

Topoint Technology Co., Ltd

Procedures for Acquisition or Disposal of Assets

Article 1 Basis

These *Procedures* have been formulated in accordance with Article 36.1 of the *Securities and Exchange Act* (hereinafter called “the *Law*”) and the *Regulations Governing the Acquisition or Disposal of Assets by Public Companies* promulgated by the Securities and Futures Commission, Ministry of Finance under document (91) Tai Cai Zheng (I) No. 091000610 on 10th December 2002.

Article 2 Purpose

These *Procedures* are formulated to protect investments, ensure transparency of information, and to improve and strengthen the Company’s asset acquisition and disposal procedures.

Article 3 Scope

Except as herein otherwise provided, the Company’s acquisition and disposal of assets shall be governed by the provisions under its *Administration of Changes to Fixed Assets* and *Regulations on Payment Authorisation*.

Article 4 Definitions

(I) Assets:

1. Marketable Securities: Long and short-term investments including shares, government bonds, corporate bonds, financial bonds, local beneficiary certificates, foreign mutual funds, depositary certificates, call (put) options, beneficiary securities and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Membership Certificates.
4. Intangible Assets: Including patents, copyrights, trademarks, franchises etc.
5. Right-of-use assets.
6. Creditors’ Rights of Financial Institutions (including accounts receivable, exchange bills negotiated, discounted & loans, overdue receivables.
7. Derivatives. Refer to the Company’s Procedures for Derivatives Transaction.
8. Assets acquired or disposed through mergers or consolidations, spin-offs, acquisitions, or assigned shares under the laws.
9. Other key assets.

(II) Acquisition: Refers to acts of obtaining assets set forth in the preceding paragraph from purchases, exchanges or other causes.

(III) Disposal: Refers to acts of sale of assets provided under Article 4 (I) herein.

(IV) Date of Occurrence: Refers to date of contract signing, date of payment, date of completion of transaction, date of registration transfer, date of board of directors resolution, date of receipt of approval from the competent authorities (for foreign investors) or other dates confirming the transaction counterpart and transaction

amount, whichever date is earlier.

- (V) Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- (VI) Professional Appraiser: Refers to a real estate appraiser or other persons authorised under the laws to appraise real estate or other fixed assets
- (VII) "Within one year" refers to the year preceding the date of occurrence of the acquisition or disposal of assets; however, whatever has been announced shall not be considered.
- (VIII) "Latest financial statement" refers to published financial statements audited or reviewed in accordance with the laws by the Company's accountant prior to the acquisition or disposal of assets.
- (IX) Derivatives: Refers to forward contracts, option contracts, futures contracts, leverage contracts, exchange contracts derived from specified interest rate, financial instrument price, commodity price, exchange rates, index of prices or rates, credit rating or credit index, or other variable, and complicated contracts consisting of a combination of the above. Forward contracts are excluded from insurance contracts, performance contracts, post-sale service contracts, long-term lease contracts and long-term purchasing (selling) goods contracts.
- (X) Assets lawfully acquired or disposed through mergers or consolidations, spin-offs, acquisitions, or assignment of shares: Refer to assets acquired or disposed through mergers, spin-offs or acquisitions carried out in accordance with the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institutions Merger Act or other applicable laws, or the acquisition of another company's shares by issuing new shares as consideration (hereinafter called "share assignment") in accordance with paragraph 3 under Article 156 of the Company Law.
- (XI) Mainland China Investments: Refer to investments in Mainland China area approved by the Investment Commission, Ministry of Economic Affairs, or conducted in accordance with the provisions under the *Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China*.
- (XII) For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.
In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.

Article 5 Operating Guidelines for the Assessment and Decision on the Acquisition or Disposal of Real Estate Property and equipment:

- (I) Acquisition or disposal of real estate property or equipment shall first be subject to prior evaluation by the executing department on the various transaction terms and

condition according to the Company's internal operating procedures, thereafter submitted for approval by the person with approval authority who is approved by the board of directors.

