

Taiwan Mask Corporation Procedures for Acquisition or Disposal of Assets

Article 1 Purpose

The company shall handle the acquisition or disposal of assets in compliance with these Regulations; provided, where another law or regulation provides otherwise, such provisions shall govern.

Article 2 Scope

The term "assets" as used in these Regulations includes the following:

- 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 property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) 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 in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- IX. Other major assets.

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

“Date of occurrence”, “Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law”, “Related party”, “Subsidiaries”, “Professional appraiser”, “Mainland China area investment”, “Derivatives”, all the definitions of terms listed above are the same with “Regulations Governing the Acquisitions and Disposals of Assets by Public Companies” issued by government authorities.

Article 4 The total amount of real estate and right-to-use assets thereof or marketable securities that the Company and each of its subsidiaries may purchase individually and the limits on investment in individual marketable securities are as follows

- I. The cumulative amount of real estate acquired for non-operating use shall not exceed 20% of the total assets of the Company's most recent audited or reviewed consolidated financial statements, and the cumulative amount of right-of-use assets acquired shall not exceed 50% of the total assets of the Company's most recent audited or reviewed consolidated financial statements.

- II. The total amount of investments in securities shall not exceed 70% of the total assets of the Company's most recently audited or reviewed consolidated financial statements, except as otherwise approved by the Board of Directors.
- III. The amount of investments in individual securities shall not exceed 50% of the total assets of the Company's most recently audited or reviewed consolidated financial statements, except as otherwise approved by the Board of Directors.

Article 5 Procedures for Acquisitions and Disposals of Assets

I. Securities:

- 1. Procedures: Finance Department shall set up transaction conditions based on market situation and internal forecast. Evaluate and appraise the case investment. Conducting the acquisitions and disposals in accordance with “The authorization matrix of procedures for acquisitions and disposals of assets”.
- 2. Appraisal: The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. If the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. 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 government authorities.
- 3. Execution department: Finance department shall base on “The authorization matrix of procedures for acquisitions and disposals of assets” to get proper approval before investment.

II. Real Property Real Property, other Fixed Assets and right-of-use assets (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory):

- 1. Procedures: Requesting department shall file the request based on the operation requirement to conduct the acquisitions and disposals in accordance with “The authorization matrix of procedures for acquisitions and disposals of assets”.
- 2. Appraisal :The acquisition or disposal of real estate and equipment or right-of-use assets shall be preceded by inquiries, comparisons and bargaining by the purchasing department as a reference for evaluating the transaction price. Except for transactions with domestic government agencies, arrangement on engaging others to build on the company's own land, engaging others to build on rented land, or acquisition or disposal of equipment or right-of-use assets for business use,

where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, an appraisal report issued by a professional appraiser shall be obtained prior to the date of occurrence of the fact, and the following requirements shall be met:

(1) In the event that the professional appraiser's appraisal result meets one of the following conditions, unless the appraisal result of the assets acquired is higher than the transaction amount, or the appraisal result of the assets disposed of is lower than the transaction amount, a CPA shall be requested to express a specific opinion on the reason for the difference and the fairness of the transaction price. (a) Where the difference between the appraisal result and the transaction amount is 20% or more of the transaction amount, a CPA shall be requested to express a specific opinion on the reason for the difference and the fairness of the transaction price. (b) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. If The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount, a certified public accountant shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

(2) For appraisals made prior to the date of contract formation, the date of the professional appraiser's report is issued shall not be more than three months from the date of establishment of the contract. However, if the announced current value of the same period is applicable and is less than six months old, an opinion letter issued by the original professional appraiser shall suffice.

(3) If there are special reasons for using a limited price, a specific price, or a special price as the reference for the transaction price, the transaction shall be submitted to the board of directors for approval, and any future changes to the transaction terms shall be handled in accordance with the above procedures.

3. Execution Department: Finance department and Procurement department shall base on “The authorization matrix of procedures for acquisitions and disposals of assets” to get proper approval before the acquisitions or disposals of these real property, other fixed assets and right-of-use assets (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory).

III. Intangible assets like memberships, patents, copy rights, trade marks, franchises:

1. Procedures: Requesting department shall file the request based on the operation requirement to conduct the acquisitions and disposals in accordance with “The authorization matrix of procedures for acquisitions and disposals of assets”.

2. Appraisals: The user department shall provide relevant data to the finance department to analyze whether the acquisition or disposal of intangible assets has material benefits to the Company's current and future business development, and prepare an analysis report and submit it together with the documents for approval. If the transaction amount of the acquisition or disposal of intangible assets reaches 20% of the paid-in capital or NT\$300 million or more, a CPA shall be consulted to express an opinion on the reasonableness of the transaction price (the CPA and the party involved in the transaction shall not be related parties).
3. Execution Department: Finance department and Procurement department shall base on “The authorization matrix of procedures for acquisitions and disposals of assets” to get proper approval before the acquisitions or disposals of these intangible assets.

