Hon Hai Precision Industry Co., Ltd.

Procedures for Acquisition or Disposal of Assets

Amended on June 25, 2014

Article 1 Purpose

To build institutionalized standards for the acquisition or disposal of the Company’s assets, in order to ensure that both acquisition and disposal of assets go through appropriate processes of evaluation and approval, the implementation of proper information disclosure, and to comply with the provisions of related laws.

Article 2 Statutory Basis

It is based on the content of Article 36 of Securities Exchange Act (hereafter referred to as “the Act”), Document No. 0910006105 Taiwan Minister of Finance (I) of Financial Supervisory Commission of Executive Yuan (hereafter referred to as “FSC”) on December, 10, 2002, FSC Document No. 0960001463 Taiwan Minister of Finance (I) on January 19, 2007 and FSC Document No. 1010004588 issued on February 13, 2012 Standards for Public Company Acquisition or Disposal of Assets.

Article 3 Scope of Assets

1. Stocks, bonds, corporate bonds, financial bonds, beneficiary certificates, depository receipt, call/put warrant, beneficial securities, asset-backed securitization, etc.

2. Real estate (including land, buildings, investment property, land usage rights) and equipment.

3. Membership card.

4. Patent, copyright, trademark right, franchise and other intangible assets.

5. Derivatives.

6. Assets acquired or disposed of through merger, division, acquisitions or share transfer in accordance with the law.

7. Other important assets.

Article 4 Definition of Terms

1. Derivatives: Refers to forward contracts, option contracts, futures contracts, leverage contracts, exchange contracts derived from assets, interest rates, exchange rates, index and other similar commodities, and complicate contracts from combination of them. Forward contracts are excluded from insurance contracts, performance contracts, post-sale service contracts, long-term lease contracts and long-term purchasing (selling) goods contracts.

2. Assets acquired or disposed of through merger, division, acquisitions or share transfer in accordance with the law: Those acquired or disposed of through merger,
division and acquisition in accordance with the Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act or other laws, or by acquisitions or share transfer of new stocks of other companies (hereafter referred to as “share exchange”) under Clause 6 of Article 156 of the Company Act.

3. Related parties and subsidiaries shall be identified as stated in The Securities Issuers Financial Statements Preparation Regulations.

4. Professional appraiser: A person who is engaged in the evaluation of real estate and equipment in accordance with the law.

5. Transaction date: The contract date of a transaction, cash day, entrusting trade date, transfer day, decision day of board of directors, or other day that a transaction can be made with specific transaction objects and amounts, of which the previous will prevail. However, in the case that any investment is subject to any authority approval, the above-mentioned dates or receipt date of approval will prevail, depending on whichever is the former.

6. Investment in mainland: Refers to investment that in engaged in China mainland in accordance with the licensing regulations of investment and technical cooperation in Mainland China, issued by the Investment Commission of Ministry of Economic Affairs.

7. “Latest financial statement” refers to the disclosed financial statement that is checked or reviewed by the accountant before the company’s acquisition or disposal of assets.

8. The total assets referred in “ten per cent of total assets” shall be the Company’s total assets which stated in the most recent prepared financial reports in accordance with The Securities Issuers Financial Statements Preparation Regulations.

**Article 5**

**The limit of non-business real estate and securities that are invested by the Company and its subsidiaries shall be in accordance with following provisions:**

1. Investment limits of the Company:

   (a) The investment for non-business real estate shall be no more than 20% net value of the Company.

   (b) The total investment of securities shall be no more than 60% net value of the Company, and the amount that is invested in an individual security shall be no more than 30% net value of the Company.

2. Investment limits of subsidiaries:

   (a) The investment for non-business real estate shall be no more than 20% of net value of the parent company.
(b) The total investment of securities shall be no more than 60% net value of the parent company, and the amount that is invested in an individual security shall be no more than 30% net value of the parent company.

3. The total amount of the investment in securities is calculated based on the original cost of the investment.

Article 6  Appraisal Report or Opinions

1. Where the Company receives an appraisal report or opinion from accountants, lawyers or securities underwriters, neither any of these professional agents nor their appraisers, accountants, lawyers or securities underwriters shall be related parties to any transaction.

