

# WPG Holdings Limited

## Procedure for the Acquisition and Disposal of Assets

### Article 1 Purpose and Basis of Formulation

Where this Company acquires or disposes of assets, it shall be handled in accordance to this Procedure. Matters not fully provided for in this Procedure shall be handled in accordance with the relevant acts.

### Article 2 Scope of Assets Applicable

1. Securities: including stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, asset-backed securities and investment in unissued stock shares.
2. Real property and other fixed assets.
3. Memberships.
4. Intangible assets: including 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.
7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with acts of laws.
8. Other major assets.

### Article 3 Definitions

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. "Subsidiary": As defined in the Generally Accepted Accounting Principles (GAAP).
3. "Professional appraiser": Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or other fixed assets.
4. "Date of Occurrence": Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the Competent Authority is

required, the earlier of the above date or the date of receipt of approval by the Competent Authority shall apply.

5. "Within one year" means the year preceding the base date of occurrence of the acquisition or disposal of assets. The announced period shall be exempted from the calculation.
6. "The latest financial statement" shall mean the financial statement attested or audited openly by a certified public accountant before the acquisition or disposal of assets by the Company.

Terms not defined in this Procedure shall be defined by the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" formulated by the competent securities authority or the requirements by the relevant acts.

Article 4 Where this Company acquires or disposes of assets, unless it is otherwise provided, the operating procedure and limit shall be as follows:

1. In acquiring or disposing of real estate, the execution unit shall conduct the appraisal. Where the transaction amount is NT\$150 million or less, it shall be submitted to the General Manager for approval; if it exceeds NT\$150 million, it shall not be executed unless it is submitted to and passed by the Board of Directors after it is approved by the General Manager.
2. The acquisition and disposal of other fixed assets shall be evaluated by operating department. The transactions amounting less than (including) NT\$100 million shall be approved within each given boundaries governed by authorization regulation. For the transactions amounting more than NT\$100 million, the approval by the General Manager and the submission to the Board of Directors for their approval are needed before execution.
3. In acquiring or disposing of long term Securities, the individual or cumulative investment amount not reach NT\$300 million will be approved step by step according to the relevant measures for investment review; those whose individual or cumulative investment amount reaches NT\$300 million or more will be submitted to the board of directors for approval.
4. In acquiring or disposing of short term Securities, the execution unit shall conduct the appraisal. Thereafter, where the amount is NT\$300 million or less, and that it does not exceed 10% of the subject company's equity, it shall be approved by the General Manager; where the amount exceeds NT\$300 million, or it exceeds 10% of the subject company's equity, it shall not be executed until it is further submitted to and passed by the Board of Directors. In addition, the transaction shall be conducted within the limits set out in sub-clause 9 in this Article. However, such requirements are exempted under the following circumstances: where it belongs to daily fund appropriation activities or short term investment operation like transaction of bonds with conditions for repurchase, bond fund etc., and the amount is NT\$300 million or less, the responsible unit(s) is/are authorized to execute. Where the amount exceeds NT\$300 million, the responsible unit shall submit to the General Manager for approval before execution.

5. In acquiring or disposing of Memberships, the execution unit shall conduct the appraisal. Where the amount is less than 1% of the paid-up capital or NT\$5 million, it shall be submitted to the General Manager for approval and shall thereafter be filed to the most recent Board Meeting for recordation.
6. In acquiring or disposing of intangible assets, the execution unit shall conduct the appraisal. Where the amount is less than 10% of the paid of capital or NT\$20 million, it shall be approved layer by layer in accordance with the regulations on authorization. The Audit Committee shall require that where a certain amount is exceeded, it shall thereafter be filed to the most recent Board meeting for recordation. Where the amount exceeds NT\$20 million, it shall not be executed until it is submitted to and passed by the Board of Directors.
7. In principle, this Company shall not participate in transactions involving the acquisition or disposal of the debentures of financial institutions. Where this Company decides to participate in the transactions involving the acquisition or disposal of debentures of financial institutions, it shall be submitted to the Board of Directors for re-formulation of its procedures of appraisals and operations.
8. Execution Units The execution units for acquisition and disposal of Securities and Derivatives shall be finance and accounting units. With respect to acquisition or disposal of other assets, the execution units shall be regulated and recognized in accordance with the division of responsibilities within this Company.
9. The limits for the acquisitions of the above assets for this Company and each of its Subsidiary shall be as follows:
  - (1) For real estate not for operational uses, the total amount shall not be more than 30% of their net values;
  - (2) The total amount of the Company's investment in securities shall not exceed 400% of the net value, whereas the total amount of each subsidiary's investment in securities shall not exceed 200% of the net value.
  - (3) The amount of the Company's investment in individual securities shall not exceed 400% of the net value, whereas the amount of each subsidiary's investment in individual securities shall not exceed 200% of the net value.
10. Where this Article requires submission to the Board of Directors for resolutions, consent by the Audit Committee shall be sought in accordance with the relevant regulations.

Article 5 The procedures for appraisal of acquisition or disposal of assets of this Company shall be as follows:

1. In acquiring or disposing of real property or other fixed assets 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 institution, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery and equipment for business use, shall obtain an appraisal report from a professional

appraiser prior to the transaction and shall further 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 for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
- (2) Where the discrepancy between the appraisal results of professional appraisers and the transaction amount is more than 20 percent, except the circumstances where the valuation of acquiring asset is higher than the transaction amount or the valuation of disposing asset is lower than transaction amount, a certified public accountant shall be engaged to perform the appraisal and the appropriateness of the transaction price.
- (3) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. Where the discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount, except the circumstances where the valuation of acquiring asset is higher than the transaction amount or the valuation of disposing asset is lower than transaction amount, a certified public accountant shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price.
- (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

2. Where the Company acquires or disposes of securities and the transaction amount is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).
3. In acquiring or disposing of memberships or other intangible assets where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, shall engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price prior to the transaction.
4. Acquisition or disposal of assets from or to a related party where the transaction amount reaches 10 percent or more of the company's total assets, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.

5. The calculations in the above four transactions must comply with Article 31-2 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies". The one-year timeframe counts back from the day the transaction occurred. Transactions which have already been supported by expert's valuation or CPA's opinions can be excluded.
6. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.
7. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.

Article 6 (Deleted)

Article 7 (Deleted)

Article 8 The Company's acquisition or disposal of assets from or to a related party.

Where the Company's acquiring or disposing of assets from related parties, in addition to handling in accordance with this Procedure, it shall comply with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" formulated by the competent securities authority or the requirements by the relevant acts.

Article 9 (Deleted)

Article 10 (Deleted)

Article 11 Handling Procedure for the acquisition or disposal of Derivatives

I. Trading Principles and Strategies

1. Types of Transactions

(1) The Derivatives traded by this Company mean those products the value of which is derived from assets, interest rates, foreign exchange rates, indexes or other interests (such as forward contracts, options, futures, interests or exchange rates, swap, as well as compound contracts combining the above products.)

(2) In relation to the matters relevant to transactions of bond deposits, it shall be handled in accordance with the relevant regulations in this Procedure. This Procedure shall not be applicable to the transactions of bonds with repurchase conditions.

2. Operation (Hedging) Strategy

The Derivatives traded by this Company shall in principle be for hedging the risks incurred in the course of business of the Company with respect to the net parts after mutual

cancellation out of the amounts receivable and payable, or assets and liabilities, having regard to the due dates, amount and currencies. It shall be ascertained before a transaction that it is a hedging operation.

### 3. Segregation of Duties

#### (1) Finance and Accounting Departments

##### A. Trading Personnel

- i. Responsible for drawing up the trading strategies of Derivatives of the whole Company.
- ii. Trading personnel shall collect market information, conduct estimation on trend and risk appraisal, draw up operation strategies, and to conduct transactions within the authorized limits in accordance with Company's policy.
- iii. Where the financial market has changed materially that the trading personnel decide that the existing strategies are no longer applicable, they shall promptly submit appraisal report and draw up new strategies, which shall, after approval by the General Manager, become the basis for conducting transactions.

##### B. Personnel to Appropriate Funds

Coordinate the use of banking facilities, detailed calculation of cash flow and handle settlement matters.

##### C. Accounting Personnel

- i. Confirm execution of transactions.
- ii. Verify whether the transactions are conducted in accordance with the authorized limits and existing strategies.
- iii. Handle the accounting entries.
- iv. Conduct Reports and announcements in accordance with the regulations by competent securities authority.

#### (2) Limits of Authority for Derivatives

Financial officers are authorized to execute single transactions of amount under USD2 million (including equivalent amounts in other currencies). Transactions of more than USD2 million (including equivalent amounts in other currencies) shall not be conducted unless approved by the General Manager.

### 4. Performance Evaluation

#### (1) Hedging Operations

The performance of hedging operations shall be evaluated and appraised in accordance with hedging strategies.

#### (2) Transactional Operations

This Company shall not be involved in transactional operations.

5. The Determination of Maximum Loss Limit

(1) Hedging Operations

Regarding the regulation that maximum loss limit shall not more than 20 percent of the contract amount, it shall be applied to individual contracts and to all contracts.

(2) Transactional Operations

This Company shall not be involved in transactional operations.

II. Risk Management Measures

1. Credit Risk Management

The trading partners of this Company shall in principle be limited to correspondent banks and internationally renowned financial institutions, which may provide professional information.

2. Market Risk Management

This Company shall from time to time take control measures on the risks on Derivatives created by variation of interest rates, exchange rates and other factors.

3. Liquidity Risk Management

To ensure market liquidity, the selection of financial products shall predominantly be those of high liquidity (namely that it can be squeezed in the market at any time). The financial institutions entrusted for transactions shall possess adequate information andability to conduct transactions in the market at any time.

4. Cash Flow Risk Management

This Company shall maintain sufficient quick assets and fund raising facilities to meet the capital requirements of settlement.

5. Operation Risk Management

(1) Operational risk shall be averted by faithful adherence to the limits of amountauthorized, operational procedures and incorporation of internal control.

(2) Personnel engaged in derivatives trading may not serve concurrently in otheroperations such as confirmation and settlement.

(3) The Finance Units shall evaluate derivative trading positions at least twice per month, which shall be reported to the General Manager.

6. Commodity Risk Management

Internal trading personnel shall have comprehensive and proper professional knowledgeon Derivatives, and shall require banks to adequately disclose risks to avert risks of misuse of Derivatives.

7. Legal Risk Management

Documents executed by this Company and trading partners shall not be executed unless perused by internal legal personnel or legal consultants to avert legal risks.

### III. Internal Audit System

Internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivative trading by the trading department adheres to this Procedure, and to analyze the trade cycles in order to prepare an audit report. If any material violation is discovered, the Audit Committee shall be notified in writing.

### IV. Periodic Evaluations and Handling Irregular Circumstances

For the hedge trades required by the business need of financial department, the transaction and profit-loss circumstances shall be evaluated at least twice per month and the report shall be submitted to the general manager. The board of directors shall authorize the general manager to monitor and control derivatives trading risk and shall periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance. The general manager authorized by the board of directors shall periodically evaluate whether the risk management measures currently employed are appropriate and are faithfully conducted in accordance with this Procedure. When irregular circumstances are found, a report shall be made immediately to the board chairman or the board of directors, and appropriate measures shall be adopted.

### V. Where this Company conducts trade on Derivatives, a log book shall be established to record related matters in accordance with the relevant acts.

Article 12 Procedure for Handling Mergers, Demergers, Acquisitions, and Transfer of Shares Where this Company acquires or disposes of assets by mergers, demergers, acquisitions or transfer of shares in accordance with the law, the regulations in this Procedure shall apply, and in addition, it shall be handled in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" formulated by the competent securities authority or the relevant law.

### Article 13 Procedure for Public Disclosure of Information

1. Where this Company acquires or disposes of assets, and where it is required to be reported to the competent authority or announced, this Company shall handle in accordance with the relevant regulations. Where a Subsidiary of this Company is not a domestic public company, and where there are matters required to be announced or reported, this Company shall announce or report such on its behalf.
2. When this Company is required to announce certain items shall be handled in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" formulated by the competent securities authority or the relevant law.
3. (Deleted)

Article 13-1: The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, the retained duration shall comply with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" formulated by the competent securities authority or the requirements by the relevant acts.

Article 14 All Subsidiaries of this Company shall adhere to the following requirements:

1. Where a Subsidiary of this Company decides to acquire or dispose of assets, this Company shall cause such Subsidiary to formulate procedures for acquisition or disposal of assets in accordance with the regulations. Such procedures shall be implemented upon submission to and approval by its Board of Directors and/or Shareholders' meetings.
2. Where a Subsidiary of this Company decides to acquire or dispose of assets, it shall submit the relevant information to this Company for examination.

Article 15 Penalty

Where the managers and responsible persons of this Company handle matters in connection with the acquisition and disposal of assets, they shall adhere to the requirements in this Procedure in order to avoid losses by improper operations of this Company. Where violations of the relevant acts or this Procedure arise, penalty shall be administered in accordance with the employees' regulations of this Company.

Article 16 Implementation and Amendments

The formulation of and amendments to this Procedure shall be passed by resolutions of Board of Directors upon approval by the Audit Committee. Thereafter, it shall be submitted to shareholders' meetings for approval.

Article 17 (Deleted)