

# Sentien Printing Factory Co., Ltd.

## Operational Procedures for Acquisition and Disposal of Assets

### I. Purpose

The Company shall handle the acquisition or disposal of assets in compliance with these Regulations; provided, where financial laws or regulations provide otherwise, such provisions shall govern.

### II. Applicability of "Assets":

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

### III. Definition of Terms:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under

Article 156-3 of the Company Act.

3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

IV. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:
  - (1). Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
  - (2). When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately

specified in the case working papers.

- (3). They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
- (4). They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.

V. When the Company intends to acquire or dispose of any asset, a report to the effect shall be made and submitted by the department in charge to the relevant departments for risk & economic efficiency evaluation or value appraisal. Then, evaluation or appraisal report shall, together with relevant data, be submitted to the Board of Directors or other competent authority for resolution before proceeding with the transaction concerned.

Price of the aforesaid asset shall be determined by either market price, net value per share, price enquiry, price competition, price negotiation, or public bid. In the case of real estate thereof, then declared value, assessed value, and actual transaction price of adjacent area real estates shall also be used as the reference of price determination.

## VI. Establishment of Disposition Procedures

### 1. Amount of Acquisition or Disposal of Assets

- (1). The total amount of real property thereof acquired for non-business use by the Company shall be less than or equal to 20% of the Company's paid-in capital. The total amount of real property thereof acquired for nonbusiness use by each of its subsidiaries shall be less than or equal to 20% of the Company's paid-in capital.
- (2). Total amount of securities investments shall not exceed 60% of the company's latest financial statement's net value. The total amount of securities investments by each of its subsidiaries shall not exceed 60% of the company's latest financial statement's net value.
- (3). The maximum amount of investment in individual securities by the Company may not exceed 40% of the company's latest financial statement's net value. The maximum amount of investment in individual securities by each of its subsidiaries may not exceed 40% of the company's latest financial statement's net value.

2. Where the transaction value of the acquisition or disposal of real property, equipment or its right-of-use asset amounts to 20% or more of the paid-in capital of the Company or TWD300 million or more, an appraisal report produced by a professional appraiser must be obtained before the date the fact happens in accordance with the following, except in cases where the transaction counterpart is a domestic

government agencies, or the transaction is an entrusted construction project on a self-owned land or a leased land, or the objects to be acquired or disposed of equipment or its right-of-use asset for business purpose.

- (1). Where the transaction price shall be determined by reference to any restricted, designated price or special price for whatever special reason, the transaction and all subsequent changes to the terms thereof (if any) must be submitted to the Board of Directors for approval in advance.
- (2). Where the transaction value amounts to TWD1 billion or more, the appraisal shall be conducted by two or more professional appraisers.
- (3). If the appraisal conducted by the professional appraiser runs into either of the following conditions, except the appraisal value of the acquired assets is higher than the trading value or the appraisal value of the disposed assets is lower than the trading value, subsequent handling by certified public accountant should be sought for as well as its opinion with respect to the reasons accounting for the price difference and the acceptability of the transaction price:
  - a. The amount difference between the appraised value and the transaction value amounts to 20% of the transaction value.
  - b. The amount difference among the appraised values as a result of the appraisals conducted by two or more professional appraiser's amounts to 10% or more of the transaction value.
- (4). The appraisal report date and the date of creation of the transaction contract conducted by professional appraiser must not be apart for more than 3 months.

Notwithstanding, if the same posted present value has been adopted to calculate the value and the above two dates are less than 6 months apart, the written opinion of the original professional appraiser may be sought.

3. The Company acquiring or disposing of securities shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant prior to the transaction, 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 to provide an opinion regarding the reasonableness of the transaction price prior to the transaction. 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).
4. Except the transaction with government agencies, where the transaction value of the acquisition or disposal of membership or intangible asset by the Company amounts to 20% of the paid-in capital of the Company or TWD300 million, the opinion of a certified public accountant on the acceptability of the proposed transaction price should be sought for before the date the fact happens.

5. The aforementioned trading value should be calculated according to Article X.2. The period is the one year before the occurrence of the trading. The obtaining of appraisal report or CPA's opinions can not be included.
6. Where the Company has acquired or disposed of the asset by auction by the court, the relevant written evidence document issued by the court may operate in place of the appraisal report or certified public accountant's opinion.

## VII. Related Party Transactions

1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with this procedure. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.
2. When the Company intends to acquire or dispose of real property 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 property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by Securities Investment Trust Enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been agreed by the Audit Committee and approved by 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 trading counterparty.
  - (3). With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms.
  - (4). The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading 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). An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance of this procedure.
  - (7). Restrictive covenants and other important stipulations associated with the transaction.