2. The Company shall obtain testimonial papers issued by the Court of Justice if the Company acquires or disposes of 7th, 8th, 9th, 10th assets in accordance with auction procedures of Court of Justice to replace the appraisal report or opinions.

Article 7  Procedures for Acquisition or Disposal of Real Estate or Equipment

1. Appraisal Procedure

The appraisal of real estate or equipment that are acquired or disposed of by the Company shall be done after the feasibility evaluation report conducted by the assets sponsoring department, signed by the management department and with approval in accordance with approval authority regulations of the Company.

2. Operational Procedure

(a) The Company acquires or disposes of real estate or equipment, except for transactions with governmental agencies, contracted construction with self-owned land, contracted construction with leased land or the acquisition or disposal of equipment for business purposes, the appraisal report shall be received before the transaction date if the transaction amount is more than 20% of the Company’s paid-up capital or NTD 300 million:

(1) The transaction shall be addressed to and pass the board resolution if it takes limit price, specific price or special price as the reference basis of the transaction price, and it shall be done in accordance with the above procedures in case of change of terms of exchange in future.

(2) The transaction amount that is more than NTD 1000 million shall be appraised by appraisers from more than two institutes.

(3) Except when the appraisal results of acquired assets are higher than the transaction amount or when the appraisal results of disposed assets are lower than the transaction amount, require the accountant shall be required to solve this issue in accordance with Statement No. 20 of the Auditing Standards issued by the Accounting Research and Development Foundation, R.O.C. and give opinions on differential reasons and the fairness of transaction price, under such cases when:
(i) The difference between the appraised results and the transaction amount is more than 20% of the transaction amount.

(ii) The difference between the appraisal results by professional appraisers from more than 2 appraisal institutes is more than 10% of the transaction amount.

(4) The period between the issued date of the appraisal report and the establishment of the contract shall be no more than 3 months. However, if the report applies the reported current value of the same period with less than 6 months, it shall obtain the opinion from the original professional appraiser.

(b) After being obtained, assets shall be registered, managed and applied in accordance with “Fixed Assets Management Measures.”

3. Determination Procedure for Trading Terms & Conditions and Authorization Limit

(a) The determination method and reference basis for acquisition or disposal of real estate or equipment shall be decided after the requesting department submits a brief document with the reason for the transaction, references to reported current value, real trade price of nearby real estate, etc., as well as enquiry, bargaining, or bidding.

(b) Authorization Hierarchy

(1) If the transaction amount for the acquisition or disposal of real estate or equipment is less than NTD 300 million (included), this may be decided by the authorized organizing unit; however, if the transaction amount is more than NTD 300 million, prior approval from the board of directors must be obtained.

(2) The above transaction amount limit can be raised to NTD 500 million in the case where assets to be acquired or disposed of belong to the equipment for business and the transaction party is not a related party.

(3) In cases where time is of the essence or where business needs require entering into a contract of sale, it is permissible for the transaction to be proposed to the chairman of the board for approval first, but after the transaction is complete it shall be proposed at the next board of directors meeting for ratification.

(4) Any procedure for the acquisition or disposal of assets shall be completed in accordance with the Company Act or other regulations, and shall be approved at or reported to the shareholders’ meeting as required by law.
Article 8   Procedure for Acquisition or Disposal of Securities

1. Appraisal Procedure

   (a) Before acquiring securities, the Company shall obtain the most recent audited or reviewed financial statements of the subject company’s securities as the evaluation of the transaction price.

   (b) If the transaction amount reaches 20% of paid-up capital or beyond NTD 300 million, opinions from accountants shall be obtained on the rationality of the transaction price before the transaction; if the accountant adopts consultancy reports, it shall be treated in accordance with Statement No. 20 of the Auditing Standards issued by the Accounting Research and Development Foundation. Unless these securities have an active public offering from the market or are otherwise regulated by the Financial Supervisory Commission, R.O.C., they can be excluded from the requirement mentioned above.