(II) In acquiring or disposing of real estate, equipment or right-of-use assets, where the transaction amounts to 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall obtain an **appraisal report** prior to the date of occurrence of the event unless the A&D is made with a domestic government agency, or engages others to build on its own land, or engages others to build on a rental land or the A&D asset is business equipment or right-of-use asset. The A&D transaction shall further comply with the following provisions:

1. The transaction shall be addressed to and pass the board resolution if it takes limit price, specific price or special price as the reference basis of the transaction price; Material asset transactions must be approved by the Audit Committee in accordance with relevant regulations and be approved by the Board. The same applies whenever there is any subsequent change to the terms and conditions of the transaction.
2. Where the difference between the **appraisal result** and the transaction amount is 20% of the transaction amount or more, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price.
3. If the transaction amount is NT\$1 billion or more, the Company shall request **appraisal** by at least two professional appraisers; where the difference between the **appraisal** results of two or more professional appraisers is 10% of the transaction amount or more, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price.
4. 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 may be made free of the restriction of the paragraph 2~3.
5. 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.
6. Aside from using the restricted price or specified price as the reference for the transaction price, where, for reasonable causes, the appraisal report or the foregoing items 2 and 3 concerning opinions of certified public accountants cannot be promptly received, the published original transaction amount and appraisal results should be obtained and revised within two weeks after the date of occurrence; where the circumstances set forth under items 2 and 3 occur,

reporting shall be made based on the published reasons for disparity and the accountant's opinion.

(III) Executive Entity

When acquiring or disposing real estate property or equipment, the Company shall submit for approval in accordance with the foregoing approval limit, and the user department and administrative department shall be responsible for execution.

(IV) The Procedures and other provisions of the law shall be approved by the audit committee pursuant to related regulations, and submitted to the board of directors. If a director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.

Article 6 Acquiring or disposing of securities shall

(I) Acquisition Procedures

1. Investment in short-term marketable securities (beneficiary bond funds) shall be carried out after the finance department has obtained approval from the Chairman of the board of directors. For investment in other short-term marketable securities, advanced approval from the Board of Directors shall be obtained for a single transaction amounting to 5 percent of the Company's paid-in capital and above; ex-post facto approval from the board of directors may be obtained where the cumulative transaction amount is to 10 percent of the Company's paid-in capital and above.
2. For capital increase in cash for existing reinvested businesses or reinvestments in new businesses, besides complying with the *Company Law*, no investment shall be carried out until the general manager's office has evaluated the investment benefits, and thereafter, submit to the board of directors for approval.

(II) Disposal Procedures

1. Disposal of marketable securities purchased under the provisions of Article 6 (I) by the department in-charge shall first be approved by the general manager, and a report to be submitted to the chairman of the board of directors at every month-end.
2. Disposal of long-term equity investments with a cumulative value of NT\$30 million per year for per business unit must be first submitted to the board of directors for resolution and adoption or for ex-post approval.

(III) Appraisal

The company acquisition or disposal 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 CPA, for reference of the appraisal of the transaction price.

If the transaction amount of a company's acquisition or disposal of securities is 20% of the company's paid-in capital or NT\$300 million or more, the Company shall engage a CPA 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 Financial Supervisory Commission (FSC).

- (IV) **Executive Entity**
When investing in long-term or short-term marketable securities, the Company shall submit for approval in accordance with the foregoing approval limit, and the finance and accounting departments shall be responsible for execution.
- (V) The Procedures and other provisions of the law shall be approved by the audit committee pursuant to related regulations, and submitted to the board of directors. If a director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.