IV. Financial institution creditor’s right: The company is not authorized to acquire or dispose financial institution creditor’s right. When the company finds it’s necessary to do such transactions, a procedure to monitor the transactions is then needed and need to get approval from the Board of Director Meeting.

V. Derivatives:

1. Trading types: Derivatives are arrangements or products (such as a future, option, or warrant) whose value derives from and is dependent on the value of an underlying asset, such as a commodity, currency, or security. Insurance contract, warranty contract, service after sales contract, long-term leasing contract and long-term purchasing (selling) contract are not included in the future contract.
2. Operating (hedge) strategy: The main purpose of trading derivatives is to hedge operating risks. When choosing derivatives, the hedge of operating risks (known and expected to happen) of sales, expenditures, assets and liabilities in foreign currencies shall be taken into consideration.
3. Authorization:
 - (1) Authorization of trader:
 - a. Define the strategy of trading financial derivatives within authorized scope.
 - b. Monitor the amount of trading derivatives.
 - c. Analyze cash flow.
 - (2) Authorization of finance department: When choosing derivatives, the hedge of operating risks (known and expected to happen) of sales, expenditures, assets and liabilities in foreign currencies shall be taken into consideration.
 - (3) Authorization of accounting department:
 - a. Confirmation of the deal.

- b. Book, disclose and keep accounting records in accordance with laws and regulations.
 - c. Periodically evaluate the market value of the derivatives. Evaluation reports shall be provided to the trader and top management authorized by the Board of Directors Meeting.
 - d. Public declaration is made upon the rules defined by Security authorization.
4. Authorization: In accordance with “The authorization matrix of procedures for acquisitions and disposals of assets”.
5. Performance appraisal: The income or loss of trading derivatives is the base of performance appraisal. The performance appraisal shall be provided to the top management authorized by the Board of Directors Meeting once a month.
6. Total amount and the limitation of loss:
 - (1) Total amount: Finance department shall manage the total amount of trading derivatives not to exceed the required amount of foreign currencies or the amount of loan.
 - (2) The limitation of loss: The risks of trading derivatives shall be under control of the pre-assessment before trading. The limitation of loss shall be under 20% of the amount of total derivatives or individual derivative.
7. Risk Management: The scope and measurement of risk management of trading derivatives are:
 - (1) Credit risks: When trading derivatives, the reputation and profession of financial institutions shall be taken into consideration.
 - (2) Market risks: Collecting information from the market and analyzing the situation when doing pre-assessment is necessary.
 - (3) Liquidation risks: The trading financial institution shall be assured of the liquidation of the derivatives.
 - (4) Operation risks: Operating process shall all be in accordance with the authorization of trading derivatives.
 - (5) Legal risks: The advisory from legal consultants shall be in necessary.
 - (6) Products risks: The trader shall have full and clear knowledge of derivatives.
 - (7) Cash flow risks: Maintain a minimum cash flow for trading derivatives is necessary.
 - (8) Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
 - (9) Risk measurement, monitoring, and control personnel shall be assigned to a different department that the personnel in the preceding subparagraph and

shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.

- (10) Evaluation reports of positions for hedge trades required by business shall be evaluated at least once a week. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.

8. Regular evaluation methods and the handling of irregular circumstances:

- (1) Board of Directors Meeting: Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.

- (2) Top management authorized by Board of Directors Meeting:

- a. To pay continuous attention to monitoring and controlling derivatives trading risk.
- b. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.
- c. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.

- (3) The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, performance evaluation reports, risks management reports, and the matters required top management authorized by Board of Director Meetings to be carefully and periodically evaluated shall be recorded in detail in the log book.

9. Internal audit:

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

- (2) The audit of derivatives trading shall be included in annual audit plan. The internal auditor shall at least report the execution status of annual audit plan by the end of February next year and at least report the irregular

circumstances and the improvements by the end of May next year to government authorization.

VI. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law:

1. Operating Procedures:

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

(2) A public company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

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

2. Others:

(1) Board of directors meeting and shareholders' meeting: A company participating in a merger, demerger, or acquisition shall convene a board of

directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. 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 5 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 in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
 - b. 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.
 - c. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.
- (2) Confidentiality prior to public disclosure: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- (3) Altering the share exchange ratio or acquisition price: When the company participating in a merger, demerger, acquisition, or transfer of shares 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 for the merger, demerger, acquisition, or transfer of

shares:

- a. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
 - b. An action, such as a disposal of major assets, that affects the company's financial operations.
 - c. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 - d. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - e. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - f. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- (4) Contract content: The contract for participation by a public company in a merger, demerger, acquisition, or transfer of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
- a. Handling of breach of contract.
 - b. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 - c. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 - d. The manner of handling changes in the number of participating entities or companies.
 - e. Preliminary progress schedule for plan execution, and anticipated completion date.
 - f. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- (5) The change of the number of participating companies: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger,

acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

- (6) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the company shall sign an agreement with the non-public company whereby the latter is required to abide by (1), (2) and (5) mentioned above.