2. Operational procedure

   (a) Each organizer is in charge of valuation, trading, delivery, and tabulation (listing).

   (b) Custody: All securities obtained by the Company shall be submitted to the finance department for custody or stored in safe deposit boxes.

   (c) Evaluation: In accordance with the provisions of the relevant Accounting Standards, the finance department shall collect relevant data, which shall be submitted to the accountants for regular follow-up and evaluation.

3. Determination Procedure for Terms & Conditions and Authorization Limit

   (a) If the transaction amount of bonds, corporate bonds, financial bonds, beneficiary certificates, asset-backed securitization specified in Article 3, Section 1 of these procedures is no more than 20% (inclusive) of the paid-up capital, the Chief Financial Officer is authorized to approve the transaction. If the transaction amount is more than 20% of the paid-up capital, it shall be submitted to board of directors for approval before completing the transaction.

   (b) If the transaction amount of stocks, depository receipt, call/put warrants, beneficiary certificates specified in Article 3, Section 1 of these procedures is no more than 5% (inclusive) of the paid-up capital, it shall be decided by the authorized organizing unit. If it is more than 5% of the paid-up capital, it shall be submitted to chairman for approval before transaction.

Article 9   Procedure for Acquisition or Disposal of Intangible Assets

1. Appraisal Procedure
The appraisal of intangible assets that are acquired or disposed of by the Company shall be done in the form of a feasibility report conducted by the requesting department, and submitted to Intellectual Property Unit.

2. Operational Procedure

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

3. Determination Procedure for Trading Terms & Conditions and Authorization Limit

(a) Determination method and reference basis: the requesting department shall submit the market price of intangible assets of the same category; if there is no market price, the price shall be based on a report issued by professional appraisal institutes.

(b) Authorization Hierarchy

(1) If the transaction amount is NTD 300 million or less, the authorized organizing unit shall decide; the approval shall be received from the aboard if it is more than NTD 300 million. However, for the effectiveness for a given period of time needed for business, it is allowed to refer to chairman for approval first and then confirmed on the next board meeting by submitting the proposal.

(2) Any procedure for the acquisition or disposal of intangible assets shall be completed in accordance with the Company Act or other regulations, and shall be approved at or reported to the shareholders’ meeting as necessary.

Article 9-1 Calculation of Transaction Amount

The calculation of transaction amount in Articles 7, 8, and 9 shall be performed according to the provisions of Section 2(e) of Article 13. The referred “within one year” shall start from the transaction date and trace back one year. The part calculated in the appraisal report from professional appraisers or opinion from accountant which is done accordance with provisions of these procedures is excluded.

Article 10 Procedure for Related Party Transactions

1. Appraisal Procedure and Operation Procedures

(a) Appraisal procedures and operation procedures by which the Company acquires or disposes of assets from a related party shall be in accordance with Articles 7, 8 or 9 respectively, based on the nature of the assets. Furthermore, if the transaction amount is more than 10% of the paid-up capital of the Company,
appraisal reports shall be obtained from professional appraisers or opinions from accountants in accordance with Articles 7, 8, or 9 respectively.

(b) If the assets disposed of or acquired by the Company from a related party are real estate or not real estate but with the transaction amount up to 20% of the paid-up capital, or 10% of the total assets or above NTD 300 million, trading of bonds or bonds with repurchase and resell conditions, purchasing or redemption domestic money market funds are not subject to this limit, it is necessary to make appraisals for them and prepare all data according to Section 2(a) of this Article and submit them to the board for approval and the supervisors for recognition.

(c) The calculation of transaction amounts in the two former items shall be performed according to the provisions of Section 2(e) of Article 13. The referred to “within one year” shall start from the transaction date and trace back one year. The part calculated in the appraisal report from professional appraisers or the opinion of the accountant performed in accordance with the provisions of these procedures or submitted the board for approval and the supervisor for recognition is excluded.

(d) To judge if the transaction counterpart is within the range of related party or not, substantial relationship shall be considered in addition to the legal form.