Article 7 Related Party Transactions

- (I) 1. When the Company acquires real estate property from a related party through purchase or Disposal, in addition to compliance with the requirements set forth in Article 5,6,8 the Company shall follow the required procedures and obtain the required approvals, as well as assess the reasonableness of the transaction terms and other relevant matters in accordance with the following provisions. 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.
2. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9 herein.
3. When determining whether the transaction counterparty is a related party, apart from legal formalities, the Company shall consider the actual relationship between the transacting parties.
- (II) **Appraisal and Operating Procedures**
When a public company intends to acquire or dispose of real property right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real property right-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 bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the company may not proceed to enter into a transaction contract or make a payment until receiving approval as discussed herein from the board of directors, including.
1. The purpose, necessity and estimated benefits of the real estate property acquisition or Disposal of Assets
 2. The reason for choosing the related party as the transaction counterparty.
 3. Information regarding appraisal of the reasonableness of the proposed transaction terms in accordance with the provisions of items under paragraph III of this Article.
 4. The date and price at which the related party originally acquired the real estate property, the original transaction counterparty, and the relationship between such transaction counterparty and the Company as well as the related party.
 5. Forecasted monthly cash flow for the year beginning from the expected month of

execution of contract, and evaluation of the transaction's necessity, and legitimacy of the use of funds.

6. 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.
7. Restrictive covenants and other important contractual obligations related to the current transaction.

the Company and its subsidiaries of between subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, it is permissible to be approved first by the chairman and then ratified at the next board of directors meeting by submitting the proposal:

(1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.

(2) Acquisition or disposal of real property right-of-use assets held for business use.

If the company or a subsidiary of a non-domestic public offering company has the second transaction, the amount of which is more than 10% of the company's total assets, the information listed in the second paragraph shall be submitted to the shareholders' meeting for approval before signing the transaction contract and payment. payments. However, the transaction between the company and its subsidiaries is not limited to this.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 12, Paragraph 1 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 approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.

(III) Assessment of Reasonableness of Cost of Transaction:

1. When the Company acquires real estate or right-of-use asset from a related party, the following methods shall be used to assess the reasonableness of the transaction cost:
 - (1) Based on the related party's transaction price plus interest on funds required and the costs payable by the buyer under the law. "Interest cost on funds required" refers to and is calculated using weighted average interest rate on funds borrowed by the Company for the year of asset purchase. However, such interest cost on funds required may not be higher than the maximum lending rate for non-financial institutions published by the Ministry of Finance.
 - (2) Based on the total value appraised by a financial institution if the related party has previously taken a secured mortgage loan with the property, provided that the actual cumulative amount lent by the financial institution is 70% of the financial institution's appraisal value for the property or

more, and the loan has been disbursed for one year or longer. However, this is not applicable if the financial institution is a related party to one of the transaction counterparties.

2. When jointly purchasing or leasing land and houses placed thereon, one of the methods mentioned above shall be adopted to appraise the transaction cost respectively for the land and the houses.
3. In the case that the real estate or right-of-use asset is acquired from a related party, the cost shall be appraised in accordance with items (1) and (2) of this Article and accountants shall be invited to review and issue specific opinions.
4. Where the Company acquires real estate or real property right-of-use asset acquired by the Company from the related party according items (1) and (2) in paragraph III of this Article are lower than the transaction price, the provisions under Item (5), paragraph III of this Article shall govern, save for the occurrence of any of the following circumstances and where any objective evidence is provided and professional appraisal on such real estate property as well as specific opinions on the reasonableness of the transaction price from an accountant obtained:
 - (1) When the related party has acquired raw land or leased land for development, proof of compliance with one of the following conditions may be submitted:
 - (A) Where the raw land is appraised in accordance with the foregoing methods and the building according to the related party's cost of construction plus reasonable construction profit, and where the total appraised value of the land and the building is greater than the actual transaction price. "Reasonable construction profit" refers to the related party's construction division's average gross operating profit over the past three years or the construction industry's gross profit margin for the most recently announced by the Ministry of Finance, whichever is lower.
 - (B) Where the property size and terms of concluded transactions of unrelated parties within the preceding year involving other floors of the same target property or properties located in the neighbouring area are comparable to the proposed transaction, after considering the reasonable price differentials due to floor level or location differences based on standard market practice for transacting real estate property.
 - (2) Where the Company provides evidences that the terms of the proposed acquisition of real estate property or leasing right-of-use asset from the related party are similar to the terms of transactions for concluded transactions of property in a neighbouring area of a similar size by unrelated parties within the preceding year. In principle, the aforesaid "concluded transactions of property in a neighbouring area" refers to property located within the same or in an adjacent block located within 500 metres of the target property, or a property whose published current value is close to that of the target property; "similar size" generally refers

