

Composition Guidelines for TPEX and Industrial Sub-Indices

I. The Taipei Exchange Capitalization Weighted Stock Index and Industrial Sub-Indices, compiled by Taipei Exchange ("TPEX"), are divided into the Taipei Exchange Capitalization Weighted Stock Index (the "TPEX"), the Electronics Sub-Index, and other Industrial Sub-Indices. The Electronics Sub-Index and other Industrial Sub-Indices are collectively referred to as the "Industrial Sub-Indices". The sampling universe of the constituents for each index is set forth below:

- (I) The TPEX: Common stocks listed on TPEX mainboard that are not managed stocks.
- (II) The Electronics Sub-Index: Common stocks listed on TPEX mainboard that are not managed stocks and belong to any one of the industries in accordance with "Taipei Exchange Directions for Classifying and Adjusting the Industry Categories of TPEX Listed Companies", including semiconductor, computer and peripheral equipment, optoelectronic, communications and internet, electronic parts and components, electronic products distribution, information service, and other electronics.
- (III) Other Industrial Sub-Indices: Common stocks listed on TPEX mainboard that are not managed stocks and belong to the respective industries defined under "Taipei Exchange Directions for Classifying and Adjusting the Industry Categories of TPEX Listed Companies".

II. The inclusion and deletion of the constituents of the "TPEX" and the "Industrial Sub-Indices" are set forth below:

- (I) Stocks of newly listed companies are included as constituents of the index from the sixth trading day following the commencement date of TPEX trading; provided, TPEX-listed companies that convert their shares into shares of newly incorporated companies or transform into holding companies, newly incorporated companies after the demerger of TPEX listed companies, and managed stocks that convert their stocks to ordinary TPEX traded stocks are included as the constituents from the commencement date of TPEX trading.

(II) TPEx-listed stocks suspended from trading are excluded from the constituents on the commencement date of suspended trading, and would be included as the constituents from the first trading day of the next month following one full calendar month from the month when trading is resumed; provided, TPEx-listed stocks suspended from trading with their companies carrying out procedures for issuance of new replacement shares due to capital reduction (including offsetting losses, cash refund of capital stocks, and splitting), issuing replacement shares due to a change of par value, or conducting a merger or acquisition pursuant to the Business Mergers and Acquisitions Act or other laws or regulations, provided that the merging or acquiring companies are also constituents, will be retained as constituents rather than deleted.

(III) Termination of trading of the TPEx-listed stocks will be excluded from the constituents on the date of termination of TPEx trading.

III. Index Calculation Frequency

(I) The price index of the TPEX and the Industrial Sub-Indices is calculated and disseminated every 5 seconds based on the most recent trading prices of the constituents during the trading hours of the TPEx automated trade matching system, and the end-of-day (EOD) index is calculated once a day after the daily close.

(II) The TPEx also compiles total return index of the TPEX and the Industrial Sub-Indices, which is adjusted by cash dividends to reflect returns including cash dividends. Each index is calculated and announced at the end of each trading day.

IV. Index calculation :

$$\text{Index} = \frac{\text{Total outstanding market value}}{\text{Current date base value}} \times 100$$

The total market value is the sum of the latest trading prices of the constituents multiplied by the number of outstanding shares on the day. If trading prices are not available on the day, the initial base prices on the day may be used in the calculation.

TPEx-listed stocks retained as constituents during the suspension of trading period will be retained in the index and calculated with the closing market price one trading day prior to the date of suspension

("Retained Value"). If the TPEx listed stocks execute ex-dividend during the suspension of trading period, the market value derived from the calculated price (the closing market price one trading day prior to the date of suspension minus the amount of the cash dividend per share) as well as the original number of issued shares acts as the "retained value", and will be included in the index calculation continuously.