3. With respect to the following transactions between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may pursuant to this procedure delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.
  - (1). the acquisition or disposal of business-use equipment or right-of-use assets thereof.
  - (2). the acquisition or disposal of business-use real property right-of-use assets.
4. Where the position of independent director has been created in accordance with 2, when a matter is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.
5. Where an audit committee has been established shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.
6. With respect to the type of transactions listed in 2 between the Company with a related party or its subsidiary that is not a domestic public company, if the transaction amount reaches 10% of the total assets of the Company, the Company shall submit relevant materials to the shareholders' meeting for approval before proceeding to enter into a transaction contract or make a payment. However, for the dealing of the Company with its subsidiary, or the dealing between its subsidiaries, the transaction is exempted from the resolution of the shareholders' meeting.
7. The aforementioned trading value should be calculated according to X.2. The one-year period refers to the one year before the date for the implementation of the trading. The trading which has been submitted to the shareholders' meeting and board of directors for approval and the auditing committee for acknowledgement can be excluded.

## VIII. Engaging in Derivatives Trading

1. Types of trading: Forward Currency Transaction 、 Currency Swap 、 Margin Trading 、 Non-Delivery Forward 、 Interest Rate Swap 、 Option 、 Assets Swap 、 futures or the compound contract formed by the combination of the above.

2. Hedge trading of derivative products that may be taken by the Company should be avoided market risks as the main purpose. The trading products should be chosen mostly for avoiding the risks of interest rates, exchange rates that result from the company's operation. The trading subjects, in principle, should be chosen the excellent credit financial institutions and companies.
3. The total contract amount of the Company's derivatives transactions is limited to hedging operations, which are currently held in assets or liabilities of the Company, and trading operations, which are limited to 20% of the paid-in capital of the Company. The above individual stop loss limits are as follows Regulation:
  - (1). Hedging Operation: If the amount of loss evaluated in the end of month for all contracts or any individual contract exceeds 5% of paid-in capital of the Company for two successive months, it shall be presented to the board of directors of the Company to resolve whether the Company shall execute the stop loss.
  - (2). Trading Operation: Gross allowable loss for all contracts shall be limited to 2% of paid-in capital of the Company, and to 10% of contract value for any individual contract.
4. Division functions in regard to the derivative product transactions made by the Company shall be as follows:
  - (1). Finance Division
    - a. The trading officer is responsible for settling derivative transactions, consistently collecting relevant information, analyzing trends, conducting risk assessments, and reporting to the Responsible Officer to be used as the basis for risk avoidance.
    - b. Regularly calculate the positions, perform valuations, and report the profit and loss situation to relevant supervisors.
    - c. The accounting personnel should be responsible for the confirmation of transactions, enters the account in accordance with relevant regulations and saves transaction records.
    - d. Examining whether the transaction has been executed according to the authorized authority and given strategy.
    - e. Reporting and publishing in accordance with the regulations of the Financial Supervisory Commission.
  - (2). Internal audit unit

Internal audit personnel must conduct periodical audit of the acceptability of the internal control with respect to derivatives transactions and, on a monthly basis, audit the compliance with the procedure for derivatives transactions by the departments responsible for the transactions and evaluate the transaction cycle, produce the relevant internal reports, and give a written notice of any material breach to the Audit Committee.

5. The essentials of evaluating the performance of derivatives trading are as follows:

- (1). Accuracy of the evaluation about product trends;
- (2). Adequacy for the position control;
- (3). Fair value and changes in the gain/loss;
- (4). To what extent the risk is covered in case of a hedge transaction, or the possible result if no such transaction is made.

6. Procedure for acquisition or disposal of financial derivatives.

- (1). As approved by Responsible Officer, trading persons initiate the transaction within the authorized limit.
- (2). Trading persons shall place orders through the financial institutes nominated by the Company beforehand.
- (3). After a transaction is done, trading persons shall submit the trading data to the head of Financial Department.
- (4). The financial institution concerned shall send a trading confirmation note to the head of Financial Department after the transaction.
- (5). The head of Financial Department and delivery persons shall re-examine those trading data. After the data are verified to be correct, the delivery persons shall perform the delivery.
- (6). Trading persons shall send the trading confirmation note duly approved back to the financial institution concerned, and submit the trading voucher to the Accounting Section.
- (7). After verifying the validity and rationality of trading data from external sources, the Accounting Section submits the trading voucher for approval of book entry.

7. Risk Management Measures for Derivatives Trading.

- (1). Upon engaging in a transaction, its risk control shall be ready to cover those risks relating to the credit, market price, liquidity, cash flow, operation, laws and rules.
- (2). To set up guidelines in writing for trading persons to engage in the transactions within the authorized amount, ceiling of stop loss, and tradable types of products.
- (3). Any trading person shall not act as a delivery person simultaneously, and vice versa.
- (4). Persons in charge of risk measurement, supervision, and control shall belong to the departments different from the ones for those persons referred to above, and shall report to the board of directors, or to the senior executives who are not responsible for making the policy on the transaction or position of derivative products.
- (5). The position held in the transactions of derivative products shall be evaluated at least once a week. In case of a hedging transaction for business necessity, however, it shall be evaluated at least twice a month. The evaluation reports concerned shall be submitted to the senior executive duly



authorized by the board of directors.