to transactions concluded by unrelated parties with a land area of no less than 50% of the target property; “within one year” refers to the one year preceding the date of occurrence of the proposed acquisition of the target property or right-of-use asset .

5. Where the Company acquires real estate or real property right-of-use assets from a related party and the results of appraisal carried out in accordance with the provisions of both items (1) and (2), paragraph III of this Article are lower than the transaction price, the following provisions shall govern. In addition, where the Company and any public-listed company using the equity method for valuation when investing in the Company have allocated a special reserve in accordance with the aforesaid provisions, such special reserve may not be utilised until any loss of value for such real estate property has been recognised, or upon the disposal of such property, or adequate compensation made, or the original condition restored, or where there is other evidence confirming the absence of any unreasonableness, and the relevant approval from the Securities and Futures Commission, Ministry of Finance, obtained.
 - (1) The Company shall allocate the difference between the real property or real property right-of-use assets transaction price and the estimated cost as a special reserve in accordance with paragraph 1 Article 41 of the Securities and Exchange Act. Such special reserve shall not be distributed or capitalised through new share issues. Where a company using the equity method for valuation when investing in the Company is a public company, a special reserve in the same percentage as such company's shareholding in the Company shall be allocated in accordance with the provisions under paragraph 1 of Article 41 under the Securities and Exchange Act.
 - (2) The independent directors member in Audit Committee handles the matter pursuant to Article 218 of the Company Act.
 - (3) The Company shall submit a progress report on matters concerning items (1) and (2) under this Article to the shareholders' meeting, and shall disclose details of the transaction in its annual report and prospectus.
6. The Company shall, where it acquires real estate or real property right-of-use assets from a related party and where any of the following circumstances occur, implement the transaction in accordance with the Appraisal and Operating Procedures under paragraphs 1 and 2 of this Article, and items 1, 2, and 3 under paragraph III of this Article concerning the assessment of reasonableness of cost of transaction shall not be applicable:
 - (1) The related party has acquired the real estate or real property right-of-use assets from through inheritance or as a gift.
 - (2) More than five years have elapsed from the date of signing of contract of real estate or real property right-of-use assets acquisition by the related party to the date of execution of contract for this transaction.
 - (3) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.

- (4) Acquisition of real property right-of-use assets held for business use between the Company and subsidiaries or subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.
7. When acquiring real estate or real property right-of-use assets from a related party and where there is evidence indicating the non-conformity of such acquisition with normal business practice, the Company shall, act in accordance with item 5 under paragraph III of this Article.

Article 8 Procedures for Acquisition or Disposal of Membership Certificates or Intangible Assets

(I) Appraisal and Operating Procedures

The appraisal of intangible assets or right-of-use assets thereof or memberships that are acquired or disposed of by the Company shall be in accordance with the Company's internal control system on Recycling Procedures for Fixed Assets.

(II) Procedures for Deciding Transaction Terms and Authorised Limit

1. When the Company acquires or disposes of membership certificates and the transaction amounts to 1% of the Company's paid-up capital or NT\$3 million or more, fair market value shall be considered to determine the terms and price of transaction, and an analysis report be submitted to the general manager. Where such amount is less than 1% of the Company's paid-up capital or NT\$3 million, the general manager's approval shall be sought and a report be submitted ex-post facto at the next board of directors' meeting. Board of directors' approval is required for transactions amounting to more than NT\$3 million.
2. The Procedures and other provisions of the law shall be approved by the audit committee pursuant to related regulations, and submitted to the board of directors. If a director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.
3. In accordance with the relevant stipulated procedures and other provisions of the law, acquisition or disposal of assets by the Company is subject to approval by the board of directors. Where there is opposition by the directors and such opposition is documented or if a written statement is available, the Company shall forward details of such opposition to the various supervisors. Where the Company has appointed independent directors, and where, according to regulations, acquisition or disposal of assets is proposed to the board of directors for deliberation, the opinions of the independent directors should be given full consideration, and their agreement or opposition as well as the relevant reasons be recorded in the minutes of meeting.