VII. The acquisitions and disposals of other major assets: The responsible department shall do the transaction in accordance with the Article of Incorporation and authorization matrix of the company.

Article 6

Procedures for acquisition or disposal of assets from related parties

- I. When the Company intends to acquire or dispose of real estate 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 estate or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and the board of directors.
1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 2. The reason for choosing the related party as a transaction counterparty.
 3. With respect to the acquisition of real estate or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraph 3 of the Article.
 4. The date and price at which the related party originally acquired the real estate, 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 commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.

6. Restrictive covenants and other important stipulations associated with the transaction.
7. The valuation report issued by a professional appraiser, or the opinion of a CPA, as required, should be obtained.

II. With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the Company's board of directors may delegate the chairperson to decide such matters when the transaction is within NT\$100 million and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. Acquisition or disposal of real estate right-of-use assets held for business use.

III. The evaluation of reasonableness of real estate transaction costs: Omitted.

IV. In the event that the Company or its non-domestic public subsidiaries have any transaction of the first paragraph, and the transaction amount reaches 10% or more of the total assets of the public company, the public company shall submit the information listed in the first paragraph to the shareholders' meeting for approval before signing the transaction contract and making payment. However, this does not apply to the transaction the Company enters into with its subsidiaries, or between its subsidiaries.

V. The calculation of the transaction amount of the first and fourth paragraphs of this shall be based on the date of occurrence of the transaction and shall be retroactive to one year, and the part of the transaction that has been submitted to the shareholders' meeting, the Board of Directors for approval and the Audit Committee for ratification in accordance with the provisions of the Procedures shall be exempt.

Article 7 Where the company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 8 Procedures of public disclosure of information:

I. The standards, items, time limits and formats for reporting shall be announced in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and relevant laws and regulations.

II Procedures of announcement reporting:

1. the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate

- format.
2. The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
 3. When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.
 4. The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.
 5. Where any of the following circumstances occurs with respect to a transaction that the company 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:
 - (1) Change, termination, or rescission of a contract signed in regard to the original transaction.
 - (2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - (3) Change to the originally publicly announced and reported information.

Article 9 Public announcement and reporting items for subsidiaries:

I. If a subsidiary is not a domestic public company and acquires or disposes of assets up to the standards required by law to be announced and reported, the parent company shall handle the announcement and reporting matters on behalf of the subsidiary.

II. In the announcement and reporting standards for subsidiaries, the term "20% of the Company's paid-in capital or 10% of its total assets" refers to the parent company's paid-in capital or total assets in its standalone financial statements.

Article 10 Controlling procedures for subsidiaries:

When a subsidiary acquiring or disposing major equipments investments (over NT\$ 10 million), securities and derivatives (over NT\$ 10 million) shall follow the authorization

matrix of that subsidiary and get proper approval.

Article 11 Implementing and revising procedures of “Regulations Governing the Acquisitions and Disposals of Assets” of subsidiaries:

Subsidiaries of the company shall define and revise its own “Regulations Governing the Acquisitions and Disposals of Assets” based on the regulations of the company.

Article 12 Implementing and revising procedures of “Regulations Governing the Acquisitions and Disposals of Assets” of the company:

The implementation and revision of this regulation shall be approved by Auditing Committee, and then submit it into board of directors meeting, then to the shareholders’ meeting for approval. If different opinions are raised by directors and recorded as documentations, the documentations then shall be submitted to Auditing committee. When submitting this regulation into board of directors meeting for discussions, all opinions (both for and against) shall be included in the meeting minutes.

Article 13 Acquisitions and disposals of assets shall be submitted into board of directors meeting:

The acquisitions and disposals of assets shall be approved by board of directors meeting for approval. If different opinions are raised by directors and recorded as documentations, the documentations then shall be submitted to Auditing committee. When submitting this regulation into board of directors meeting for discussions, all opinions (both for and against) shall be included in the meeting minutes.

Article 14 Penalties:

When an employee violates the “Regulations Governing the Acquisitions and Disposals of Assets” when acquiring or disposing assets, proper penalties shall be defined and recorded in annual performance appraisal.

Article 15

The Procedures were established on January 16, 1991. The 1st amendment was made on July 17, 1992. The 2nd amendment was made on July 15, 1995. The 3rd amendment was made on November 24, 1999. The 4th amendment was made on June 3, 2003. The 5th amendment was made on June 12, 2006. The 6th amendment was made on June 15, 2007. The 7th amendment was made on June 22, 2011. The 8th amendment was made on June 28, 2012. The 9th amendment was made on June 23, 2017. The 10th amendment was made on June 11, 2019. The 11th amendment was made on June 10, 2020. The 12th amendment was made on May 26, 2022.