

United Microelectronics Corporation Acquisition or Disposal of Assets Procedure

Section I Acquisition or Disposal of Assets

Article 1: Basis:

This Procedure for acquisition or disposal of assets (“Procedure”) is made pursuant to Article 36-1 of the Securities and Exchange Act (“the Act”) and the “Criteria for Handling Acquisition or Disposal of Assets by Public Companies” (“Regulation”)

Article 2: “Assets” mentioned in this Procedure are defined as the following:

- 1) Investments such as stocks, government bonds, corporate bonds, deposit receipts, warrants, securities representing interest in a fund, and asset-backed securities.
- 2) Real property (including land, houses and buildings, investment properties, and inventory of construction enterprises) and equipment.
- 3) Membership certificates.
- 4) Patent, copyright, trademark, and other intangible assets.
- 5) Right-of-use assets
- 6) Derivative products.
- 7) Assets acquired or disposed through merger, spin-off, acquisition or transfer of shares.
- 8) Other important assets

Article 3: Definition of terms used in this Procedure:

- 1) Derivative products: refer to future, option, commodity, leverage, swap for the values derived from specific interest rate, financial instrument price, commodity price, exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The meaning of future does not include insurance contract, performance contract, after-service contract, long-term lease agreement and long-term purchase (sale) agreement.
- 2) Assets acquired or disposed of through merger, spin-off, acquisition, and transfer of shares: refer to assets thereby acquired or disposed of according to Enterprise Merger and Acquisition law, Financial Holding Company Law, Financial Institution Acquisition Law other laws or acquire shares by issuing new shares of the Company in accordance with Article 156-3 of the Company Act (for the purpose of this Procedure, the transfer of shares).
- 3) Related party or subsidiary: as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- 4) Professional appraiser: refers to real property appraiser or other professionals who are legally approved to assess the value of real property and equipment.
- 5) Date of event: refers to earliest of the signing date, payment date, record date, and board resolution date and other date when the parties and amounts of transaction can be determined. If it is subject to approval of the governing authority, the date of event refers to the earliest of the aforementioned date or the approval date.

- 6) China investment: is referred to the investment in China approved by the Investment Committee of Ministry of Economic Affairs.
- 7) Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, 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 are located.
- 8) Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
- 9) 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 the 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.
- 10) The term "Latest Financial Statements" used in the procedure is the financial statements of this company audited or reviewed by a certified public accountant (CPA) which has been published in accordance with applicable regulations before the subject acquisition or disposal of assets.

The term "10% of the company's total asset" used in the procedure should be calculated based on the total asset stated in the most recent standalone financial report prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Any unspecified terms in the procedures shall be subject to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

Article 4: The Company shall follow its "Financial Derivatives Transaction Procedure" in conducting such transactions. Risk management and internal auditing shall be thoroughly implemented.

Article 5: Operating procedure for the acquisition and disposal of assets:

- 1) In order to cope with the needs of operations, the acquisition and disposal of such assets as mentioned in the previous article shall be carried out in accordance with the procedures of the Company for procurements, assets acquisition, contract management or other related processes.
- 2) The acquisition or disposal of securities, real property or right-of-use assets or membership certificates shall first be approved by the Chairman of the Board before the executing departments carry out the necessary transactions or procedures. The transactions or procedures shall then be reported at the Board Meeting upon completion. However, the transaction for purchasing security must be pre-approved by Audit Committee and Board Meeting, if either the transaction amount surpasses NT\$ 200 million or 1% of cash and cash equivalents from the latest financial statements, or the accumulated purchasing transaction amount for a single security surpasses NT\$ 300 million within two years.
- 3) Related Party Transactions, assets acquired or disposed through merger, spin-off, acquisition or transfer of shares shall be carried out in accordance with section II and III of the Procedure. The acquisition or disposal of assets, in addition to complying with the above-mentioned procedures,

shall follow the Company's internal control regulations.

Based on the Procedure or other regulations, when the Company's acquisition or disposal of assets is proposed to the Board Meeting, opinions from independent directors shall be thoroughly considered . If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Article 6: Evaluating procedure for the acquisition and disposal of assets:

1) Securities:

When the Company acquires or disposes of securities, the target company's most recent financial reports, certified or reviewed by a CPA shall, prior to the date of occurrence of the event, be procured as the reference of evaluation of the transaction price, and the transaction price will be determined as follows:

- A. In acquiring or disposing of securities which are not traded on any stock exchange or over-the-counter, its net worth per share, profitability, potential of future growth, market rates, interest rates of bonds, credit ratings and its current market price shall be evaluated.
- B. When the securities are acquired or disposed of through stock exchange or over-the-counter, the then current stock or bond prices shall be used as the basis for determining the price.

