

**Procedures for Acquisition or Disposal of Assets  
of  
Taiwan Semiconductor Manufacturing Company Limited  
(The “Company”)**

**Article 1**

The Company’s acquisition or disposal of assets shall be made in accordance with these Procedures. Any other matters not set forth in these Procedures shall be governed by applicable laws, rules, and regulations.

**Article 2**

1. “Assets” used herein means:
  - (1) securities investments (including equities, bonds, corporate bonds, bank indentures, security interest in funds, depository receipts, warrants, beneficiary securities, asset-based securities, etc.);
  - (2) real estate (including lands, plants and buildings and investment property) and equipment;
  - (3) memberships;
  - (4) patents, copyrights, trademarks, franchise rights as intangible assets;
  - (5) right-of-use assets;
  - (6) derivatives products;
  - (7) assets that are acquired or disposed through mergers, spin-offs, acquisitions or share transfers, and other major assets.
  
2. “Date of the Event” used herein means, in principle, the contract date, the payment date, the transaction date, the title transfer date, the date of relevant board resolutions or other dates in which the transaction parties and the transaction amount(s) can be ascertained (whichever is earlier). For investments required to be approved by relevant government authorities, the Date of the Event means any of the above-mentioned dates or the date on which the government approval letter is received, whichever is earlier.
  
3. “Professional Appraiser” used herein means any appraisers/appraisal institutions specializing in real estate or other lawful appraisers/appraisal institutions of real estate and equipment.
  
4. “Related Parties” and “Subsidiaries” used herein mean those companies satisfying the relevant standards stipulated in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

5. "Latest Financial Statements" used herein means the financial statements of the Company audited or examined by a certified public accountant which has been disclosed in accordance with applicable regulation before the subject acquisition or disposal of assets.

The term "10% of the company's total asset" used herein shall 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 these Procedures shall be subject to the "Guidelines for Handling Acquisition or Disposal of Assets by Public Companies" announced by the regulatory authority.

### **Article 3**

The procedures for acquiring or disposing assets by the Company and the amount limitations are specified as follows:

1. The acquisition or disposal of security investments classified as non-current assets shall be reviewed and evaluated by the department responsible therefor and implemented after approval by the Board of Directors (the "Board"), while the Board can authorize the Chairman to handle the matter and report to the Board for ratification on an after-the-event basis.
2. The acquisition or disposal of security investments classified as current assets shall be reviewed and evaluated by the department responsible therefor and implemented within the limits of amount set forth in Item 6 of this Article.
3. The acquisition or disposal of real estate or related right-of-use assets shall be reviewed and evaluated by the department responsible therefor and implemented after approval by the Board, while the Board can authorize the Chairman to handle the matter and report to the Board for ratification on an after-the-event basis.
4. The acquisition of equipment or related right-of-use assets shall be handled by the department responsible therefor in accordance with relevant internal rules of the Company after approval by the Board. The disposal of equipment shall be directly handled by the department responsible therefor in accordance with relevant internal rules of the Company.

#### 5. Responsible Departments

- For acquisition or disposal of security investments, the departments responsible therefor shall be the Finance Division or other related department.
- For acquisition or disposal of real estate, equipment or related right-of-use assets, the departments responsible therefor shall be the Material Management Division, Accounting Division or other related department.

#### 6. Limits of Amounts

- The acquisition of real estate and related right-of-use assets by the Company for non-business use shall not exceed 15% of the Company's net worth. The acquisition of real estate and related right-of-use assets for non-business use by each of its Subsidiaries shall not exceed 5% of the Company's net worth.
- The total amount of all security investments of the Company shall not exceed 70% of the Company's net worth. The total amount of all security investments of each of its Subsidiaries shall not exceed 60% of the Company's net worth.
- The amount of investment of the Company in each individual security shall not exceed 40% of the Company's net worth. The amount of investment of each of its Subsidiaries in each individual security shall not exceed 40% of the Company's net worth.

#### 7. Material asset transactions must be approved by the Audit Committee in accordance with relevant regulations and be approved by the Board.

### **Article 4**

The Company shall report and publicly disclose the following acquisition or disposal of assets in accordance with the relevant regulations within two days commencing immediately from the Date of the Event:

1. the acquisition or disposal of real estate or related right-of-use assets from or to a related party, or acquisition or disposal of assets other than real estate or related 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; provided, this shall not apply to buying or selling of domestic government bonds or bonds under repurchase and resale agreements, nor to subscription or redemption of money market funds issued by domestic securities investment trusts;
2. mergers, spin-offs, acquisitions or shares transfer;
3. the acquisition or disposal of other assets where the transaction amount reaches 20% of the Company's paid-in capital or exceeds NT\$300 million.

The following situations shall not be subject to the above reporting/disclosure requirements:

1. buying or selling domestic government bonds;
2. buying or selling bonds under repurchase and resale agreements, or subscribing or redeeming money market funds issued by domestic securities investment trusts;
3. acquisition or disposal of equipment or related right-of-use assets for business use with non-related parties in an amount not exceeding NT\$1 billion;
4. acquisition of real estate by way of contracting third parties to construct on land owned or leased by the Company, distribution of building under joint construction project, distribution of profit under joint construction project, or selling building under joint construction project with non-related parties, and the amount of transaction not exceeding NT\$ 500 million (based on the amount the Company intends to contribute).

The “transaction amount” referred to above shall be calculated as follows:

1. the amount of each single transaction for acquisition or disposal of assets;
2. the cumulative amount of several transactions with the same party for the acquisition or disposal of the same kind of assets within one year;
3. the cumulative amount for acquisition or disposal (acquisition and disposal shall be accumulated separately) of real estate or related right-of-use assets under the same development project within one year; or
4. the cumulative amount for acquisition or disposal (acquisition and disposal shall be accumulated separately) of the same security within one year.

“Within one year” as used in the preceding paragraph refers to one year preceding the Date of the Event of the subject acquisition or disposal of assets. Transactions that have been previously disclosed in accordance with the Procedures shall be excluded.

## **Article 5**

The contents of reporting and public disclosure of asset acquisition or disposal as required in Article 4 shall be in compliance with the relevant regulations.

## **Article 6**

The evaluation procedures of the Company’s asset acquisition or disposal are as follows:

1. Except for transactions with domestic government institutions, contracting third parties to construct on land owned or leased by the Company, or acquisition of equipment or related right-of-use assets for business use, an appraisal report issued by a Professional Appraiser shall be obtained prior to the Date of the Event for any acquisition or disposal of real

estate, equipment or related right-of-use assets by the Company the amount for which is 20% of the Company's paid-in capital or NT\$300 million, and the following provisions shall be complied with:

- (1) If for any special reason, restricted price, specific price, or special price must be used as a reference for the transaction price, the transaction shall be approved by the Board in advance. The above procedures shall also be followed in case the transaction terms are changed subsequently.
  - (2) If the discrepancy between the result of the appraisal report of the Professional Appraiser and the transaction price exceeds 20% of the transaction price, (unless all the appraisal results for the assets to be acquired exceed the transaction price, or all the appraisal results for the assets to be disposed are less than the transaction price), the Company shall request a certified public accountant to handle the matter in accordance with the provision of Auditing Standard No.20 and issue a statement on the reasons for such discrepancy and the fairness of the transaction price.
  - (3) If the transaction price is over NT\$1 billion, the Company shall retain at least two Professional Appraisers to perform the appraisal. In case the discrepancy between the two appraisal reports is over 10% of the transaction price, (unless all the appraisal results for the assets to be acquired exceed the transaction price, or all the appraisal results for the assets to be disposed are less than the transaction price), the Company shall request a certified public accountant to handle the matter in accordance with the provision of Auditing Standard No.20 and issue a statement on the reasons for such discrepancy and the fairness of the transaction price.
  - (4) The appraisal report shall be issued within 3 months before the contract date; provided that if the asset's publicly declared value remains the same and the appraisal report was issued no longer than 6 months, the original Professional Appraiser may present supplemental opinions.
2. Before the Date of the Event of the acquisition or disposal of securities, the latest financial statements of the target company audited or reviewed by a certified public accountant shall be obtained for the assessment and reference of the transaction price. Should the transaction price reach 20% of the Company's paid-in capital or NT\$300 million, a fairness opinion issued by a certified public accountant shall be obtained before the Date of the Event of such acquisition or disposal of securities. If the certified public accountant engaged needs to use the report of an expert as evidence, such certified public accountant shall do so in accordance with the provisions of Auditing Standard No. 20; provided however, that these requirements are not applicable if such securities have a publicly quoted price from an active market or if the regulatory authorities require otherwise.

3. If the Company's acquisition or disposal of memberships, intangible assets or related right-of-use assets reaches 20% of the Company's paid-in capital or NT\$300 million, excluding transactions with domestic government agency(ies), the opinions of the fairness of the transaction price shall be obtained from a certified public accountant prior to the Date of the Event of the subject acquisition or disposal of assets. The certified public accountant shall handle the matter in accordance with the provision of Auditing Standard No.20.
4. For acquisition or disposal of assets through court auction procedures, the appraisal report or certified public accountant's opinion can be replaced by documents issued by the courts.
5. Any Professional Appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters from whom the Company has acquired appraisal reports and opinions, shall satisfy the requirements as set forth in the relevant regulations.

