

ShunSin Technology Holdings Limited

訊芯科技控股股份有限公司

Procedures for Acquisition or Disposal of Assets

ShunSin Technology Holdings Limited

(the "Company")

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Article 1. Objectives

In order to secure the investment and assure firm implementation of full disclosure of information, the Company (including subsidiary and sub-subsubsidiary) shall handle the acquisition or disposal of assets in compliance with the following Procedures.

Article 2. Basis

1. The Procedures are adopted in accordance with Article 36-1 of the Securities and Exchange Act (the "SEA") and Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
2. Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.

Article 3. Scope of Assets

1. Investments in stocks, government bonds, corporate bonds, financial debentures, securities representing interests in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, land use right, and inventories of construction enterprises) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
6. Derivatives: which shall be conducted in accordance with the Company's Procedure for Entering into Derivatives Transactions.

7. Assets acquired or disposed of through mergers, demergers, acquisitions, or transfer of shares in accordance with laws.
8. Other major assets.

Article 4. Definitions of Terms

1. "Derivatives": Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
2. "Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with laws": 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 laws, or shares transferred from another company for which the Company issues new shares of its own as the consideration (hereinafter "Transfer of Shares") under Paragraph 8 of Article 156 of the Company Act.
3. "Related Party and Subsidiary": As determined in accordance with 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 laws to engage in the value appraisal of real property or equipment.
5. "Date of Event": Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, date of board of directors resolution, or other date when the transaction party and the transaction amount can be ascertained (whichever is earlier); provided, for investment required to be approved by the competent authority, the Date of Event will be any of the above-mentioned dates or the date on which the approval letter of the competent authority is received, whichever is earlier.
6. "Mainland Area Investment": Refers to investments in China conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area of the Ministry of Economic Affairs Investment Commission.

7. "10percent of total assets":The total assets of the Company calculated based on the amount of total assets provided in the most recent stand-alone financial report or individual financial report of the Company(as the case may be) prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 5. The appraiser shall not be a Related Party.

Any Professional Appraiser and its appraisal personnel, certified public accounts ("CPA"), attorneys, and securities underwriters from whom the Company has acquired appraisal reports and opinions, shall not be a Related Party of any party to the transaction.

Article 6. The limits on acquiring real property for non-operating use and securities

Set forth below are total amounts the Company and each Subsidiary pay to acquire real property for non-operating use and securities, and limits on individual securities:

1. The total amount the Company pays to acquire real property for non-operating use shall be no more than 2% of its paid-in capital.
2. The total amount the Company invests in securities shall comply with the Company Act. The amount the Company invests in any individual securities shall be limited to 10% of its paid-in capital.
3. Where the purchase amount paid by any Subsidiary to acquire individual real property for non-operating use reaches NTD5 million or more, such transaction shall be submitted to the board of directors of the Company ("Board") for approval.
4. The total amount a professional investment Subsidiary invests in securities shall be no more than 3 times of the Company's paid-in capital. The amount it invests in any individual securities shall be limited to 1.5 times of the Company's paid-in capital.
5. The total amount a non-professional investment Subsidiary invests in securities, and the amount it invests in any individual securities shall be no more than 50% of the Company's paid-in capital.

Article 7. Procedures for the acquisition or disposal of real property or equipment

1. Appraisal and operating procedures

The budget of capital expenditure shall be prepared in advance for the acquisition or disposal of real property or equipment. The planning,

approval, execution, and control of the budget shall follow the procedures for fixed assets cycle set forth in the Company's internal control system.

2. Procedures for determining the transaction terms and authorized amount

(1) The acquisition or disposal of equipment shall refer to appraisal report rendered by professional appraiser institutions and be determined by any way of price inquiry, price competition or price negotiation. Any acquisition or disposal of equipment for non-operating use with transaction amount is NT\$50 million or more shall be submitted to the Board for approval.

(2) Where the acquisition or disposal of assets shall be approved by the Board according to the Procedures or other laws, during the discussion in the Board meeting, the Board shall take into full consideration each independent director's opinion, and any reservations or objections expressed by the independent directors thereof shall be included in the minutes of the Board meeting.