If the dollar amount of the transaction reaches 20 percent of the company's paid-in capital or more than NT\$300 million, the company shall also engage a CPA prior to the date of the event occurrence to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No.20 published by the ROC Accounting Research and Development Foundation (ARDF). This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission ("FSC"), including

- A. Start-up companies which were established by following the law and the acquisition of its' securities through capital injection and the rights entitled to the securities is equivalent to its ownership percentage.
- B. Acquisition of securities from companies proceeding new share issuance through capital injection at par value
- C. Acquisition of securities directly or indirectly from 100% owned investee companies or among 100% owned investees proceeding new share issuance through capital injection
- D. Securities traded in Stock Exchange, OTC or other public offering markets
- E. Domestic treasury or repos and reverser repos
- F. Public offering of Funds
- G. Acquisition or disposal of listed companies' securities through Securities exchange or OTC's auction or bid regulations
- H. Acquisition of new share issuance through capital injection from domestic public offering companies or subscription to domestic bonds (including financial bonds) , and the new shares acquired are not privatized.
- I. Subscription to fund shares before the establishment of a fund in accordance with Article 11,

paragraph 1 of the Securities Investment Trust and Consulting Act for the subscription or redemption of domestic private placement funds, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.

2) Real property, equipment or rights-of-use assets:

When the Company acquires or disposes of real property, equipment or rights-of-use assets, except for dealing with domestic government, contract to construction on land owned by the Company or land leased from another party, equipment or rights-of-use assets for business operation acquired or disposed of, with the transaction amount exceeding either 20 percent of Company's paid-in capital or NT\$300 million, an appraisal report shall first be obtained prior to the date of the event occurred. The transaction shall be conducted in accordance with the following:

- A. In case of special reasons the predetermined price, specified price or special price shall be the reference for the transaction price, such a transaction shall be approved at the Board Meeting. Any change in transaction terms is also subjected to the above-mentioned procedure.
- B. Two or more appraisal reports are required for transaction amounts that exceed NT\$1,000 million.
- C. If the appraisal report meets any of the following criteria, except when 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 CPA's fairness opinion on the difference and the reasonableness of price shall be obtained and the Company shall consult with the CPA to take measures in accordance with the provisions of Statement of Auditing Standards No.20 published by the ARDF.
 - a. The difference between the appraisal report and transaction price exceeds 20%.
 - b. The appraisal reports of more than two appraisers differ by more than 10% of the transaction price.
- D. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

3) Membership certificates, intangible assets or rights-of-use assets:

Relevant information shall be collected for pricing comparison or negotiation in acquiring or disposing membership certificates. In acquiring or disposing of intangible assets or rights-of-use assets, relevant price information shall be collected, and relevant regulations and contract contents shall be carefully evaluated before the transaction price is determined.

When the Company acquires or disposes of membership certificates or intangible assets or rights-of-use assets with the transaction price exceeding either 20 percent of Company's paid-in capital or NT\$300 million, except in transactions with a domestic government agency, the Company shall engage a CPA prior to the date of the event occurrence to render an opinion on the reasonableness of the transaction price; the CPA shall take measures in accordance with the

provisions of Statement of Auditing Standards No.20 published by the ARDF.

- 4) The calculation of the transaction amounts referred to in the preceding three subparagraphs shall be done in accordance with Article 9, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of the current transaction occurrence. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.
- 5) Assets acquired or disposed of through merger, spin-off, acquisition, or transfer of shares shall be carried out in accordance with Section III of the Procedure.
- 6) Acquisition or disposal of assets other than the assets mentioned above shall be effected through price inquiry, price comparison, price negotiation, or public bidding, and references shall be made to public announcements of present value and price of real property in the neighborhood.

Article 7: When the Company acquires or disposes of assets through court auction, the document produced by the court shall be used in place of the appraisal report or CPA's fairness opinion.

Article 8: When the Company obtains reports from an appraiser, CPA, lawyer, securities underwriter, such appraiser, CPA, lawyer, or securities underwriter, these professionals should meet the following criteria:

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

When issuing an appraisal report or opinion, the personnel referred to shall comply with the government requirement.

Article 9: When the Company acquires or disposes of assets, the related information must be disclosed and reported to Market Observation Post System website designated by the FSC within 2 days commencing immediately from the date of occurrence of the event, if the following situation occurs:

- 1) Acquisition or disposal of real property or rights-of-use assets from or to a related party, or acquisition or disposal of assets other than real property or rights-of-use assets from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic securities investment trust issued domestic money market funds.
- 2) Merger, spin-off, acquisition or transfer of shares.
- 3) The transaction losses derived from derivatives reaches the upper limit set forth in the Financial

Derivatives Transaction Procedure for all or any individual contract.

- 4) Acquiring or disposing of equipment or rights-of-use assets which is for operation purposes, and the counter party to which is not a related party, and the transaction amount of which exceed NT\$1 billion.
- 5) Acquiring the real property through engaging others to build on the company's own land, engaging others to build on rented land, cooperative construction for the distribution of houses, cooperative construction for the distribution of shares, cooperative construction for sale, and furthermore the transaction counterparty is not a related party, then the transaction amount exceeding NT\$ 500 million.
- 6) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - A. Buying or selling domestic government bonds.
 - B. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange..
 - C. Buying or selling bonds under repurchase/resale agreements, or subscription or repurchase of domestic money market funds issued by domestic securities investment trusts.

The transaction amount is calculated according to the following formulas:

- 1) Transaction amount of each transaction.
- 2) The accumulated amount of transactions with the same party in one year for similar objects.
- 3) The accumulated amount of transactions in one year of the acquisition or disposal (acquisition and disposal calculated separately) of real property or rights-of-use assets for the same development plan.
- 4) The accumulated amount of transactions in one year of the acquisition or disposal (acquisition and disposal calculated separately) of the same securities.

The one-year period mentioned in the preceding paragraph shall be calculated as one year before the occurrence of the transaction event. The part already disclosed according to the Procedure shall not be calculated.

In case the items to be disclosed is erroneous or omitted and shall be rectified, all the items shall be disclosed and reported again within two days after acknowledgement.

The relevant contracts, meeting minutes, register, appraisal report, opinion of the CPA, lawyers, or underwriters shall be kept in the Company for at least 5 years unless otherwise specified by other laws.

Article 10: After the disclosure of transaction according to Article 9, if any of the following events occur, the relevant information shall be disclosed and reported to FSC's Market Observation Post System website

within 2 days commencing immediately from the date of occurrence of the event:

- 1) There is a change, termination or cancellation to the original contract.
- 2) The merger, separation, acquisition or transfer of shares is not completed as scheduled in the contract.
- 3) Change to the originally publicly announced and reported information.

Article 11: The Company's controlling procedure on its subsidiary's procedure of acquiring or disposing of assets:

- 1) The Company shall urge its subsidiary to make and implement the procedure on acquiring or disposing of assets according to the Procedure.
- 2) If the subsidiary is not a public listed company, the Company will proceed with the disclosure and report if the subsidiary satisfies the criteria of Article 9 and 10.
- 3) The paid-in capital or total assets of the Company shall be the standard for determining whether or not a subsidiary referred to Article 9, paragraph 1 requires a public announcement and regulatory filing.

Article 12: (deleted)

Article 13: The restrictions of total amount and individual amount for the Company's and its Subsidiary's transactions in real property or rights-of-use assets for non-operational purposes, securities, and investments in a single security are as follows:

- 1) The purchase of real property or rights-of-use assets for non-operational purposes shall not exceed 30% of the Company's paid-in capital.
- 2) The total amount of investment of the Company as another company's shareholder with limited liability shall not exceed 100% of the shareholder's equity in the Company's latest quarter's financial report. For subsidiary companies specialized in investment, the limit is 150%.
- 3) The total amount of investment in securities after the deduction of the balance of item 2 above must not exceed 30% of the total assets of the Company in its latest quarter's financial report.
- 4) The investment in a single security shall not exceed 80% of the total assets as listed in the latest quarter's financial report, except for the subsidiaries that are holding companies.

Section II Related Party Transactions

Article 14: When a public company 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, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 6, subparagraph 4 herein.

In determining whether the opposing party is a related party, in addition to the legal form, the substance of the relationship shall be considered.

Article 15: When the Company acquires or disposes of real property or rights-of-use assets from or to a related

party, or when it acquires or disposes of assets other than real property or rights-of-use assets from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by Audit Committee and the board of directors:

- 1) The purpose, necessity, and projected benefit from acquiring and disposing the assets.
- 2) The reason for choosing the related party as the counter party.
- 3) With respect to the acquisition of real property or rights-of-use assets from a related party, relevant information in evaluating the reasonableness of the transaction terms in accordance with Article 16 and 17 of the Procedure,
- 4) Date, transaction price, and counter party, and its relation with the Company and related party.
- 5) The projection of the cash flow of each following month after the month of entering into the contract, and an evaluation of the necessity and reasonableness of the capital use.
- 6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- 7) Restricting conditions and other important terms and conditions.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 9, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been passed by Audit Committee and the board of directors need not be counted toward the transaction amount.

When the Procedures for the Acquisition and Disposal of Assets are submitted for discussion by the board of directors pursuant to the first paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Article 16: When the Company acquires real property or rights-to-use asset from related parties, the reasonableness of the transaction cost should be evaluated in accordance with the following methods:

- 1) The transaction cost with the related party plus the necessary capital interest and the cost to be borne by the buyer required by law. The cost of necessary capital interest shall be calculated using weighted average interest rates of the Company's annual loan for the purchase of assets, but shall not be higher than the highest borrowing rate disclosed by Ministry of Finance for non-financial industries.
- 2) If the related party has created mortgage on the object to obtain a loan from financial institutions, the total evaluated amount of the object by the financial institutions shall be used on the condition that the loan granted has exceeded 70% of the evaluated amount and the period of loan has exceeded one year with the exception that the financial institution and the contracting party are related parties.

When the land and structures of the same object are bought or leased together, the transaction cost of the land and structures may be separately assessed accordingly.

When the Company acquires real property or rights-to-use assets from related parties, in addition to the assessment of the cost of the real property or rights-to-use assets according to previous 2 sections, the

Company shall consult a CPA for his concrete opinion.

In any of the following events, the acquisition of real property or rights-to-use assets from related parties shall be carried out according to Article 15 of the Procedure, but the preceding three sections shall not apply.

- 1) The related party acquired the real property or rights-to-use assets due to succession or gift.
- 2) The lapse between the date of acquisition of real property or rights-to-use assets and the date of the transaction has been more than five years.
- 3) The acquisition of real property is based on the cooperative construction contract with the related parties, or through engaging a related party to build real property, either on the company's own land or on rented land.
- 4) The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital

Article 17: If the outcome evaluation according to sections 1 and 2 of the preceding article is lower than the transaction price, Article 18 shall apply with the exception of the following circumstances, which is accompanied with objective evidence and concrete opinions of the appraiser and CPA:

- 1) The related party who acquires undeveloped land or rents land for reconstruction may provide evidence to prove the conformity of one of the following:
 - A) The total amount of the undeveloped land assessed according to the method of the preceding article and the structures assessed by adding reasonable construction profit to the construction cost exceeds the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - B) The transaction terms are fair and reasonable compare to other transactions of other floors of the same property or in the neighboring conducted by unrelated parties within the preceding year taking into account the reasonable price difference in the light of real property sale or lease transaction customs.
- 2) Where a public company acquiring real property or rights-to-use assets from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

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

Article 18: If the outcome of evaluation of the real property or rights-to-use assets acquired from the related parties is lower than the transaction price, the following measures shall be taken:

- 1) The special reserve shall be appropriated according to Section 1 of Article 41 of the Securities Exchange Law for the price difference between the real property or rights-to-use assets transaction price and the assessment and shall not be distributed or used for capital increase.
- 2) The independent director members of Audit Committee shall take measures according to Article 218 of the Company Law and Item 4, Article 14-4 of the Security and Exchange Act.
- 3) The measures taken according to previous 2 sections shall be reported to the meeting of shareholders and the detailed content of the transaction shall be disclosed in the annual report and prospectus.

The special reserve appropriated shall be used only when the declining value of the assets bought or leased at a high price has been acknowledged, the assets has been disposed, or leased agreement has been terminated , original state restored, or there exists any other evidence to ensure the reasonableness and when the FSC has approved it.

If there exists evidence showing that the transaction of the Company to acquire real property or rights-to-use assets from related parties does not conform with the business practice, the preceding two sections shall govern.

Section III: Merger, Spin-off, Acquisition and Transfer of Shares

Article 19: In effecting the merger, spin-off, acquisition and transfer of shares, before the meeting of board of directors, the CPA, lawyers, or underwriters shall be consulted with to express opinion on the ratio of exchange of shares, acquisition price and other matters and then presented to the board of directors for discussion and approval. However, the merger of the Company and its 100 percent directly or indirectly owned subsidiaries or the merger between subsidiaries that are 100 percent directly or indirectly owned by the Company and not required to seek expert opinion towards such transaction.

Article 20: The documents to the shareholders containing important matters on the merger, spin-off, acquisition and transfer of shares shall be delivered to the shareholders along with the opinions of the expert mentioned in the preceding article for the shareholders' reference. But if the shareholders' meeting may not be convened, the preceding rules shall not apply.

If the shareholders' meeting of any company involved in the merger, spin-off, acquisition and transfer of shares can not be convened, can not reach a resolution, or objects to a proposal, the Company and other company shall explain to the public the reasons for such, the following procedure, and the scheduled date to convene the shareholders' meeting.

Article 21: The meeting of board of directors of the Company and the other company involved in the merger, spin-off, or acquisition shall be held on the same day unless otherwise specified by other laws or approved by the FSC.

The meeting of board of directors of the Company and the other company involved in the transfer of shares shall be held on the same day unless otherwise specified by other laws or approved by the FSC.

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

- 1) Basic identification data for personnel: including the occupational titles, names, and national ID

numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.

- 2) Dates of material events: including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
- 3) Important documents and minutes: including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within two days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC to be recorded.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of previous 2 paragraphs.

Article 22: The Company and any other involved in or aware of the merger, spin-off, acquisition and transfer of shares shall produce a written commitment of confidentiality not to disclose the relevant information and purchase or sell the stocks or other securities of the company related to the merger, spin-off, acquisition and transfer of shares.

Article 23: The ratio of share exchange or purchase price of the Company's merger, spin-off, acquisition and transfer of shares shall not be changed except in the following circumstances, and the condition of change shall be stipulated in the contract.

- 1) Capital increase in the form of cash, issuance of convertible corporate bonds, distribution of shares for no consideration, issuance of convertible corporate bonds with the right to subscribe shares, issuance of special shares with option and other securities.
- 2) Acts which affect the financial status of the company such as the disposal of company's important assets.
- 3) Events such as catastrophe, significant transformation of technology or other circumstances where the shareholders' equity and price of the securities are affected.
- 4) Any company involved in the merger, spin-off, acquisition and transfer of shares buys its own stocks.
- 5) The number of companies involved in the merger, spin-off, acquisition and transfer of shares changes.
- 6) Other conditions of change stipulated in the contract and disclosed to the public.

Article 24: The rights and obligations of the companies involved in the merger, spin-off, acquisition and transfer of shares and the following matters shall be contained in the contract.

- 1) Measures to be taken for breach of contract.
- 2) Governing principle for the shares bought by its own company.
- 3) The number of shares to be bought by its own company and governing principles after the record date

for the calculation of the ratio of exchange of shares.

- 4) Measures to be taken in case of change of numbers of the subject.
- 5) The schedule of implementation and scheduled date of completion.
- 6) The scheduled date of shareholders' meeting in case the plan is not completed as scheduled.

Article 25: If the Company and any other company involved in the merger, spin-off, acquisition and transfer of shares intends to be involved with the merger, spin-off, acquisition and transfer of shares with another company after the relevant information has been disclosed, all the procedures completed shall be undergone once again except when the number of participating companies is reduced or the board of directors has been authorized to make amendment.

Article 26: If any company involved in the merger, spin-off, acquisition and transfer of shares is not a public listed company, the Company shall sign an agreement with it and proceed according to the Articles 21, 22 and 25 of the Procedure.

Section IV: Miscellaneous

Article 27: Any employee who violates the Procedure or the Regulation is subject to the Company's Code of Conduct Regulation.

Article 28: This procedure shall be passed by Audit Committee and the board of directors, and presented to the shareholder's meeting for its approval. Any amendment is subject to the same procedure. The board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. If any member of board of directors objects to it with a record or written declaration, the Company shall present it to the meeting of shareholders for discussion.