The transaction price referred to in the preceding paragraph shall be calculated in accordance with Article 4, paragraph 2 herein, and "within one year" refers to one year preceding the Date of Event of the current transaction. Items for which an appraisal report from a professional appraiser or an opinion from a certified public accountant has been obtained need not be counted toward the transaction price.

#### **Article 7**

1. Acquisition or disposal of assets by the Company's Subsidiaries shall follow the procedures of Article 6 hereof.
2. If the acquisition or disposal of assets by the Company's Subsidiaries reaches the reporting standard specified in Article 4 hereof and such Subsidiary is not a domestic public company, the Company shall disclose and report same for such Subsidiary. The same shall apply if there is any change or supplementation to the originally publicly disclosed and reported information.
3. The Company shall supervise its Subsidiaries to establish relevant procedures for acquisition or disposal of assets. Such procedures shall be approved by the Subsidiaries' Audit Committee and/or Boards of Directors and/or Shareholders' Meetings. Information relating to any acquisition or disposal of assets by the Subsidiaries shall be provided periodically to the Company for examination and audit.

## Article 8

The procedures for acquisition or disposal of assets by the Company from or to a related party are as follows:

1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring the compliance with the provision of Article 6, 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 opinion from a certified public accountant in accordance with Article 6.
2. If the Company intends to acquire or dispose of real estate or related right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real estate or related right-of-use assets from or to a related party and 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 buying or selling domestic government bonds, bonds under repurchase and resale agreements and subscribing or redeeming money market funds issued by domestic securities investment trusts), the Company may not enter into any transaction contract or make a payment until the following matters have been approved by the Audit Committee and then submitted to the Board for approval:
  - (1) The purpose, necessity and anticipated benefit of the proposed acquisition or disposal of assets.
  - (2) The reason for choosing the related party as a trading counterparty.
  - (3) With respect to the acquisition of real estate or related right-of-use assets from a related party, information regarding the evaluation of the reasonableness of the preliminary transaction terms in accordance with applicable regulations.
  - (4) The date and price at which the related party originally acquired the real estate, the original trading counterparty, and such trading counterparty's relationship to the Company and such related party.
  - (5) Monthly cash flow forecasts for the year commencing from the anticipated month of the signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
  - (6) An appraisal report from a professional appraiser or an opinion by a certified public accountant obtained in compliance with the preceding subparagraph 1.
  - (7) Restrictive covenants and other important stipulations associated with the transaction.

3. With respect to the acquisition or disposal of equipment or related right-of-use assets for business use, or the right-of-use assets of real estate for business use between the Company and its Subsidiaries, or between Subsidiaries whose shares or capital are 100% owned, directly or indirectly, by the Company, the Board may delegate the Chairman to decide such matters when the transaction is within NT\$500 million and submit such transaction for ratification by the Board in its next meeting.
4. When a matter is submitted for discussion by the Board pursuant to the preceding paragraph, the Board 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 meeting.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 4, paragraph 2 herein, and "within one year" refers to one year preceding the Date of Event of the current transaction. Items that have been previously approved by the Board need not be counted toward the transaction amount.

#### **Article 9**

Any acquisition or disposal of assets through mergers, spin-offs, acquisitions or shares transfer by the Company shall comply with the Procedures and the "Guidelines for Handling Acquisition or Disposal of Assets by Public Companies" announced by the regulatory authority.

#### **Article 10**

The Company's financial derivatives transactions shall be in compliance with the Company's "Procedures for Financial Derivatives Transactions".

#### **Article 11**

All items shall be amended and disclosed in full again within two days from the date the Company becomes aware of any error or incompleteness therein.

Should any of the following conditions occur after the reporting and public disclosure of the relevant transactions, the Company needs to make an amended report and public disclosure within two days commencing immediately from the Date of the Event:



1. any amendment, termination or cancellation of the original agreement;
2. failure to complete the proposed merger, spin-off, acquisition or share transfer as scheduled in the relevant agreement;
3. any changes to the original publicly disclosed and reported information.

#### **Article 12**

The contracts, memorandum, appraisal reports, and opinions of certified public accountants, lawyers or securities underwriters in connection with the Company's acquisition or disposal of assets shall, except as otherwise specified by relevant laws, be retained in the Company for at least five years.

#### **Article 13**

The Company's managers and persons-in-charge shall follow the Procedures in order to prevent the Company from incurring any losses. Any violation of related regulations or these Procedures shall be subject to discipline in accordance with the relevant human resources articles or rules of the Company.

#### **Article 14**

These Procedures shall be approved by the Audit Committee, the Board of Directors, and the Shareholders' Meeting. Any amendment hereof is subject to the same procedures.