NT\$ 1 billion or more.
4. Acquisition or disposal of real property under arrangement of commissioned construction on self-owned or leased 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 transaction amount to be invested by the Company is NT\$ 500 million or more.
5. Other asset transactions other than those referred to in the preceding five subparagraphs, disposal of receivables by a financial institution, or investment in the Mainland China area, and the transaction amount of which reaches 20% of DEI's paid-in capital or NT\$300 million or more; provided that the public reporting requirement shall not apply to the following circumstances:
 - (1) Trading of domestic government bonds.
 - (2) Trading of bonds under repurchase/resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises.
6. The transaction amount shall be calculated as follows; and the term "within one year" refers to the year preceding the date of occurrence of the proposed transaction; and items which has been duly announced in accordance with applicable regulations may be disregarded for the calculation:



- (1) The amount of each transaction.
- (2) The cumulative transaction amount of acquisitions and disposals of the same type of assets with the same transaction counterparty within one year.
- (3) The cumulative transaction amount of acquisitions and disposals of real property or its right-of-use assets in the same development project within one year (the amount for acquisition and the amount for disposal shall be calculated separately).
- (4) The cumulative transaction amount of acquisitions and disposals of the same security within one year (the amount for acquisition and the amount for disposal shall be calculated separately).

Article 17: Deadline for public announcement and reporting:

When acquiring or disposing of assets, if such acquisition or disposal is one of the items that should be publicly announced and reported, and the transaction amount reaches the requirements for public announcement and reporting, the Company shall report to DEI for DEI to make the public announcement and reporting on the website designated by the Financial Supervisory Commission of the Republic of China (Taiwan) in the format prescribed by the "Regulations Governing Acquisition or Disposal of Assets by Public Companies of Taiwan" within two days commencing from the date of occurrence of the event.

Article 18: Procedures governing public announcement and reporting are as follows:

1. The Company shall report to DEI for DEI to make the public announcement and reporting of relevant information on the website designated by the Financial Supervisory Commission of the Republic of China (Taiwan) in accordance with the preceding Article 17.
2. If any required items publicly announced by DEI in accordance with applicable regulations contain errors or omissions and a correction thereof is necessary, DEI shall make an public announcement and report of such items in their entirety again within two days from the date it learns of the occurrence of the given matter.
3. When acquisition or disposal of assets, unless otherwise provided in other applicable laws, the Company shall keep all relevant contracts, resolution minutes, memorandum books, appraisal reports, and opinions of accountants, lawyers, or underwriters for at least five years.
4. After DEI has publicly announced and reported a transaction in accordance with applicable regulations, in case any of the following event occurs, the Company shall report to DEI for DEI to report relevant information on the website designated by the Financial Supervisory Commission of the Republic of China (Taiwan) within two days commencing from the date of occurrence of the event:
 - (1) Any amendment, termination or discharge of the contracts originally executed in the transaction.
 - (2) The merger or consolidation, split, acquisition, or assignment of shares is not completed by the scheduled completion date set forth in the relevant contract.
 - (3) Change in publicly announced and reported information.

Chapter 6 Supplemental Provisions

Article 19: Penalty provision is as follows:

If any of the Company's officers in charge of the acquisition or disposal of assets violates the Operating Procedures and such violation is verified, the person who violates the Operating Procedures will receive penalties commensurate with the severity of such violation according to the Company's working rules.

Article 20: Any matters not provided in the Operating Procedures shall be handled in accordance with applicable laws and regulations.