V. Adjustment of base values

(I) Timing of base value adjustment :

1. Inclusion or deletion of a constituent - effective date.
2. Distribution of common shares as stock dividends on preferred stock - ex-right date.
3. Subscription of common shares by existing shareholders for cash capital increase - ex-right date.
4. Cash capital increase shares or certificates of payment for which shareholders have waived subscription rights and public underwriting has been adopted - listing date.
5. Failed offering for cash capital increase - at reversion to the original number of issued shares on the third trading day of the next month or ex-right/ ex-dividend date following receipt of notification, whichever comes first serves as the adjustment date.
6. Listing of certificates of entitlement to shares or new shares following company merger or consolidation - listing date.
7. New shares issued for global depositary receipts - listing date.
8. Adjustments made on ex-right/ ex-dividend date or the third trading day of the next month following the public announcement, whichever comes first :
 - (1) Distribution of common shares or certificates of entitlement to new shares to employees as compensation.
 - (2) Share cancellation based on the law.
 - (3) Common shares converted directly from convertible bonds (or converted from bonds with warrants).

(4) Common shares issued through exercise of securities with subscription right.

(5) Common shares converted from convertible preferred shares.

9. Other non-trading factors affecting aggregate market value.

10. Ex-dividend date for cash dividends (applicable only to the total return index).

11. The resumed trading date on which the issuance of new replacement shares due to capital reduction with cash refund; provided, issuance of new replacement shares due to capital reduction or a change of par value is conducted with cash capital increase or other changes in shares simultaneously, the base value will also be adjusted on the resumed trading date.

(II) Base adjustment calculation :

1. Base adjustment formula for the price index :

$$\text{Base value of current day} = \text{Base value of previous day} \times \frac{\text{Adjusted aggregate market value after the close of the previous day}}{\text{the closing aggregate market value of the previous day}}$$

Adjusted aggregate market value after the close of the previous day = the closing aggregate market value of the previous day + the sum of various adjustments in market value

2. Base adjustment formula for the total return index :

$$\text{Base value of current day} = \text{Base value of previous day} \times \frac{\text{Adjusted aggregate market value after the close of the previous day} - \text{aggregate cash dividends distributed on the current day}}{\text{the closing aggregate market value of the previous day}}$$

3. Adjusted market values of constituents under Article 5, Paragraph 1 are calculated as follows :

Adjustment under Item 1: Adjusted market value =
Closing price on previous date × number of outstanding shares of listed company or retained value

Adjustment under Item 2: Adjusted market value = Ex-right or Ex-dividend reference price of common shares × total number of common shares issued as stock dividends on preferred shares

Adjustment under Item 3: Adjusted market value =
Subscription price for cash capital increase × number of shares in cash capital increase

Adjustment under Items 4 to 9: Adjusted market value = closing price of the previous day × change in the number of shares

Adjustment under Item 10: Adjusted market value = cash dividends per share × participating outstanding shares

Adjustment under Item 11: Adjusted market value = Opening reference price on the resumed trading day × the number of issued shares after resumed trading – retained value

“The number of issued shares after resumed trading” mentioned above does not include shares resulting from cash capital increase during the book closure period.

If the closing price of the previous day is not available, the opening auction reference price may be used for the calculation.

VI. Guidelines for adding new Industrial Sub-Indices and terminating existing Industrial Sub-Indices :

(I) Adding new Industrial Sub-Indices: Regular reviews are performed every year on the last trading day of September to calculate the number of listed stocks already included in the index sampling universe on the first trading day of October same year. Except the managed stocks, if the number of listed companies in any industry reaches twenty, TPEx will announce that industrial sub-index will

be calculated and published starting on the first trading day of January of the following year.

(II) Terminating existing industrial sub-indices: Regular reviews of the existing industrial sub-indices are performed every year on the last trading day of September to calculate the number of constituents of existing Industrial Sub-Indices on the first trading day of October in the current year. If the number of constituents in any industry is less than five, TPEx will announce that industrial sub-index will be terminated starting on the first trading day of January of the following year.

(III) For existing industrial sub-indices, an industrial sub-index should be terminated if its constituents ceases trading or transfers listing to TWSE and consequently become unavailable for the index calculation.

VII. These key points shall take effect upon being publicly announced. Subsequent amendment hereto shall be effected in the same manner.