(3) Where the Company has established audit committee, the acquisition or disposal of real property or equipment shall be approved by one-half of all the members of the audit committee and shall propose to the Board for resolution. If the acquisition or disposal of assets is not approved by one-half or more of all members of the audit committee, such acquisition or disposal may be approved by two-thirds or more of all members of the directors. The resolution of the audit committee shall be stated in the minutes of the Board meeting.

(4) The terms "all audit committee members" and "all directors" in the Procedures shall be counted as the actual number of persons currently holding those positions.

3. The divisions responsible for implementation

After the acquisition or disposal of real property or equipment by the Company is approved subject to the delegation of authorization as referred to in the preceding paragraph, the relevant in-charge department and the procurement department shall be responsible for implementing the transaction.

4. Appraisal report on acquiring or disposing real property or equipment

In acquiring or disposing real property or equipment where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million

or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for operating use, shall obtain an appraisal report prior to the Date of Event from a Professional Appraiser and shall comply with the following provisions:

- (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted to the Board for approval in advance. The same procedure shall apply to any future changes to the terms and conditions of the transaction.
- (2) Where the transaction amount reaches NT\$1 billion or more, appraisals from two or more Professional Appraisers shall be obtained.
- (3) Where any one of the following circumstances exists with respect to the Professional Appraiser's appraisal results, unless all 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 amount, a CPA shall be engaged to perform the appraisal in accordance with the provisions of the Statement of Auditing Standards No. 20 published by Accounting Research and Development Foundation ("ARDF") and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - i. The discrepancy between the appraisal result and the transaction amount reaches 20% or more of the transaction amount; or
 - ii. The discrepancy between the appraisal results of two or more Professional Appraisers reaches 10% or more of the transaction amount.
- (4) No more than three months may lapse between the date of the Professional Appraiser's appraisal report and the contract execution date; provided that, where the publicly announced current value for the same period is applicable and not more than six months have elapsed, an opinion may still be issued by the original Professional Appraiser.
- (5) Where the Company acquires or disposes of assets through court auction procedures, the evidencing documents issued by the court may be substituted for the appraisal report or CPA opinion.

Article 8. Procedures for the acquisition or disposal of securities

1. Appraisal and operating procedures

The acquisition or disposal of long-term and short-term investments in securities by the Company shall follow the procedures for investments cycle set forth in the Company's internal control system.

2. Procedures for determining the transaction terms and authorized amount

(1) The securities traded on the stock exchange or OTC market shall be acquired or disposed of at the then market price, and any transaction in an amount no more than NT\$250 million may be conducted with the approval by the Chairman of the Board and submitted to the Board for ratification.

(2) Where the Company intends to acquire or dispose of any securities not traded on the stock exchange or OTC market, it shall, prior to the Date of Event, obtain the financial statements of the issuing company for the most recent period, certified or reviewed by a CPA, for reference in appraising the transaction price, and take into account the factors such as the net value per share, profitability, and future development potential of the issuer in the future. Any transaction in an amount no more than NT\$50 million may be conducted with the approval by the Chairman of the Board and submitted to the Board for ratification; any transaction in an amount exceeding NT\$50 million may not be conducted without the approval by the Board.

(3) Where the acquisition or disposal of assets shall be approved by the Board according to the Procedures or other laws, during the discussion in the Board meeting, the Board shall take into full consideration each independent director's opinion, and any reservations or objections expressed by the independent directors thereof shall be included in the minutes of the Board meeting.

(4) Where the Company has established audit committee, the acquisition or disposal of securities shall be approved by one-half of all the members of the audit committee and shall propose to the Board for resolution. If the acquisition or disposal of assets is not approved by one-half or more of all members of the audit committee, such acquisition or disposal may be adopted with the approval of two-thirds or more of all members of the directors. The resolution of the audit committee meeting shall be stated in the minutes of the Board meeting.

3. The divisions responsible for implementation

After the acquisition or disposal of long-term or short-term investments in securities by the Company is approved subject to the delegation of authorization as referred to in the preceding paragraph, the financing department shall be responsible for implementing the transaction.