(III) Executive Entity

When acquiring or disposing of membership certificates or intangible assets, the Company shall submit for approval in accordance with the foregoing approval limit, and the user department and finance department shall be responsible for execution.

(IV) Professional appraisal institutes shall be invited to issue appraisal

reports before any acquisition or disposal of intangible assets or right-of-use assets thereof or memberships; except for transactions with domestic governmental agencies, opinions from accountants on the rationality of the transaction price shall be obtained before closing a transaction when the transaction amount is more than 20% of the paid-up capital or NTD 300 million.

Article 9 Acquisition or Disposal of Creditors' amount of transactions

Article 5, 6 and 8 of the calculation of the amount of the transaction should be handled in accordance with the provisions of Article 12-2, "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. **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.

Article 10 Acquisition or Disposal of Creditors' Rights of Financial Institutions

As a general rule, the Company does not engage in the acquisition or disposal of financial institutions' creditors' rights. Where the Company wishes to acquire or dispose of financial institutions' creditors' rights in future, Assessment and Operating Procedures shall be formulated upon approval by the Board of Directors.

Article 11 Procedures Governing Mergers or consolidations, Spin-offs, Acquisitions, or Share Assignments are as follows:

(I) Assessment and Operating Procedures

1. The Company shall, when carrying out a merger, spin-off, acquisition, or share assignment, engage a lawyer, accountant, and underwriter to jointly review the statutory procedures and proposed timetable; at the same time, form a project execution team to carry out the transaction in accordance with the statutory procedures. The Company shall, prior to convening a board of directors' meeting to deliberate the matter, engage an accountant, lawyer, or underwriter to render opinions regarding the reasonableness of the share swap ratio, acquisition price, or distribution of cash or other property to shareholders, and shall submit the same to the Audit Committee and the board of directors for deliberation and approval.

However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by 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 company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

2. The Company shall, when carrying out a merger, spin-off or acquisition, prepare a public report for its shareholders, specifying important contractual details and relevant matters prior to the shareholders' meeting. Such report and the expert opinions referred to under item (1) of paragraph 1 of this Article shall be attached with the Notice of Shareholders' Meeting as reference for deciding if approval shall be given for such merger, spin-off or acquisition, save if such convening of

shareholders' meeting for such approval is exempted under the law. In addition, where the shareholders' meeting of a company participating in a merger, spin-off or acquisition fails to be convened or the resolution of which fails to be adopted or the proposal due insufficient quorum or votes, or is restricted by law, or the proposal was vetoed by the shareholders' meeting, such company shall immediately publish an announcement explaining the reasons for such occurrence, the follow-up actions, and the expected date of the next shareholders' meeting.