2. Determination Procedure for Authorization Limit

(a) If the real estate or non-real estate transaction amount up to 20% of the paid-up capital or 10% of the total assets or above NTD 300 million is acquired from or disposed of with a related party, it shall submit following data to the board for approval and the supervisor for recognition before signing any trade contract or making any payment. However, for equipment acquired or disposed between the Company and its subsidiaries of less than 10% of the paid-up capital, it is permissible to be approved first by the chairman and then ratified at the next board of directors meeting by submitting the proposal:

(1) Purposes, necessity and expected benefit for/from the acquisition or disposal of assets.

(2) Reasons for choosing the related party as the transaction counterpart.

(3) If any real estate is to be acquired from the related party, evaluation materials to assess the reasonableness of the conditions of scheduled transactions shall be provided in accordance with Sections 3(a), 3(b), 3(c), 3(d) and 3(f) of this Article.

(4) Date and price of original acquisition by the related party, the original transaction counterpart of the related party, and the relationship between the original counterpart and the Company as well as the related party.

(5) Estimates of the balance sheet for every month of the coming year starting from contract establishment month, and evaluations of the necessity of the transaction and the reasonableness of the use of funds.
(6) The appraisal report from professional appraisers or the opinion from the accountant shall be performed accordance with Section 1 of this Article.

(7) Restrictions and other important covenants for the transaction

(b) The calculation of transaction amount provided herein above shall be done according to provisions of Section 2(e) of Article 13. The referred to “within one year” shall start from the transaction date and trace back to one year. The part which has been submitted the board for approval and the supervisor for recognition is excluded.

c) Acquiring assets beyond the mentioned in Section 2(a)(1) from the related party or disposing of them shall be done in accordance with the first three Articles.

3. Reasonable Assessment of Transaction Cost

(a) When the Company acquires real estate from related parties it shall appraise the reasonableness of the transaction cost in accordance with the following procedures:

(1) It is based on the trading price of the related party plus necessary interests of the capital and necessary costs on the buyer. The so-called necessary interests of capital are calculated based on weighted average interests of annual loans for purchasing the Company’s assets, but it cannot be higher than the highest lending rate of non-financial industry issued by Ministry of Finance.

(2) If the related party once made any loan through pledging this object to a financial institution, and the financial institution has appraised the total value of this object for loan granting, the value can be recognized as long as the actual loan has exceeded 70% of the total loan value of this object and the loan period has exceeded 1 year. However, this is not applicable if the financial institution is related to one of the transaction parties.

(b) When jointly purchasing land and houses placed thereon, one of the methods mentioned above shall be adopted to appraise the transaction cost respectively for the land and the houses.

c) In the case that the real estate is acquired from a related party, the cost shall be appraised in accordance with Sections 3(a) and 3(b) of this Article and accountants shall be invited to review and issue specific opinions.

d) When the appraised values of real estate acquired by the Company from the related party according Sections 3(a) and 3(b) of this Article are all relatively lower, it shall be handled according to Section 3(f) of this Article. Subject to the following situations and combined with objective evidence and reasonable opinions obtained from professional appraisers of real estate and accountants, the limit herein will be excluded:
(1) In the case that the related party obtains undeveloped land or leases the land for construction, the evidences put forward by the related party shall be in accordance with one of the following requirements:

(i) The undeveloped land was appraised according to the provisions of the preceding Article, but the buildings have been appraised based on the related party’s construction costs plus reasonable construction profit and in combination with the land, the total exceeds the actual transaction price. The referred to reasonable construction profit shall be calculated based on the average operating margin of the construction sector of the related party in last three years or the latest average operating margin issued by the Ministry of Finance, whichever is lower.

(ii) There are cases of completed transactions by unrelated parties within the preceding year involving other floors of the same property or property in an adjacent area in which the properties are similar in area and the terms of the transactions in those cases are found to be similar after assessment of reasonable discrepancies in the prices of different floors or districts in accordance with standard property market practices.

(iii) There are cases of leasing transactions completed by unrelated parties for other floors of the same property within the preceding year in which the transaction terms are estimated to be similar based on reasonable price discrepancies among floors in accordance with standard property leasing market practices.

