

POYA International Co., Ltd.

Operational Procedures for Acquisition or Disposal of Assets

Article 1 Basis of the Laws

These Operational Procedures are enacted according to Articles 36-1 of the ROC Securities and Exchange Law and “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.

Article 2 Purpose

In order to protect the investors and completely disclose the information, the Company shall acquire or dispose the assets based on these Operational Procedures.

Article 3 Scope of Application

The scope of application of the term "assets" as used in these Operational Procedures shall be as follows:

- (1) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interests in a fund, depository receipts, call (put) warrants, beneficiary securities, asset-backed securities, and etc.;
- (2) Real estates, including land, houses, buildings, investment real estates, tenure of land, inventories of construction enterprises, and the equipments;
- (3) Memberships;
- (4) Intangible assets including patents, copyrights, trademarks, concession rights, and etc.;
- (5) Claims of the financial institutions including receivables, bills purchased and discounted, loans, and overdue receivables;
- (6) Derivatives;
- (7) Assets acquired or disposed through mergers, splits, acquisitions or shares transferring in accordance with the relevant laws;
- (8) Other major assets.

Article 4 Procedures for Trade Evaluation

The procedures for determining the transaction conditions of the acquisition or disposal of the Company's assets are as follows:

1. When acquiring or disposing the stocks or convertible corporate bonds

traded on the Stock Exchange Market or Over-the-Counter, the Company shall determine the stock or bond price based on the market price at the time.

2. When acquiring or disposing the stocks not traded on the Stock Exchange Market or Over-the-Counter, the Company shall determine the stock price based on its book value per share, profitability of the firm, development potential in the future, the trading price at the time and the comments on reasonableness of the transaction price made by the security analysts.
3. When acquiring or disposing the bonds not traded on the Stock Exchange Market or Over-the-Counter, the Company shall determine the bond price based on the market interest rate at the time, the coupon rate of the bond and credit investigation of the debtors.
4. When acquiring or disposing the real estate, the Company shall determine the price based on its public present value, evaluated price and actual trading price of the estate nearby. If necessary, the Company shall obtain the assessment report made by a professional appraiser.
5. When acquiring or disposing other fixed assets, the Company shall determine the price by one of the methods which include comparing or negotiating the price, or inviting the bidding.
6. The acquisition or disposal of the Company's assets shall be determined by the designated division within the scope of authorization.

Article 5 Operational Procedures

The relevant operation concerning the acquisition or disposal of assets shall comply with the regulations of internal control system of the Company.

Article 6 Department for Execution

The Company shall follow the circulative investment procedures of internal control system to purchase and sell the long-term and short-term securities.

For purchase and sell of the real estate and other fixed assets, the Company shall comply with the circulative fixed asset procedures of internal control system.

Article 7 Scope and Amount of Investment

Except those assets for business operation acquired by the Company, the

amount of purchasing real estate or the securities for non-business operation shall be limited to the following conditions:

1. The total amount of investing on real estate for non-business operation shall not exceed 20% of the Company's total assets.
2. The total amount of investment on the long-term and short-term securities shall not exceed 30% of the Company's total assets; the amount of investment on the individual security shall not exceed 40% of total amount of investing on long-term and short-term securities at the time.

Article 8 Penalties for Related Personnel for Violating These Operational Procedures

The operation concerning acquisition or disposal of assets shall comply with the regulations of the Company's internal control system. If there is any significant violation, the Company shall punish the related personnel according to Charter 6, Article 2 of Personnel Management Regulations and shall also discharge them without notification.

Article 9 Acquisition or Disposal of Assets

1. Except the transactions with government institutions, the construction entrusted to third parties on the land owned or rented by the Company, or acquisition or disposal of the operational equipments, for acquiring or disposing the real estate or equipments the amount of which reach 20% of the Company's paid-in capital or more than NT\$ 300 million, the Company shall obtain an appraisal report issued by the professional institution prior to the date of occurrence and comply with the following provisions:

- (1) The transaction, in which the Company shall refer to the restricted price, specific price or exceptional price for making a deal price because of particular reasons, shall be first submitted to the Board of Directors for resolution. The procedures in the preceding paragraph shall be followed for any change of the transaction conditions in the future.
- (2) The Company shall obtain the appraisal reports issued by at least two professional institutions if the transaction amount exceeds NT\$ 1 billion.
- (3) Except the evaluated prices of acquiring an asset all higher than the deal price or the evaluated prices of disposing an asset all lower than the deal price, the Company shall request a certified public

accountant to handle the matter according to the provision of Auditing Standard No.20 issued by Accounting Research and Development Foundation and comment on the reason of price difference and the fairness of the deal price if the evaluated reports issued by the professional institutions exist one of the following situations:

- A. The difference between the evaluated price issued by the professional appraiser and the deal price reaches more than 20% of the deal price.
- B. The difference among the evaluated prices issued by more than two professional appraisers exceeds 10% of the deal price.