(II) Other Matters to be noted

1. Date of board of Directors' Meeting: Save as otherwise provided by the law or where there are extraordinary conditions requiring prior approval by the Securities and Futures Commission, companies participating in a merger, spin-off or acquisition shall convene their board meetings and shareholders' meetings on the same day to resolve matters concerning the said merger, spin-off or acquisition. Companies participating in share assignment shall convene their board of directors' meetings on the same day, except as otherwise provided by the law or where there are extraordinary conditions requiring prior approval by the Securities and Futures Commission.
2. Pre-disclosure confidentiality: Every Company personnel who is a party to or privy to a plan for merger, spin-off, acquisition, or share assignment shall sign a confidentiality agreement, committing to non-disclosure of details of such plan prior to its public announcement, and shall not trade, whether under their own name or another person's name, in any shares or other equity-linked securities of any company in connection with such merger, spin-off, acquisition or share assignment plan.
3. Principles for formulating and amending share swap ratio or acquisition price: Companies which parties to a merger, spin-off, or acquisition, or which are share assignees shall appoint an accountant, lawyer or securities underwriter to provide opinions concerning reasonableness of the share swap ratio, acquisition price or the distribution of cash or other assets to shareholders, and such opinions to be reported at the shareholders' meeting. Except for published information and where the terms and conditions that may be altered are stipulated in the contract, share swap ratio or acquisition price may not be arbitrarily altered. Alterable terms and conditions are set forth as follows:
 - (1) Capital increase by cash, issuance of convertible bonds, distribution of bonus shares, issuance of warrant-attached corporate bonds, warrant-attached preferred shares, stock warrants and other equity-linked marketable securities.
 - (2) Disposal of the Company's material assets or other action which may affect the Company's financial condition or business.
 - (3) Events such as serious calamity or major technological shift which may affect shareholder's equity or securities prices.
 - (4) Adjustment resulting from buy-back of treasury stock by any of the companies which is a party to the merger, spin-off, acquisition or share

assignment.

- (5) An increase or decrease in the number of entities or companies which are parties to the merger, spin-off, acquisition or share assignment.
 - (6) Other terms and conditions permitted for amendments as provided in the contract and disclosed to the public.
4. Details to be provided in the contract: In addition to items as provided under Article 317.1 of the *Company Law* and Article 22 of the *Business Mergers and Acquisitions Act*, a merger, spin-off, acquisition or share assignment contract shall include the following provisions:
 - (1) Action taken for breach of contract.
 - (2) Principles for administering equity-linked securities previously issued or treasury stock previously bought back by a company to be dissolved in a merger or to be spun off.
 - (3) The amount of treasury stock that may be lawfully bought back by participating companies after the record date for computation of the share swap ratio, and the administration principles thereof.
 - (4) Methods for administering changes in the number of participating entities or companies.
 - (5) Estimated schedule for plan execution of the, and expected date of completion.
 - (6) Scheduled date for convening of shareholders' meeting in accordance with the law in the event that the plan execution is behind schedule and the relevant administration procedures.
5. Changes in the number of companies participating in a merger, spin-off, acquisition or share assignment: In the event that any company participating in the merger, spin-off, acquisition or share assignment intends to carry out a merger, spin-off, acquisition, or share assignment with another company after the relevant information has been made public, all participating companies shall repeat the procedures or legal processes earlier completed for the merger, spin-off, acquisition or share assignment. Unless the number of participating companies has decreased and the participating companies' shareholders' meeting has resolved and authorised the Board of Directors to alter limits of authority where necessary, such participating companies may be exempted from convening another shareholders' meeting to resolve the matter.
6. The Company shall enter into an agreement with a company which is a party to a merger, spin-off, acquisition or share assignment but which is not a public company, and shall carry out the merger, spin-off, acquisition or share assignment in accordance with the provisions set forth under the date of board of directors' meeting under item 1, pre-disclosure confidentiality under item 2, and Changes in the number of companies participating in a merger, spin-off, acquisition or share assignment under item 5, paragraph II of this Article.
7. To improve management of acquisition activities, listed companies involved in mergers, spin-offs, acquisitions or transfer of another company's shares and

whose shares are traded in security firms, shall prepare complete written documentation, including basic data of its staff personnel, dates of important events, important documents and minute book. Such documentation shall be retained for five years for future reviews, and shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, proceed with information reporting and public announcements in accordance with the law.

Article 12 Public Announcement and Reporting Criteria

Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:

1. Acquisition or disposal of real estate or real property right-of-use assets with a related party regardless of its transaction price, or of assets other than real estate or real property right-of-use assets with a related party for the transaction price over 20 percent of the Company's paid-in capital, 10 percent of the Company's total assets or above NT\$300 million. Trading of government bonds, bonds with call or put options and subscription or redemption of money market funds issued by domestic securities investment trust companies are excluded herein.
2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
4. Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - A. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - B. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more
5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and respective transaction is not with a related party, and the amount the company expects to invest in the transaction is than NT\$500 million.
6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, 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:
 - (1) **Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.**
 - (2) Trading of bonds under repurchase/resale agreements, or subscription or

redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

- (I). The amount of any individual transaction.
- (II). The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
- (III). The cumulative transaction amount of real property or real property right-of-use asset acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
- (IV). The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

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.

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.

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.

Article 13 Limitation Period for Public Announcement and reporting

- (I) Where acquisition or disposal of assets fall under the items necessary for public announcement as set forth under Article 12 , and the transaction amount reaches the criteria as provided under Article 12, public announce and report the relevant information on the competent authorities website in the appropriate format as prescribed by regulations within two days commencing immediately from the date of occurrence of the event.
- (II) Where public announcement and reporting is made after the transaction and where one of the following events occur, public announcement and reporting of the relevant information shall be made at the website as stipulated by the competent authorities within two days commencing immediately from the date of occurrence of the event:

1. Alteration, termination or cancellation of the relevant contract entered into for the original transaction
2. Merger, spin-off, acquisition or share assignment fail to complete within the time period stipulated under the contract
3. Change to the originally publicly announced and reported information.

Where a subsidiary of the Company is not a domestic public-listed company and public announcements has to be made for acquisition or disposal of assets by the said subsidiary, such public announcements, such announcement shall be made by the Company. Regulation on the twenty percent of paid-up capital being criteria or 10 percent of the total assets for public announcement for the subsidiary shall be based the Company's paid-up capital or the total assets.

- (III) In the subsidiary's standards of announcement and report, "Company's paid-up capital," "Company's total assets" should be evaluated.

Article 14 Disclosure of Transaction with Significant Related Parties

Where acquisition or disposal of assets meets the criteria as set forth under Article 12 and where the transaction counterparty is a significant related party, details in the public announcement shall be disclosed in the appendices of the financial statements and presented at the shareholders' meeting.

Article 15 Public Announcement and Reporting

- (I) Where the transaction amount for acquisition or disposal of assets meets the criteria for public announcement as set forth under Article 12, the department responsible shall submit the information for public announcement and reporting in accordance with the procedures provided herein for approval based on the limit of authority for approval, thereafter, submit to the administrative department prior to the date of occurrence.
- (II) The administrative departments shall proceed with public announcement and reporting in accordance with the provisions of these Procedures.

Article 16 Investment Scope and Limit of the Company and Subsidiaries

- (I) Aggregate investment in marketable securities by the Company and its subsidiaries shall not exceed the Company's paid-up capital. Investment in individual marketable securities shall not exceed 50% of the Company's paid-up capital.
- (II) The aggregate amount of purchase real estate property for non-operating purposes by the Company and its subsidiaries shall not exceed 50% of the Company's paid-up capital .

Article 17 Applicability to Subsidiaries

The Company's subsidiaries shall formulate *Procedures Governing the Acquisition or Disposal of Assets* in accordance with the aforesaid provisions, to be approved by the subsidiary board of directors and shareholders meeting. The same shall apply to amendments.

Article 18 Penalty

Company managers and key personnel who violate these *Procedures* shall be reported and reviewed in accordance with the *Personnel Management Regulations* and *Staff Manual*, and a penalty imposed based on the severity of violation.

Article 19 Implementation and Amendment

The procedures shall be approved by the audit committee pursuant to related regulations, and submitted to the Board of Directors .the board shall fully take each independent director's objects to or expresses reservations for the pros and cons in the minutes.

If the above plan that has not been approved by the Audit Committee, the plan shall be approved by the Board of Directors with two-thirds of all directors and the resolution of Audit Committee shall be recorded in the Board of Directors meeting minutes.

Article 20 Supplementary Provisions

Any matter not provided herein shall be governed by the relevant laws.