4. Obtaining professional opinions

(1) Where any one of the following circumstances exists and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall, prior to the Date of Event, engage a CPA to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted price of securities that have an active market, or where otherwise provided under the regulations promulgated by the Financial Supervisory Commission("FSC"):

- i. The security acquired or disposed by the Company is not traded on the stock exchange or OTC market; or
- ii. The security acquired or disposed by the Company is placed privately.

(2) Where the Company acquires or disposes of assets through court auction procedures, the evidencing documents issued by the court may be substituted for the appraisal report or CPA opinion.

Article 9. Procedures for the acquisition or disposal of memberships and intangible assets

1. Appraisal and operating procedures

The acquisition or disposal of memberships or intangible assets by the Company shall follow the procedures for other assets cycle set forth in the Company's internal control system.

2. Procedures for determining the transaction terms and authorized amount

(1) In acquiring or disposing of memberships, the Company shall consider the fair market value to determine the transaction terms and price thereof. Any transaction in an amount no more than NT\$5 million may be conducted with the approval by the Chairman of the Board and submitted to the Board for ratification; any transaction in an amount exceeding NT\$5 million may not be conducted without the approval by

the Board.

- (2) In acquiring or disposing of intangible assets, the Company shall consider the professional appraisal report or the fair market value to determine the transaction terms and price thereof. Any transaction in an amount no more than NT\$50 million may be conducted with the approval by the Chairman of the Board and submitted to the Board for ratification; any transaction in an amount exceeding NT\$50 million may not be conducted without the approval by the Board.
- (3) Where the acquisition or disposal of assets shall be approved by the Board according to the Procedures or other laws, during the discussion in the Board meeting, the Board shall take into full consideration each independent director's opinion, and any reservations or objections expressed by the independent directors thereof shall be included in the minutes of the Board meeting.
- (4) Where the Company has established audit committee, the acquisition or disposal of memberships and intangible assets shall be approved by one-half of all the members of the Audit Committee and shall propose to the Board for resolution. If the acquisition or disposal of assets is not approved by one-half or more of all members of the audit committee, such acquisition or disposal may be adopted with the approval of two-thirds or more of all members of the directors. The resolution of the audit committee meeting shall be stated in the minutes of the Board meeting.

3. The divisions responsible for implementation

After the acquisition or disposal of memberships or intangible assets by the Company is approved subject to the delegation of authorization as referred to in the preceding paragraph, the in-charge department and the procurement department shall be responsible for implementing the transaction.

4. Obtaining professional opinions

- (1) Where the transaction amount of memberships acquired or disposed of reaches NT\$5 million or more, the Company shall engage a Professional Appraiser to issue the appraisal report.
- (2) Where the transaction amount of intangible assets acquired or disposed of reaches NT\$50 million, the Company shall engage a professional appraiser to issue the appraisal report.

- (3) Where the transaction amount of memberships or intangible assets acquired or disposed of reaches 20% of the Company's paid-in capital or NT\$300 million or more, except for transactions with a governmental agency, a CPA shall, prior to the Date of Event, be engaged to render an opinion regarding the reasonableness of the transaction price in accordance with the provisions of the Statement of Auditing Standards No. 20 published by the ARDF.

Article 10. Procedures for acquisition or disposal of claims of financial institutions

In principle, the Company shall not acquire or dispose of any claims of financial institutions. In case the Company intends to conduct such transactions in the future, the Company shall propose to the Board to establish relevant appraisal and operating procedures.

Article 11. Relate Party Transactions

1. With respect to the acquisition or disposal of asset from or to a Related Party, in addition to ensuring that the Company shall comply with Article 7 hereof, adopt necessary resolutions, evaluate reasonableness of the transaction terms and take any other actions pursuant to the following paragraph, 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 Article 7 hereof.

When determining whether a trading counterparty is a Related Party, in addition to legal formalities, the Company shall also consider the substance of the relationship.

2. Where the Company intends to acquire or dispose of real property from or to a Related Party, or where it intends to acquire or dispose of assets other than real property from or to a Related Party and the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except for trading of government 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 the following matters have been submitted to the audit committee for discussion and approved by one-half of all the members of the audit committee and then approved by the Board. If such acquisition or disposal is not approved by one-half or more of all members

of the audit committee, it may be adopted with the approval of two-thirds or more of all members of the directors. The resolution of the audit committee meeting shall be stated in the minutes of the Board meeting.

- (1) The purpose, necessity and anticipated benefits of the acquisition or disposal of such asset;
- (2) The reason for choosing the Related Party as a trading counterparty;
- (3) With respect to the acquisition of real property from a Related Party, information regarding appraisal of the reasonableness of the tentative transaction terms in accordance with the provisions of Subparagraphs 1,4 and 5, Paragraph3of this Article;
- (4) The date and price at which the Related Party originally acquired the real property, the original trading counterparty, and the trading counterparty's relationship to the company and the Related Party;
- (5) Monthly cash flow forecasts for the one-year period 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 with the preceding paragraph; and
- (7) Restrictive covenants and other important stipulations associated with the transaction.

3. Evaluation of reasonableness of transaction costs

- (1) The Company, if intending to acquire real property from a Related Party, shall evaluate the reasonableness of the transaction costs by the following means:
 - i. The sum of the transaction price originally paid to the Related Party plus necessary funding interest and the costs that was duly borne by the purchaser according to laws. "Necessary trading interest" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property, provided that such rate shall not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 - ii. Total loan value appraised by a financial institution where the Related Party has previously created a mortgage on such real property in favor of the financial institution as security for a loan; provided, the actual cumulative amount loaned by the financial

institution shall have reached 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have lasted one year or more. However, this shall not apply where the financial institution is a Related Party of one of the trading counterparties.

- (2) Where a land and the building thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the building may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (3) The Company, if intending to acquire real property from a Related Party and appraise the cost of the real property in accordance with the provisions of Subparagraphs 1 and 2, Paragraph 3 of this Article hereof, shall also engage a CPA to review the appraisal and render a specific opinion.
- (4) Where the Company intends to acquire real property from a Related Party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraphs 1 and 2 of this Article, and Subparagraphs 1 to 3, Paragraph 3 of this Article shall not apply:
 - i. The Related Party acquired the real property through inheritance or as a gift;
 - ii. More than five years have elapsed from the time the Related Party signed the contract to obtain the real property to the signing date for the current transaction; or
 - iii. The real property is acquired through signing of a joint development contract with a Related Party of the Company, or through engaging the Related Party to build real property either on the Company's own land or on rented land.
- (5) When the results of the Company's appraisal conducted in accordance with Subparagraphs 1 and 2, Paragraph 3 of this Article are uniformly lower than the transaction price, the matter shall be handled in accordance with Subparagraph 6, Paragraph 3 of this Article unless, where the following circumstances exist, the objective evidence has been submitted and specific opinions on reasonableness have been obtained from a Professional Appraiser and a CPA:
 - i. Where the Related Party acquired an undeveloped land or leased a

land for development, it may submit proof of compliance with one of the following conditions:

- (a) Where undeveloped land is appraised in accordance with the means in the preceding Article, and the building is appraised according to the Related Party's construction costs plus reasonable construction profits, the aggregate sum of the land and building is valued in excess of the actual transaction price. The "reasonable construction profit" shall be the average gross operating profit margin of the Related Party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (b) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land of a similar size, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
 - (c) Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.
- ii. Where the Company intends to acquire real property from a Related Party, it has provided evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within one year refers to

one-year period before the actual date of acquisition of the real property.

- (6) Where the Company intends to acquire real property from a Related Party and the results of appraisals conducted in accordance with the Subparagraphs 1 and 2, Paragraph 3 of this Article are uniformly lower than the transaction price, the following steps shall be taken:
- i. A special reserve shall be set aside in accordance with the Paragraph 1, Article 41 of the SEA against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company using the equity method to account for its investment in the Company is a public company, then a special reserve shall be set aside pro rata in a proportion consistent with the share of such public company's equity stake in the Company in accordance with Paragraph 1 of Article 41 of the SEA.
 - ii. Where the Company has established an audit committee, the audit committee member who is also an independent director of the Company shall comply with Article 218 of the Company Act.
 - iii. Actions taken pursuant to Subparagraphs 1 and 2 above shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any prospectus.