(2) If the Company can prove that the transaction conditions are similar to those of other transaction cases of similar areas in the vicinity between other parties when the Company purchased real estate from the related party. The above-mentioned nearby transactions refer to those which are on the same street or nearby streets within the distance of 500 meters of the target transaction or with similar current value as reported; the similar area acreage refers to that its acreage shall not be less than 50% of the target transaction in area; the above mentioned “within one year” shall start from the transaction date to trace back to one year.

(e) When the appraised values of real estate acquired by the Company from related parties according to Sections 3(a) and 3(b) of this Article is lower than the transaction price, the situation shall be handled in following manner. Moreover, if the Company uses the equity method to account for its investment in another company and sets aside a special reserve according to the above provision, it 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 they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence to confirm there was nothing unreasonable in the transaction, and the Financial Supervisory Commission of the Executive Yuan has given its consent.
In accordance with the provisions of Clause 1 of Article 41 of the Securities and Exchange Act, a special reserve shall be set aside based on the difference between the transaction price and the appraised cost, which may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.

Supervisors shall comply with Article 218 of the Company Act.

Actions taken pursuant to Sections 3(e)(1) and 3(e)(2) of this Article shall be reported to the shareholders’ meeting, and the details of the transaction shall be disclosed in the annual report and prospectuses.

(f) Acquisition by the Company of real estate from a related party shall be performed in accordance with the provisions relating to appraisal procedures and operational procedures set forth in Section 2 of this Article; the provisions relating to appraisal procedures and operational procedures in Sections 3(a), 3(b) and 3(c) of this Article are not applicable.

(1) Real estate that the related party obtained through inheritance or as a gift.

(2) More than five years will have elapsed from the time the related party signed the contract to obtain the real estate to the signing date for the current transaction.

(3) The real estate is acquired by the signing of a joint development contract with the related party or ask related party to construct real estate as prefectural construction or rental prefectural construction on behalf of the Company.

(g) When the Company acquires real estate from a related party and any evidence indicates that the acquisition was not performed in accordance with operational conventions, then it shall comply with Section 3(e) of this Article.

Article 11  Procedure for Acquisition or Disposal of Derivatives

This shall be done according to the procedures for transacting in derivatives.

Article 12  Procedures for Merger, Division, Acquisitions or Transfer of Shares

1. Appraisal and Operation Procedure

(a) In conducting a merger, division, acquisitions or shares transfer, the Company shall engage an attorney, accountant and securities underwriter to jointly discuss and establish the schedule for the legal procedures which the project group shall implement. Prior to convening the board meeting, the opinions regarding the rationality of the exchange ratio, purchase price or cash dividend shall be
obtained from the attorney, accountant and the security underwriter and then submitted to the board of directors for approval.

(b) The Company shall prepare a public report for shareholders detailing the important content of the agreement and related matters of merger, division or acquisition before the shareholder meeting, and then deliver it to shareholders together with expert opinions and the notice of the shareholders’ meeting, as required in Section 1(a) of this Article, for reference by shareholders for the approval of the merger, division or acquisition. This restriction shall not apply, however, where there are other provisions of law that exempt a company from convening a shareholders’ meeting to approve the merger, division or acquisition. Moreover, where the shareholders’ meeting of any one of the companies participating in a merger, division, 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.

2. Other Matters Requiring Attention

(a) Date of board Meeting: The companies involved in a merger, division or acquisition shall hold board meetings and shareholders’ meetings on the same day to decide on the merger, division or acquisition, unless another law provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

(b) Prior Confidentiality Commitment: All persons involved in the merger, division, acquisition or share transfer shall provide written confidentiality commitments to guarantee neither to disclose the plan to others before the information disclosed to the public, nor to sell or buy the shares of the companies or other equities in his/her own or other names.

(c) Change principle for share exchange ratio or acquisition price: In principle, the share exchange ratio or acquisition price is not allowed to change in case of merger, division, acquisitions or shares transfer; however, the limit is excluded in the case that change conditions have been agreed on in the contract and made public. Conditions for changing the share exchange ratio or acquisition price are restricted as follows:

1. Cash capital increase, convertible bonds issuance, stock grants, issuing bonds with attached warrants, preferred shares with attached warrants, stock purchase warrants and other equity-based securities.

2. An action, such as a disposal of material assets, which affects the Company’s finances or business.

3. An event, such as a major disaster or major change in technology that affects shareholder equity or share price.
(4) An adjustment where any of the companies involved in the merger, division, acquisition or transfer of shares from another company duly repurchases treasury stock.

(5) A change in the entities or number of entities involved in a merger, division, acquisition or shares transfer.

(6) Any other conditions for changes that have been agreed upon in the contract and have been publicly disclosed.

(d) Matters that shall be noted in contract: The following matters shall be noted in the contract for handling a merger, division, acquisitions or transfer of shares of the participating companies, in addition to the regulations of Article 317 of the Company Act and Article 22 of the Mergers and Acquisitions Act:

(1) Actions upon event of default.

(2) Principles for handling equity-based securities that the merged/divided company previously issued or treasury stocks that have been repurchased.

(3) Principles on quantity and disposal of treasury stocks that may be repurchased according to the law by the companies involved after the benchmark day for calculation of share exchange ratio.

(4) Processing methods upon event of changes in the entities and their quantities.

(5) A preliminary progress schedule for execution of the plan and the anticipated completion date.

(6) Procedures for deciding on dates to convene the shareholders’ meeting if the plan hasn’t finished within the time limit.

(e) In the case that the companies involved in merger, division, acquisition or transfer of shares change: If any party involved in merger, division, acquisition or transfer of shares plans to merge, divide, acquire or transfer shares with other companies after information is disclosed publicly, except in the case where the number of parties decreases and the board has been authorized to adapt to these changes by resolutions at the shareholder meeting, all the implementing and/or completed procedures or legal actions for the original merger, acquisition, division or share shall be resumed by all the companies involved.

(f) If any of the companies involved in a merger, division, acquisition or share transfer is a non-public company, the Company shall sign a contract with it/them and the transaction shall be completed according to related regulations.

(g) In the case that the company/companies involved in a merger, division, acquisition or share transfer goes/go public or has/have the stocks traded in securities, the following materials shall be prepared into written records and conserved for five years for check latter.
(1) Basic information of personnel: including titles, names and ID (passport number in case of foreigner) of all people involved in the plan or the execution of plan of merger, division, acquisition or share transfer prior to public disclosure of the plan.

(2) Dates of material events: including the date of signing of the letter of intent or memos, the hiring of financial or legal advisors, the signing of contracts, and the convening of a meeting of the board of directors.

(3) Important documents and minutes: including the plan, letter of intent or memos, important contract and minutes of board meetings on the merger, division, acquisition or share transfer.

(h) If the companies involved in merger, division, acquisitions or shares transfer go public or are traded in a securities market, the information stipulated in Sections 2(g)(1) and 2(g)(2) of this Article shall be submitted in defined format through the internet information system to FSC for reference check within 2 days of the resolution being adopted by the board of directors.

Article 13 Information Disclosure Procedures

1. Time Limit for Announcement and Reporting

The Company shall report related information to the website designated by FSC for announcement and reporting within 2 days of the transaction date if the assets acquired or disposed of by the Company are within the scope stipulated in Section 2 of this Article and the transaction amount reaches the announcement standard.

2. Projects that shall be declared or Report Standard

(a) Real estate is acquired or disposed from the related party, or the transaction amount of non-real estate with the related party reaches to 20% of the Company’s paid-up capital, or 10% of the Company’s total assets or above NTD 300 million. However, trading of bonds or bonds with repurchase and resell conditions, purchasing or redemption domestic money market funds, are not subject to this limit.

(b) Merger, Division, Acquisitions or Shares Transfer

(c) The loss in derivatives reaches to upper loss limit, including in total or of an individual contract as regulated in the procedure.

(d) In addition the provisions of the former three Paragraphs, any transactions of assets, disposal of debts by financial institutions or investment in mainland China which have reach a transaction amount up to 20% of the Company's paid-up capital or more than NT $ 300 million. Following situations are not subject to this limit:

(1) Bonds Trading
(2) Any professional investment in securities trading in domestic and foreign exchanges

(3) Trading bonds attached with repurchase and resell conditions or purchasing or redemption domestic money market funds

(4) Acquisition or disposal of such assets as equipment for business which does not involve the related party and the transaction amount of which does not reach to above NTD 500 million.

(5) Acquisition or disposal of real estate for construction purpose by the Company which run construction business without any involvement of the related party and the transaction amount of which does not reach to above NTD 500 million.

(6) Acquisition of real estate in the methods of contracted construction on self-own land/leased land, co-construction & housing sharing, co-construction & profit sharing, and co-construction & housing distribution; the Company predicts its invested transaction amount will not reach to above NTD 500 million.

(e) The calculation method of the transaction amounts for the above-mentioned fourth Subparagraph is as followed; Moreover, the referred “within one year” starts from transaction date, and trace back to one year; the amount that has been reported according to regulations shall not be counted in.

(1) Transaction amounts for every transaction

(2) The total accumulative amounts in transacting with the same counterpart within a year for acquisition or disposal of objects with same property

(3) The total accumulative amounts as results of acquisition or disposal (accumulating the acquisition and disposing real estate respectively) of real estate within same development plan within a year

(4) The total accumulative amounts as results of acquisition or disposal (accumulating the acquisition and disposing securities respectively) of the same securities within a year

3. Procedures for Announcement

(a) The Company shall report related information to the designated website by FSC for announcement.

(b) The Company shall report information relating to the prior month’s transactions in derivatives of the Company and subsidiaries to the designated website by FSC for announcement before the 10th of every month.

(c) The Company shall report all items according to regulations, and if there are errors or omissions, shall declare and report all items again after making additions and corrections.
The Company shall keep related contracts, records, memorandums, appraisal reports, opinions from accountants, lawyers or securities underwriters with the Company for at least five years, unless otherwise provided for by related regulations.

In case of one of the following situations, after the Company announces transactions according to the provisions of the former Article, the Company shall report related information to the website designated by FSC for announcement within 2 days of the transaction date:

1. Change, termination or rescission of contracts related to the original transaction.
2. The merger, division, acquisition or share transfer is not completed within the scheduled time.
3. Any changes to the original announcement.

Article 14 Subsidiaries of the Company shall behave according to following regulations:

1. Subsidiaries shall be in accordance with Standards for Public Company Acquisition or Disposal of Assets in establishing and implementing “Procedures for Acquiring or Disposal of Assets.” If the subsidiary is not a public company, the formation of a procedure and its amendment shall be passed by the board of directors of the subsidiary; if the subsidiary is a public company, the formation of these procedures shall be in accordance with Standards for Public Company Acquisition or Disposal of Assets.

2. If the subsidiary is not a public company but reaches to the standards of announcement and report regulated in Article 12 of “Standards for Public Company Acquisition or Disposal of Assets,” the Company shall make an announcement for the subsidiary.

3. In the subsidiary’s standards of announcement and report, the referred to “20% of the Company’s paid-up capital,” or “10% of the Company’s total assets” is based on the Company’s paid-up capital or total assets.

Article 15 Penalty

Any employee who undertakes responsibilities for acquisition or disposal of assets in violation of these procedures will be reported for assessment according to the Company’s personnel management and employee handbook, and he/she will be subject to penalty accordingly.

Article 16 Implementation and Revision

The proposed “Procedures for Acquisition or Disposal of Assets” shall be approved by the board of directors, then delivered to all supervisors and proposed to the shareholders’ meeting for approval; any amendments shall also follow this procedure. If any director expresses an objection on the record or by a written statement, the
Company shall submit the objection to all supervisors. If the Company has established independent directors, opinions from all independent directors shall be fully considered and consenting or objecting opinions and their grounds shall be listed and entered into the meeting minutes.

**Article 17 Supplementary Articles**

Any matters that are not contained in these procedures shall be handled according to related regulations and laws, as well as regulations of the Company.