(4) The appraisal reports shall be issued by the professional institutions at the date within 3 months before the contract being made. However, if the announced present value in the same term is applicable to the appraisal reports with which being made within 6 months, the appraisal reports may be issued by the original professional institutions.

2. When acquiring or disposing the securities, the Company shall obtain the target firm's latest financial statement audited or reviewed by the certified public accountant for reference as assessing the deal price before the date of occurrence. If the transaction amount reaches more than 20% of the Company's paid-in capital or more than NT\$300 million, the Company shall request the certified public accountant to comment on the reasonableness of the deal price before the date of occurrence. If the certified public accountant needs to adopt an expert report for evidence, the provisions of Auditing Standard No. 20 issued by Accounting Research and Development Foundation shall be referred to. However, the limitation mentioned in the preceding paragraph shall not be applied to the securities having public quoted prices from the active market or regulated by the Financial Supervisory Commission.
3. Except the transactions with government institutions, for acquiring or disposing the membership or the intangible assets the amount of which exceed 20% of the Company's paid-in capital or NT\$ 300 million, the Company shall request the certified public accountant to commend on the reasonableness of the deal price and to handle the matter according to the provision of Auditing Standard No.20 issued by Accounting Research and Development Foundation before the date of occurrence.
4. The transaction amount referred to in the preceding three subparagraphs shall be calculated according to Article 14, paragraph 2 herein. The

term “within one year” means one year prior to the occurrence date of this transaction. The part of transactions which comply with the provisions of these Operational Procedures to obtain the evaluated reports issued by the professional institutions or the opinions given by the certified public accountant shall be excluded.

Article 10 Provisions for Subsidiaries to Acquire or Dispose Assets

1. The Company’s subsidiaries shall acquire or dispose assets according to the provisions of “Guidelines for Handling Acquisition or Disposal of Assets by Public Companies” issued by the Financial Supervisory Commission and these Operational Procedures, and with the approval by the Board of Directors, supervisors and shareholders’ meeting which shall resolve on the acquisition or disposal of assets based on the related regulations. The procedures mentioned in the preceding paragraph shall be applied to any amendment. The proposal shall be approved by the Audit Committee if there is any.
2. If the acquisition or disposal of assets made by the subsidiaries being non-public firms is up to the standards of public announcement set forth in Article 14 of these Operational Procedures, the subsidiaries shall notify the Company to make related announcement within the date of occurrence.
3. The subsidiaries shall monthly make a report to the Company, stating the engagement of derivative trades and the situation of acquiring or disposing assets by the end of the previous month.
4. The standard of public announcement, stating that the public statement is required if the amount of acquisition or disposal of assets exceed 20% of the paid-in capital or 10% of total assets, set forth in Article 14 of these Operational Procedures shall be applied to the acquisition or disposal of assets made by the subsidiaries. The term “paid-in capital” or “total assets” in the preceding paragraph shall be based on the amount of the Company.

The subsidiaries referred to in the preceding paragraph shall be determined according to “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Article 11 Transactions with Related Parties

1. Any acquisition or disposal of assets between the Company and related parties shall be made according to the provision of these Operational Procedures, including related resolution procedures and required

assessment on reasonableness of transaction conditions. If the transaction amount exceeds 10% of the Company's total assets, the appraisal reports issued by professional institutions or opinions made by the certified public accountant shall also be obtained based on these Operational Procedures.

2. The transaction amount referred to in the preceding paragraph shall be calculated in accordance with Article 9, subparagraph 4 herein.
3. Whether the counterparty is related party or not shall be determined by considering both the legal form and the actual relations with the Company.
4. Except the trading of government bonds, bonds under repurchase and resale agreements, purchasing or calling a fund in domestic money market, the Company shall sign the deal contract and make a payment of any acquisition or disposal of the real estate, or the assets other than real estate with the transaction amount exceeding 20% of the Company's paid-in capital and exceeding either 10% of total assets or NT\$ 300 million made by the Company from or to the related parties as the following materials being submitted to the Audit Committee, being approved by half or more of the Audit Committee members and then being submitted to the Board of Directors for approval.
 - (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 - (2) The reason for choosing the related party as a counterparty of the transaction.
 - (3) The related material of assessment on whether the expected deal conditions are reasonable based on subparagraph 8 to subparagraph 11 of this Article when acquiring the real estate from the related party.
 - (4) The items including the original date and price of the acquisition made by the related party, the counterparty making a transaction with the related party, and the relations of such counterparty with the Company and the related party.
 - (5) The forecast of cash flow for each month during the next year as the beginning of the expected month for contract signing and the assessment on whether the deal is necessary and whether the capital use is reasonable.
 - (6) An appraisal report issued by the professional institution or the

opinion of the certified public accountant which shall be obtained by the Company according to subparagraph 1 of this Article herein.

(7) The restrictive conditions and other significant agreements of this transaction.

5. The transaction amount in the subparagraph 4 herein shall be calculated according to Article 14, subparagraph 2 of these Operational Procedures. The term "within one year" means one year prior to the occurrence date of this transaction. The part of transactions being approved by the Audit Committee and submitted to the Board of Directors for resolution based on these Operational Procedures shall be excluded.
6. With respect to the transaction of acquiring or disposing operational equipments between the Company and either its parent firm or its subsidiary, the Chair may be authorized by the Board of Directors based on Article 5 to Article 7 of these Operational Procedures to make such a transaction in advance with the amount of equipments less than NT\$ 700 million. The transaction shall then be submitted to the latest Board of Directors' meeting for recognition.
7. When submitting any acquisition or disposal of assets to the Board of Directors for discussion according to the provision set forth in subparagraph 4 herein, the opinion of each Independent Director shall be taken into full consideration. If an Independent Director objects to or expresses reservations about any matter, the comments shall be recorded in the Board meeting minutes.
8. The Company shall assess the reasonableness of transaction costs by the following methods when acquiring the real estate from the related parties:
 - (1) The calculation shall be based on the deal price at which the related party acquires the real estate, including the necessary interests of capital and the expenses which shall be borne legally by the acquirer. The term "necessary interests of capital" shall be calculated based on the weighted average interest rate of the capital borrowed by the related party in the year of acquiring the asset; provided that the interest rate shall not exceed the highest interest rate of the borrowing in non-financial industry which is announced by the Ministry of Finance.

- (2) The assessment on a real estate shall refer to the total loan value of such a real estate assessed by the financial institution when the related party once made a mortgage loan from the financial institution with the actual cumulative lending amount up to more than 70% of the total assessed loan value of the collateral during the period more than one year. However, the assessment on a real estate in the preceding paragraph shall not be applied to the situation where the financial institution is a related party of one of the trading counterparties.
 - (3) When acquiring both land and the housing of the same target in a single transaction, the transaction costs of land and the housing shall be calculated respectively according to one of the evaluation methods listed in Item 1 and 2 herein.
 - (4) When acquiring the real estate from the related party, the Company shall request the certified public accountant to double examine and make clear comments on the transaction cost assessed according to the provision in Item 1 to 3 herein.
9. When acquiring the real estate from the related party, the Company shall follow the provision in subparagraph 4 to subparagraph 7 of this Article and subparagraph 8 shall not be applied to as one of the following circumstances occurs:
- (1) The real estate is obtained by the related party by inheritance or as a grant.
 - (2) The date for contract signing of this transaction is more than five years after the date for contract signing made by the related party to acquire the real estate.
 - (3) The real estate is acquired by the Company through signing a joint-construction contract with the related party or the real estate construction entrusted to the related party on the land owned or rented by the Company.
10. When the evaluated prices assessed according to Item 1 to 3 of subparagraph 8 herein are all lower than the deal price, the assessment shall be based on the provision of subparagraph 12 to subparagraph 14 of this Article. However, the provision shall not be applied to the following circumstances with the objective evidence being offered and the concrete, reasonable comments being submitted by the professional appraiser of real estate and the certified public accountant.

(1) The situation where the related party acquires undeveloped land or leased land for construction, with the proof complying with one of the following conditions:

A. The evaluation of undeveloped land is based on the provision of subparagraph 8 to subparagraph 9 and the assessment of housing is calculated as the sum of construction cost and reasonable construction profit, which shall be higher than actual deal price. The term “reasonable construction profit” shall be regarded as the lower rate of either the average gross operating margin of the related party's construction division during the recent three years or the gross margin of the construction firms during the most recent period as announced by the Ministry of Finance.

B. The real estate at different floor of the same target or the transaction of the real estate nearby made by unrelated parties within a year, with the similar land area and deal conditions which shall be assessed by considering both reasonable floor effect and price-difference of location which are commonly used when making a transaction of the real estate.

C. The leasing transaction of the real estate at different floor of the same target made by unrelated parties within a year, with similar deal conditions which shall be assessed by considering price-difference of located floor commonly used when making a lease on the real estate.

(2) The real estate acquired by the Company from the related party shall have the considerable deal conditions in comparison with the transaction of the nearby real estate with similar land area made by unrelated party within a year.

11. The term “transaction of the nearby real estate” in the preceding paragraph is based on the principals of the real estate locating at the same street or an adjacent block and within a distance of no more than 500 meters from the deal target, or the real estate with similar public present value. The term “similar land area” means land area of the real estate purchasing or selling by unrelated parties shall not lower than 50% of land area of the deal target. The term “within a year” means a year prior to occurrence date of acquiring the target real estate.

12. Where the evaluated prices of the real estate calculated based on

subparagraph 8 to subparagraph 11 herein are all lower than the deal price, the following steps shall then be taken:

- (1) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the deal price of the real estate and the evaluated price, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the company, then the special reserve shall be set aside on pro-rata basis of shareholding according to Article 41, paragraph 1 of the Securities and Exchange Act.
- (2) The situation shall be managed by the Audit Committee based on the provision of Article 218 of the Company Act.
- (3) The action taken pursuant to Item 1 and Item 2 herein shall be submitted to the shareholders' meeting and the detailed materials of this transaction shall be disclosed in the annual report and any investment prospectus.

13. With respect to the special reserve set aside based on the provision in the preceding paragraph, the Company shall utilize such special reserve after the approval of Financial Supervisory Commission with the situation of recognizing a loss on decreasing market value of the assets purchased at a premium, disposal of the assets, proper compensation made for the assets or asset recovery, or with other evidence for non-unreasonableness.

14. If there is any evidence showing that the transaction is beyond the regular rules of operation when the Company acquires the real estate from the related party, the preceding two subparagraphs shall be followed.

“The related party” referred to in the preceding paragraph shall be determined in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Article 12 Engagement of Derivative Trading

1. When trading in derivatives, the Company shall comply with these Operational Procedures and pay attention to risk management and the matters for audit, clearly recording the type and amount of the derivatives, and the date for approval by the Board of Directors in the memorandum book for reference.

2. Principles and Strategies of Trading

(1) Type of Trading

- A. The Company may trade in derivatives including Forward, Option, Swap, the compound contracts composed of the product mix mentioned above and etc.
- B. The Company may trade in Futures of the bulk materials commodity.

(2) Operations and Risk Aversion

The purpose of derivatives trading is to avoid risk since the main profits of the Company shall come from normal business operations. Thus, the Company shall select the derivatives with capability of avoiding risk arising from the business operations. Before the trading, the Company shall determine the purpose of either risk aversion or investment for the definition of accounting and the basis of disclosing in financial statement.

(3) Total Amount of Contracts and Maximum Limitation of Losses

A. Total Amount of Contracts

- a. Derivatives for risk aversion: The total amount of contracts shall not exceed 20% of the Company's total assets.
- b. Derivatives for investment: The total amount of contracts shall not exceed 5% of the Company's paid-in capital.

B. Maximum Limitation of Losses

- a. Derivatives for risk aversion: The assessed loss of individual contract for two consecutive months shall be limited to 20% of the contract amount; or the assessed losses of all the contracts shall be limited to 10% of total amount of contracts.
- b. Derivatives for investment: The tolerable loss of individual contract shall be limited to 3% of the contract amount; or the tolerable losses of all the contracts shall not exceed 2% of the paid-in capital.
- c. If the loss exceeds the maximum limitation, relative materials of the trading shall be submitted to the general manager and the Chair, and be reported to the Board of Directors for discussing necessary responses.

3. Division of Responsibilities:

(1) Finance Department:

- A. Taking the responsibilities to set up the strategies for the Company to operate foreign exchange.
- B. Collecting relative information whenever necessary to react to the change in foreign exchange market, determining the market trends and evaluating risk; getting familiar with financial instruments, relative rules and regulations; then setting up the operational strategies with the consideration of the company's foreign exchange position. The strategies shall be the basis of risk aversion by the Company after the approval by the general managers.
- C. Setting up the minimum of hedged position periodically (monthly or quarterly) by considering the Company's revenue, the quantity of imports and exports, and confirming the Company's position of foreign exchange in order to decrease the level of risk exposure.

(2) Accounting Department:

Taking the responsibilities to deal with the accounts of the trading and provide relative information for disclosing in financial statements.

(3) Audit Department:

- A. Periodically assessing whether the current measures of risk management is appropriated and whether the Company trades in derivatives according to the rules set forth in these Operational Procedures.
- B. Supervising the trading and gains or losses of the transaction. Whenever there is violation, the auditors shall take necessary measures, submitting such a matter to Board of Directors immediately and notifying Independent Directors to attend the meeting for expressing the opinions.

4. Assessment of Performance

(1) Trading for Risk Aversion

- A. Finance Department shall make the performance report regularly on 5th and 20th in each month according to the type of derivatives, and include the following items in the report:
 - a. The analysis of commodity trend.

- b. The appropriateness of the position control.
- c. The amount of gains or losses caused by hedging activities which have been recognized or clearly deferred.

B. The trader shall assess the performance based on the objection which shall be set up as the target price or exchange rate when trading in the derivatives for hedging.

(2) Trading for Investment

A. Finance Department shall make the performance report regularly on Tuesday according to the type of derivatives, and include the following items in the report:

- a. The analysis of commodity trend.
- b. The appropriateness of the position control.
- c. Net gains or losses caused by the investment activities.

B. Setting up the maximum limitation of loss for each transaction before the trading. The trader shall assess the gain or loss of each transaction based on daily market price. Whenever the loss reaches the maximum limitation, the trader shall immediately make a report to the financial manager and general manager to decide whether to stop the loss immediately.

(3) The performance reports mentioned above shall be given to the general manager.

5. Operational procedures

(1) Amount of Authorization

The amount of trading in derivatives for hedging and investment or trading in Futures of the bulk materials commodity shall be approved by the general manager.

(2) Units for Execution:

The trading in derivatives shall be executed by Finance Department since financial derivatives change rapidly and potential trading risk and the calculation of gains or loss features complexity, moreover the trading involving in materials relating to the Company's account. However, the trading in derivatives authorized by the Board of Directors shall be excluded.

(3) Explanation of Transaction Procedures

A. The trader shall fill in the "application form for trading in

derivatives” and submit the form to the authorized supervisor and the general manager for approval.

- B. The trader shall then make a transaction according to the application.
- C. The trader shall make a transaction with the bank or the future company by phone or fax letter.
- D. The trader shall fill in the “application form for trading in derivatives” based on the trading for examining and reviewing by the supervisor after receiving relative receipts or notification of making the deal successfully by the bank or the future company.
- E. The transaction certificate and the relative receipt shall be submitted to the general manager for sealing.
- F. The transaction certificate shall be submitted to Accounting Department for doing accounts and the relative receipts shall be returned to the bank or the future company after sealing.
- G. If security deposit shall be paid in the trading, the trader shall fill in” payment request form” and submit the form with the transaction certificate and the relative receipt to the supervisor and then general manager for approval.
- H. “The application form for trading in derivatives” is done in duplicate. The original version shall be retained by the Finance Department and the second receipt shall be retained by the Accounting Department.

6. Deleted

7. Internal Control

(1) Measures of Risk Management

A. Credit risk management

The counterparties of the trading are limited to the bank and the future company having business relations with the Company since such counterparties are able to offer sufficient information and able to trade flexibly in the foreign exchange market and the future market.

B. Market risk and liquidity management

The Company shall mainly trade in foreign exchange market which is open to the banks and the customers and trade in

financial commodities with high-liquidity (which means easy to make a daily trade on the market).

C. Operational risk management

The procedures of trading and the amount of authorization shall comply with the relative rules and regulations, being included in the reviewed items which shall be examined periodically by the internal auditors in order to avoid operational risk.

D. Legal risk management

The contract of trading in derivatives shall be double checked by a lawyer before signing with the bank, if necessary.

(2) Regular Assessment

A. The trader engaging in derivative trading shall not serve as the personnel for execution of confirmation and settlement. The matters concerning risk assessment, supervision and control shall be reported by the auditors to the general manager and the Board of Directors.

B. Finance Department shall weekly assess the position of derivatives held by the Company. However, the transaction for avoiding operational risk shall be assessed at least twice monthly with the evaluation report being submitted to the general manager. If there is any extraordinary matter in the evaluation report (such as the loss of derivative position exceeds the maximum limitation), such a matter shall be reported to the Board of Directors and the necessary measure shall be taken.

C. The Board of Directors shall monitor and manage the trading in accordance with the following principles:

- a. Audit Department shall constantly monitor and control the risk of derivative trading.
- b. Regularly assessing whether the performance of derivative trading complies with the Company's strategy on management and whether the risk of such trading is within the Company's tolerance ability.

8. Internal Auditing System

The internal auditors shall periodically examine the fairness of internal control on the derivative trading and monthly review the compliance with the procedures for the derivative trading made by

Trading Department, making an auditing report. If any significant violation occurs, the auditor shall notify the Audit Committee in written form.

Article 13 Procedures for Mergers and Consolidations, Splits, Acquisitions, and Share Assignment

1. The Company shall request an accountant, attorney, or securities underwriter to give comments on reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders and shall submit such materials to the Board of Directors for discussion prior to the resolution on the merger, split, acquisition, or share assignment in the Board meeting.
2. The Company shall make a file including the significant and relative materials of the merger, split or acquisition being given with the expert comments mentioned in the preceding paragraph and the notification of shareholders' meeting to the shareholders prior to the date of the shareholders' meeting for reference of whether to agree with the proposal of merger, split or acquisition. However, the proposal of merger, split or acquisition which may not be resolved by the shareholders' meeting based on the other regulations shall be excluded.
3. Anyone who participates in or is privy to the plan for merger, split, acquisition, or share assignment shall hand in a written commitment of confidentiality and shall not disclose the content of such plan to others before the public announcement, nor shall he/she trade personally or under the name of others in the shares and other equity based securities of the companies having relations with the plan for merger, split, acquisition, or share assignment.
4. Except the following situation, the share exchange ratio or acquisition price of a merger, split, acquisition, or share assignment participated by the Company shall not alter arbitrarily; the conditions under which the share exchange ratio or acquisition price may alter shall be defined clearly in the contracts of a merger, split, acquisition, or share assignment:
 - (1) Capital increase in cash and the issuance of convertible corporate bonds, bonus shares, corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity

based securities.

- (2) The behavior of disposing significant assets which shall have effect on the Company's financial operation.
 - (3) The event of significant disaster, the major change in technology and so on which shall have effect on the shareholders' interests or the price of the Company's securities.
 - (4) An adjustment of purchasing treasury stocks based on the relative rules and regulations made by one of the companies participating in the merger, split, acquisition, or share assignment.
 - (5) An increase or decrease in number of the entities or companies participating in the merger, split, acquisition, or share assignment.
 - (6) Other conditions which may alter based on the provision set forth in the contract and are disclosed in the public announcement.
5. The rights and obligations which shall be performed by the companies participating in the merger, split, acquisition or share assignment shall be defined clearly in the contract, with the following item included:
- (1) Management of the default contract.
 - (2) Principals for handling the purchase of treasury securities or issuance of equity based securities made by the company which shall be extinguished in a merger or be split up.
 - (3) The number and handling principals of purchasing treasury securities based on the relative rules and regulations after the date of calculation on the share exchange rate.
 - (4) The measure for handling an increase or decrease in number of the entities or companies participating in the merger, split, acquisition, or share assignment.
 - (5) The expected timeline for executing the plan and the schedule of anticipated accomplishment
 - (6)The relative procedures including the scheduled date at which the shareholders' meeting shall be convened legally to handle the delays of the plan.

Article 13-1 The Relative Matters Resolved by the Board of Directors and the

Shareholders' Meeting Convened at the Same Date at Which the Companies Participates in the Merger, Split or Acquisition.

1. The Company shall convene the Board of Directors and the shareholders' meeting at the same date as participating in the merger, split or acquisition to resolve the matters concerning a merger, split or acquisition except those conditions regulated by the other rules or the extraordinary situation where the Company shall submit materials of the merger, split or acquisition in advance to the Financial Supervisory Commission for approval.
2. The Company shall convene the Board of Directors at the same date as participating in share assignment except those conditions regulated by the other rules or the extraordinary situation where the Company shall submit the materials of share assignment in advance to the Financial Supervisory Commission for approval
3. When the Company participating in a merger, split, acquisition or share assignment is a listed firm or a firm with the shares traded on exchange or OTC market, the Company shall make a complete written report recording the following materials and retain it for 5 years for reference:
 - (1) Basic identification materials for the personnel: including the titles, names, and national ID numbers (or passport numbers in case of foreign nationals) of the personnel involving in the plan or execution of the plan concerning a merger, split, acquisition or share assignment prior to the disclosure of such information.
 - (2) Dates of important matters: including the dates of signing any letter of intent or memorandum, appointing a financial or legal advisor, signing a contract, convening a Board of Directors' meeting and so on.
 - (3) Important documents and minutes: including a plan of executing a merger, split, acquisition, or share assignment, any letter of intent or memorandum, significant contracts, the minutes of Board of Directors' meetings and so on.
4. When the Company participating in a merger, split, acquisition or share assignment is a listed firm or a firm with the shares traded on exchange or OTC market, the Company shall, within 2 days after the date of the approval made by the Board of Directors, submit the materials set out in subparagraphs 1 and 2 of the preceding

paragraph in prescribed format and via internet-based information system to the Financial Supervisory Commission for recordation

5. If one of the counterparties participating in a merger, split, acquisition or share assignment is neither a listed firm nor a firm with the shares traded on exchange or OTC market with the Company being a listed firm or a firm with the shares traded on exchange or OTC market, the Company shall make a contract with such the counterparty according to subparagraph 3 and 4 herein.

Article 13-2 The provision of executing a merger, split, acquisition or share assignment with the other firms after disclosing the information of participating in the merger, split, acquisition or share assignment.

1. Any firm participating in the merger, split, acquisition or share assignment with the information being disclosed intends to carry out another plan of a merger, split, acquisition or share assignment with other counterparties, the completion of the procedures or legal behaviors in original merger, split, acquisition or share assignment shall be re-executed by all the participating firms except where the number of participating firms increases and the participating firm may resolve anew the matter without convening shareholders' meeting under the situation that the Board of Directors shall alter power limitation authorized and resolved by the shareholders' meeting.
2. If any of the companies participating in a merger, split, acquisition, or share assignment is not a public company, the Company shall sign an agreement with such an unlisted company whereby the latter is required to abide by the provisions of subparagraph 3, Article 13-1 and subparagraph 1.

Article 14 Public Announcement and Reporting Standards

1. The Company shall make an public announcement of relative information in a required format on the websites assigned by the Financial Supervisory Commission within 2 days after the date of occurrence when the acquisition or disposal of assets made by the Company conform to the following situations:
 - (1) Acquisition or disposal of the real estate from or to a related party, or acquisition; or disposal of assets other than real estate from or to a related party with the transaction amount more than 20% of paid-in capital, 10% of the Company's total assets,

or NT\$ 300 million. However, the trading of government bonds, bonds under repurchases and resale agreements, subscription or redemption of domestic money market funds shall be excluded.

- (2) Deleted.
- (3) Execution of a merger, split, acquisition, or share assignment.
- (4) The loss or losses of trading in derivatives reach the amount of maximum loss limitation of an individual contract or total contracts regulated by the provision of these Operational Procedures.
- (5) In addition to the trades mentioned in the preceding four Items herein, the amount of disposing receivables of a financial institution, or an investment made by a financial institution in the mainland China area reaches more than 20% of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - A. The trading of government bonds.
 - B. An expert in investments, making the trading in valued securities listed on foreign or domestic securities exchanges, or Over-the-Counter, or valued securities subscribed by a securities firm either in the primary market or in accordance with relative regulations.
 - C. The trading of bonds under repurchases or resale agreements, or subscription or redemption of domestic money market funds.
 - D. The acquisition or disposal of operational assets such as machines or equipments from or to the non-related party, with the transaction amount lower than NT\$ 500 million.
 - E. The acquisition or disposal of operational real estate made by the Company which is a public firm majoring in construction business from or to the non-related party, with the transaction amount lower than NT\$ 500 million.
 - F. The real estate is acquired by the construction entrusted to others with land owned or rented by the Company, or by joint construction with allocation of housing or ownership, or with separated sale, with expected amount invested by the Company lower than NT\$ 500 million.

2. The transaction amount in the preceding subparagraph shall be calculated as follows:

- (1) The amount of each individual transaction.
- (2) The cumulative amount of acquisition or disposal of similar typed assets from or to a specific counterparty within a year.
- (3) The cumulative amount of acquiring or disposing the real estate (cumulative amount of acquisition or disposal respectively) in the same development project within a year.
- (4) The cumulative amount of acquiring or disposing the same typed valued securities (cumulative amount of acquisition or disposal respectively) within a year

3. "Within a year" as used in the preceding subparagraph refers to the year prior to the occurrence date of this transaction. The part of transaction which have been announced according to these Operational Procedures shall be excluded.

Article 14-1 The Regulations of Calculating the Transaction Amount Based on Total Assets and Paid-in Capital of the Foreign Firms

For these Operational Procedure concerning the provision of 10% of total assets, the total assets stated in the latest individual financial report of the Company shall be used.

In the case of a foreign firm whose shares have no par value or a par value other than NT\$10, the calculation of 10% of owner equity attributable to the parent company shall substitute for the provision of 20% of paid-in capital set forth in these Operational Procedures

Article 15 Deadline for Public Announcement

1. The Company shall make an public announcement of relative information in a required format on the websites assigned by the Financial Supervisory Commission within 2 days after the date of occurrence whenever one of the following situations occurs with respect to a transaction being already publicly announced :
 - (1) Change, termination, or rescission of a contract signed in regard to the original transaction.
 - (2) The delays or un-accomplishment of the merger, split, acquisition, or share assignment at the expected date at which the transaction shall be completed under the provision set forth in the contract.
 - (3) Change to the content originally announced to public.

2. The Company shall monthly (prior to 10th in each month) submit the relative materials of the derivative trading prior to the end of the previous month by the Company and its subsidiaries which are not domestic public firms in the required format to the information reporting website designated by the Financial Supervisory Commission.
3. When making a public announcement, the Company shall entirely re-announce all the required items whenever there are mistakes or omission which shall be corrected based on the required items set forth in the relative regulations.
4. The Company shall keep all relevant contracts, meeting minutes, reference books, appraisal reports and documents including comments made by the accountant, attorney, and securities underwriter at the headquarter when acquiring or disposing assets. The materials in the preceding paragraph shall be retained at least 5 years except those regulated by other rules

Article 16 Disclosure of Financial Statements

If the acquisition or disposal of assets with the counterparty being substance related party reached the standards for public announcement set forth in Article 14 of these Operational Procedures, the public announcement shall be disclosed in the financial statement and reported to the shareholders' meeting.

Article 17 Supplement of Act

Any matter not set forth in these Operational Procedures shall be managed according to the applicable laws and regulations, and the Company's rules.

Article 18 Exercise the Power of Audit Committee

These Operational Procedures shall be approved by the Audit Committee, then being submitted to the Board of Directors and the shareholders' meeting for resolution. The same way is required for amendments of these Operational Procedures. When discussing, the opinions of each Independent Director shall be taken into full consideration. If an Independent Director objects to or expresses reservations about any matter, the comments shall be recorded in the Board minutes. If there is any objection of a director with a record or written statement, the Company shall submit relative materials of such objection to the Audit Committee and the shareholders' meeting for discussion.

If there is the Audit Committee established by the Company, the enactments or amendments of these Operational Procedures shall be approved by half or more of all the Audit Committee members and shall be submitted to the Board of Directors for resolution. If the proposal is not approved by more than half of all the Audit Committee members, it shall be managed according to Article 6, paragraph 3 of the Company's Audit Committee Charter.

The preceding paragraph "all the audit committee members" and "all the directors" shall be counted as the actual number of persons currently holding those positions.

Article 19 These Procedures were originally enacted on June 28, 1999.

The 1st amendment was made on June 26, 2000.

The 2nd amendment was made on April 21, 2003.

The 3rd amendment was made on May 22, 2007.

The 4th amendment was made on June 3, 2009.

The 5th amendment was made on June 6, 2012.

The 6th amendment was made on June 10, 2014.