The Company and the company using the equity method to account for its investment in the Company having set aside a special reserve under this paragraph(6) may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or the assets have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and after the FSC has granted its consent.

- (7) When the Company obtains real property from a Related Party, it shall also comply with Subparagraph 6, Paragraph 3 of this Article if there is other evidence indicating that the acquisition was not an arm's-length transaction.

Article 12. Mergers, Demergers, Acquisitions, and Transfer of Shares

1. Appraisal and operating procedures
 - (1) When the Company conducts any merger, demerger, acquisition, or Transfer of Shares, the Company shall, prior to convening the Board to resolve on the matter, 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 for discussion and approval.
 - (2) The Company participating in a merger, demerger or acquisition shall prepare a public report to shareholders detailing important contractual terms and conditions and matters relevant to the merger, demerger or acquisition prior to the shareholders' meeting, and deliver to shareholders such public report together with the professional opinion referred to in Subparagraph 1, Paragraph 1 of this Article and the meeting notice as reference to decide whether to approve the merger, demerger or acquisition unless such merger, demerger or acquisition is exempted by laws from the approval of shareholders at a shareholders' meeting. Where the shareholders' meeting of any of the companies participating in a merger, demerger or acquisition fails to be convened 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 explain to the public the reason, the follow-up measures, and the scheduled date of next shareholders' meeting.
2. Other matters to be noticed
 - (1) Companies participating in the merger, demerger or acquisition shall convene the Board meeting and the shareholders' meeting on the same day to resolve matters relevant to the merger, demerger or acquisition, unless otherwise provided by other laws or the FSC has been notified in advance of any extraordinary circumstances and granted its consent. Companies participating in the Transfer of Shares shall call the Board meeting on the same day, unless otherwise provided by other laws or the FSC has been notified in advance of any extraordinary circumstances and granted its consent.
 - (2) 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-type security of any company related to the plan for merger, demerger, acquisition, or Transfer of Shares.

(3) The Company, when participating in a merger, demerger, acquisition, or Transfer of Shares, may not arbitrarily alter the share exchange ratio or acquisition price unless under any of the following circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or Transfer of Shares:

- i. Capital increase for cash, issuance of convertible corporate bonds, or issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-type securities;
- ii. An action, such as a disposal of major assets, that affects the Company's financial or business operations;
- iii. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price;
- iv. Where any of the companies participating in the merger, demerger, acquisition, or Transfer of Shares buys back treasury stock in accordance with laws;
- v. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or Transfer of Shares; or
- vi. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

(4) When the Company participate in a merger, demerger, acquisition, or Transfer of Shares, the contract shall not only expressly provides the rights and obligation for participating a merger, demerger, acquisition, or Transfer of Shares, but also record the following:

- i. Handling of breach of contract;
- ii. 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;
- iii. 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;

- iv. The manner of handling changes in the number of participating entities or companies;
 - v. Expected progress schedule for implementation of plan, and anticipated completion date; and
 - vi. Scheduled date for convening the shareholder's meeting if the plan fails to be completed by the deadline, and relevant procedures thereof.
- (5) After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or Transfer of Shares intends to further carry out a merger, demerger, acquisition, or Transfer of Shares with another company, all of the participating companies shall carry out anew the procedures or legal actions that had already been completed toward the merger, demerger, acquisition, or Transfer of Shares; except that where the number of participating companies is decreased and a participating company's shareholder's meeting has adopted a resolution authorizing its board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholder's meeting to resolve on the matter anew.
- (6) Where any of the companies participating in a merger, demerger, acquisition, or Transfer of Shares is not a public company of the jurisdiction where the Company is listed, the Company shall sign an agreement with the such company whereby the latter is required to abide by Subparagraphs 1, 2, 5, 7 and 8, Paragraph 2 of this Article.
- (7) When participating in a merger, demerger, acquisition, or Transfer of Shares, the Company shall prepare a full written record of the following information and retain it for five years for audit and review:
- i. Basic information 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 Shares prior to disclosure of the information.
 - ii. Dates of material events: Including the date for signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and Board meeting.
 - iii. Important documents and minutes: Including merger, demerger, acquisition, and Transfer of Shares plans, any letter of intent or

memorandum of understanding, material contracts, and minutes of the Board meetings.

- (8) Provided that the Company has become a public company in the Republic of China, when participating in a merger, demerger, acquisition, or Transfer of Shares, the Company shall, within two days of passage of a resolution by the Board, report (in the prescribed format and via the internet-based information system) the information set out in Subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Article 13. Public Disclosure of Information

1. Provided that the Company has become a public company in the Republic of China, when the Company acquires or disposes of assets and any of the following circumstances occurs, the Company shall make a public announcement and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within two days commencing immediately from the date of occurrence of such event:
- (1) Acquisition or disposal of real property from or to a Related Party, or acquisition or disposal of assets other than real property from or to a Related Party where the transaction amount reaches 20 percent or more of the Company's 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 government bonds, bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.
 - (2) Merger, demerger, acquisition, or Transfer of Shares.
 - (3) Where an asset transaction other than any of those referred to in the preceding two Subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of the Company's paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - i. Trading of government bonds.
 - ii. Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.
 - iii. Where the type of asset acquired or disposed is equipment for operational use, the trading counterparty is not a Related Party, and the transaction amount is less than NT\$500 million.

(4) The amount of transactions in the Subparagraph 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 asset with the same trading counterparty within the preceding year.
- iii. 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" in (4) above refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be counted toward the transaction amount.

2. 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.
3. When the Company acquires or disposes of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and opinions of the CPA, attorney, and underwriter at the Company, where they shall be retained for five years except where other laws provide otherwise.
4. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with Paragraph 1 of this Article, a public report of relevant information shall be made on the information reporting website designated by the FSC within two days commencing immediately from the date of occurrence of the event:
 - (1) Amendments, termination, or rescission of a contract signed in regard to the original transaction.
 - (2) The merger, demerger, acquisition, or Transfer of Shares is not completed by the scheduled date set forth in the contract.
 - (3) Change to the originally publicly announced and reported information.

Article 14. Subsidiary

1. Subsidiary shall set forth and implement its procedures for acquisition or disposal of assets in accordance with Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
2. The acquisition or disposal of assets by Subsidiaries shall comply with the Procedures as provided herein.
3. If any information regarding the acquisitions or disposals of assets conducted by any Subsidiary which is not a public company in the jurisdiction where the Company is listed is required to be reported in accordance with Article 13, such information shall be reported and announced by the Company.
4. The paid-in capital or the total assets of the Company shall be adopted respectively when calculating the threshold of "20% of paid-in capital" or "10% of the company's total assets" in order to determine whether or not a Subsidiary is required to make a public announcement about its acquisition or disposal of assets.

Article 15. Penalty

Any personnel in charge of the acquisition or disposal of assets violating the Procedures shall be submitted to the human resource review committee and will receive penalties commensurate with the severity of such violation.

Article 16. Enforcement and amendment

1. The Procedures and any revisions thereof shall be approved by one-half of all the members of the Audit Committee (if any) and shall be proposed to the Board for resolution. After being approved by the Board, the Procedures shall be proposed to the shareholders' meeting for approval. If the approval of one-half of all the members of the Audit Committee is unable to be obtained, be approved by two-thirds of all directors and the resolution of Audit Committee shall be recorded in the minutes of the Board meeting.
2. Where the Company has any independent director, when the Procedures are submitted to the Board for discussion as provided in the preceding paragraph, the Board shall take into full consideration each independent director's opinion. Any objections or reservations expressed by the independent directors thereof shall be included in the minutes of the Board meeting.