- (6). The board of directors shall do monitoring and control on the following principles:
    - a. Assign senior executives to supervise on the monitoring and control of derivative product transactions from time to time.
    - b. Evaluate whether the performance of derivative product transactions complies with the business operation policy and whether the risks to be taken are within the allowable scope.
  - (7). Senior executives duly authorized by the board of directors shall control the transactions of derivative products on the following principles:
    - a. Evaluate periodically whether the prevailing risk control measures are proper and whether they are complying with these Procedures.
    - b. Monitor the status of transactions and gain/loss periodically. In case any abnormality is found, necessary actions must be taken to deal with promptly, and a report thereof be made to the board of directors. And the independent directors shall be invited to present at the board meeting to express their opinions.
  - (8). The Company shall report the aggregate amount of each transaction and the related profit or loss to the most recent Board of Directors at the soonest meeting afterwards.
8. The Company shall maintain a derivatives transactions record book in which the type, value, date of the relevant resolution adopted by the meeting of the Board of Directors, and the matters subject to evaluation provided in paragraphs 5, 6.(2) and 7.(1) of this Article of each transaction shall be indicated in detail for reference.

#### IX. Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

1. Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares The 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, an opinion rendered by an expert on the reasonableness of a merger with subsidiaries whose 100% of shares issued or total capital are directly or indirectly held by the Company or a merger between subsidiaries whose 100% of shares issued or total capital are directly or indirectly held by the Company may be exempted.
2. The 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 the first paragraph 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 the Company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.
3. 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.
  4. A company participating in a merger, demerger, or acquisition shall convene a board 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.
  5. A company participating in a transfer of shares shall call a board 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.
  6. 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:
    - (1). Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
    - (2). Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
    - (3). Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.
  7. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in 6 (1) and (2) of the preceding paragraph to the FSC for recordation.
  8. Where any of the companies participating in a merger, demerger, acquisition, or transfer of another

company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs (6) and (7).

9. 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.
10. 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:
  - (1). 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.
  - (2). An action, such as a disposal of major assets, which affects the company's financial operations.
  - (3). An event, such as a major disaster or major change in technology, which affects shareholder equity or share price.
  - (4). An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
  - (5). An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
  - (6). Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
11. The contract for participation by the Company in a merger, demerger, acquisition, or 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:
  - (1). Handling of breach of contract.
  - (2). 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.
  - (3). 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.
  - (4). The manner of handling changes in the number of participating entities or companies.
  - (5). Preliminary progress schedule for plan execution, and anticipated completion date.

- (6). Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
12. 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.
13. 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 the provisions of 4 ~ 9 and 12.

#### X. Public Disclosure of Information

1. 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 counting inclusively from the date of occurrence of the event:
  - (1). Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
  - (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 equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount exceeds NT\$500 million.
  - (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 furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.

- (6). Where an asset transaction other than any of those referred to in the preceding six 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:
  - a. Trading of domestic government bonds.
  - b. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. The amount of transactions above shall be calculated as follows:
  - (1). The amount of any individual transaction.
  - (2). The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
  - (3). The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
  - (4). The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
  - (5). "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.
3. The public company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company 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.
4. 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.
5. 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, where they shall be retained for 5 years except where another act provides otherwise.
6. 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 1 ~4, 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.

XI. Acquisition or Disposal of Assets by Subsidiaries:

1. To procure its subsidiary to set up its own "Procedures for Acquiring and Disposing of Assets" in accordance with relevant guidelines and carry out auditing in compliance with such relevant guidelines.
2. To procure its subsidiary shall follow the Procedures set up by itself when acquiring or disposing of any assets.
3. Internal auditors of the Company shall review the auditing report made by the subsidiary.
4. Information required to be publicly announced and reported in accordance with the provisions of the preceding Chapter on acquisitions and disposals of assets by a public company's subsidiary that is not itself a public company in Taiwan shall be reported by the company.
5. In the reporting standard of the announcement of the subsidiary company, which is not a public company in Taiwan, the requirement of "twenty percent of the paid in capital or ten percent of the total assets" mentioned is based on the Company's paid-in capital or total assets.

XII. Managers and in-charge personnel of the Company violating the Procedures shall be subject to disciplinary action taken according to the seriousness of the violation under the Company's rules for personnel management regulations.

XIII. Where an audit committee has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.

If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

XIV. After the Procedures are approved by the Board of Directors, the Procedures shall be submitted to the Shareholders Meeting for approval. Any amendment is subject to the same procedure. The dissentient or qualified opinions from the Independent Director(s) shall be record in the meeting minutes of the Board of Directors meeting.

XV. When these Procedures are reported to the Board of Directors for discussion, the Board of Directors

shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

XVI. In any acquisition or disposal of assets that requires the approval of the Board pursuant to these Procedures or other provisions of law, during discussions at a Board meeting, the opinions of each Director shall be given full consideration. When a Director expresses dissent and such dissent is on record or in a written statement, the Corporation shall forward the materials containing the Director's dissent to Audit Committee.

XVII. When an acquisition or disposal of assets is submitted to and discussed at a Board meeting pursuant to the preceding paragraph, the opinions of each Independent Director shall be given full consideration, and any Independent Director's opinion expressing dissent or reservations shall be recorded in the Board meeting minutes.

XVIII. Major assets or derivatives transactions shall be approved by more than half of all Audit Committee members and reported to the Board of Directors for resolution.

If approval of more than half of all Audit Committee members is not obtained, these procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting.