Stock Code: 2344

(English Translation) Winbond Electronics Corporation

2019 Annual General Shareholders Meeting Agenda Handbook¹

Date: June 14, 2019
Time: 9:00 A.M.
Place: 1st Floor-The Ballroom, No.15, Ln.168, Xingshan Rd., Neihu Dist., Taipei City.

¹ This translation is for reference only. In the event of any discrepancy between the Chinese version and this translation, the Chinese version shall prevail.

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Matters to be reported

1. Business report of fiscal year 2018

Both the business report and the financial statements of fiscal year 2018 are hereby presented (please refer to Attachment 1 for details). Please examine. To be reported by General Manager.

- The Audit Committee's review report on 2018 financial statements The Audit Committee's Review Report is hereby presented (please refer to Attachment 3 for details). Please examine.
- 3. Report of remuneration of employees and directors for fiscal year 2018.

According to the Company's 2018 earnings audited by the certified public accountants, it is proposed to, in accordance with Article 22 of the Company's Articles of Incorporation, allot 1% of the balance to be the remuneration of directors, which is NT\$81,824,913 in total, and to allot 2% of the balance to be the remuneration of employees, which is NT\$163,649,825 in total. The above amounts will all be paid in cash. The aforesaid ratios and amounts for allocation have been approved respectively by the Company's Compensation Committee and Board of Directors.

4. Other matters to be reported

(1) Report on the Company's issuance of corporate bonds for 2018:

,	J
Name of the Bonds	Winbond Electronics Corporation 2018 First Secured Straight Bonds
Amount	NT\$10 billion
Maturity	7 year
Coupon Rate	Fixed interest rate at 1% per annum.
Principal Repayment and Coupon Frequency	Method of principal repayment: The principal will be repaid in a lump sum upon maturity which is seven years from the issue date.
	Method of interest payment: The interest is payable once a year on the anniversary day of the issue date at the coupon rate accrued annually on a simple interest basis starting from the issue date.
Approval Document	Effective registration of the issuance of the bonds per the Letter issued
Number	by the Taipei Exchange dated July 10, 2018 with reference no.
	Zheng-Gui-Zhai-Zi No.10700185421
The Purpose of	To finance capital expenditures, repay the bank loan and augment the
Issuance	working capital
Note	The offering was completed on July 17, 2018.

- (2) Report on shareholdings of all directors
 - a. According to Article 26 of the Securities and Exchange Act and the Rules and Review Procedures for Share Ownership Ratios of Directors of Public Companies, the minimum combined shareholdings of all directors required should be 95,520,005 shares. The Company has set up an Audit Committee and thus the requirement on the minimum shareholdings of all supervisors is not applicable.
 - b. Please refer to Attachment 4 for the shareholding of each director and the shareholdings of all directors as of the record date for determining the shareholders eligible to attend this annul general shareholders meeting.
 - c. The aggregate shareholdings of all directors meet the minimum shareholding required by laws and regulations.
- (3) During the period for accepting shareholders' proposals, no shareholder submitted any written proposal to the Company for the 2019 annual general shareholders meeting in accordance with

Article 172-1 of the Company Act.

Matters to be recognized and discussed and election of independent director

Motion 1: (proposed by the Board of Directors)

Proposal: The business report and financial statements of fiscal year 2018 are hereby presented. Please acknowledge and recognize the same.

Explanation:

- 1. Please refer to Attachment 1 for the business report and financial statements of fiscal year 2018.
- 2. The aforementioned financial statements had been approved by the Board of Directors and after audited by the certified public accountants, together with the business report, have been submitted to and reviewed by the Audit Committee.

Motion 2: (proposed by the Board of Directors)

Proposal: The proposal for distribution of 2018 profit of the Company is presented. Please acknowledge and recognize the same.

Explanation:

- 1. The Company has a net profit after tax of NT\$7,446,496,051 for the year of 2018. The proposed statement of profit distribution is as follows.
- 2. After this proposal is resolved by the annual general shareholders meeting, the Chairman of the Board of Directors is authorized to designate a record date for dividend distribution and a dividend payment date.
- 3. The Chairman of the Board of Directors is also authorized to modify the cash dividend per share distributable to shareholders based on the actual number of the outstanding shares in the Company as of the ex-dividend record date if such cash dividend is changed due to changes in the number of the outstanding shares in the Company arising from any event such as a share repurchase by the Company.
- 4. The proposal was approved by the Board of Directors.

Winbond Electronics Corporation

Statement of Profit Distribution

For the year ended December 31, 2018

 $(\mathbf{I}_{1}, \mathbf{A}_{2}, \mathbf{N}_{1}, \mathbf{N}_{2}, \mathbf{N$

	(Unit : NTS)
Items	Total
Unappropriated earnings at beginning of year	\$2,852,265,722
Plus: Adjustment on initial application of IFRS 9	471,170,177
Unappropriated earnings at beginning of year after adjustments	3,323,435,899
Minus: Losses on re-measurement of defined benefit plans	(115,860,592)
Minus: Losses on disposals of investments in equity instruments	
designated as at fair value through other comprehensive loss and	(86,226,588)
the cumulative gain or loss transferred to retained earnings	
Unappropriated earnings after adjustment	3,121,348,719
Plus: Net Income of 2018	7,446,496,051
Minus: 10% legal reserve appropriated	(744,649,605)
Earnings available for distribution as of December 31, 2018	\$9,823,195,165
Distributable items:	
Cash Dividends to Common Shareholders (NT\$ 1 per share)	(3,980,000,193)
Unappropriated earnings at the end of year	\$5,843,194,972

(Note: Cash dividends will be calculated and distributed in whole New Taiwan Dollar. Any fractional

amount less than one New Taiwan Dollar will be accounted in the Company's other income.)

Chairman: Arthur Yu-Cheng Chiao

Manager: Tung-Yi Chan

Chief Accountant: Jessica Chiou-Jii Huang

Motion 3: (proposed by the Board of Directors)

Proposal: It is proposed to amend the Company's Articles of Incorporation. Please review and approve the same.

Explanation:

- 1. It is conducted in accordance with the Company Act promulgated by the order of the President dated August 1, 2018 (Ref. No: Hwa-Zong-1-Jing-Tze-No. 10700083291), Item 8 of Article 17 of the Company's Articles of Incorporation and actual needs.
- 2. The amendments to the Articles of Incorporation are mainly as follows:
 - (1) Article 22: Employee reward and remuneration are extended to employees of the controlling or subordinated companies who meet certain criteria to facilitate recruiting talents.
 - (2) Article 23: Where profits and reserves are distributed in cash, the Board of Directors is authorized to make the distribution decision and shall report the same to the shareholders' meeting.
 - (3) Article 24: Distribution of profits is changed from once per year to once each half financial year to increase the flexibility in profit distribution.
- 3. Please refer to Attachment 5 for the comparison table of amended articles and refer to Appendix 3 for the full text of the Articles of Incorporation after amendment.
- 4. The proposal was approved by the Board of Directors.

Motion 4: (proposed by the Board of Directors)

Proposal: It is proposed to amend the rules of the Company. Please review and approve the same. Explanation:

- 1. Amendments to the following rules of the Company are as follows:
 - (1)Procedures of Acquisition or Disposal of Assets
 - (a)It is conducted in accordance with the letter dated November 26, 2018 (Ref. No.: Jin-Guan-Jeng-Fa-Tze- 1070341072) issued by the Financial Supervisory Commission and the actual needs.
 - (b)Major amendments to the Company's Procedures of Acquisition or Disposal of Assets are as follows:
 - i. Right-of-use assets are included in the scope of assets.
 - ii. As it may be necessary for the Company and its subsidiaries or direct or indirect wholly-owned subsidiaries to collectively purchase or lease machinery and equipment for business use and then transfer (including purchasing/selling or subletting) the same due to the overall business planning, or as it may be possible for them to lease and then sublet the real property, which involves lower risk, it is proposed to relax the approval procedures for acquisition and disposal among the above companies of the equipment for business use, the right-of-use assets of such equipment or the right-of-use assets that are real property for business use, and to exempt the above companies from evaluating the reasonableness of the transaction costs of the acquisition of the right-to-use assets that are real property for business use.
 - iii. In cooperation with the practice for the lease of real property such as factories, it is proposed to broaden the range of reference cases to include the lease transactions entered into by unrelated parties within one year in the neighboring area for assessing and estimating the reasonableness of the real transaction prices, in case of

acquisition of the right-of-use assets of the real property from a related party.

(c)Please refer to Attachment 6 for the comparison table of the articles proposed to be amended in these procedures and the full text of these procedures after amendment.

- (2)Procedures for Engaging in Financial Derivatives Transactions
 - (a)It is conducted in accordance with the letter dated November 26, 2018 (Ref. No.: Jin-Guan-Jeng-Fa-Tze-1070341072) issued by the Financial Supervisory Commission.
 - (b)The amendment to the Company's Procedures for Engaging in Financial Derivatives mainly relates to the scope of financial derivatives.
 - (c)Please refer to Attachment 7 for the comparison table of the articles proposed to be amended in these procedures and the full text of these procedures after amendment.
- (3) Regulations Governing Endorsements and Guarantees, renamed as "Procedures for Endorsements and Guarantees"
 - (a)It is conducted in accordance with the letter dated March 7, 2019 (Ref. No.: Jin-Guan-Jeng-Shung-Tze-1080304826) issued by the Financial Supervisory Commission, Item 19 of Article 17 of the Company's Articles of Incorporation and the actual needs.
 - (b)The major amendments to the Company's "Regulations Governing Endorsements and Guarantees" which is renamed as "Procedures for Endorsements and Guarantees" are as follows:
 - i. For the Company to have greater flexibility in providing endorsement/guarantee for companies in the same group by exempting the Company from the limit on the total amount of endorsement/guarantee for a single entity in the case of providing endorsement/guarantee by the Company for the subsidiaries in which the Company directly or indirectly holds 100% of the voting shares.
 - ii. To adjust the limit and the ceiling of endorsement/guarantee to a single entity due to risk control.
 - (c)Please refer to Attachment 8 for the comparison table of the articles proposed to be amended and the full text of these procedures after amendment.
- (4)Procedures for Governing Loaning of Funds
 - (a)It is conducted in accordance with the letter dated March 7, 2019 (Ref. No.: Jin-Guan-Jeng-Shung-Tze-1080304826) issued by the Financial Supervisory Commission, Item 19 of Article 17 of the Company's Articles of Incorporation and the actual needs.
 - (b)The major amendments to the Company's Procedures for Governing Loaning of Funds are as follows:
 - i. To add provisions in accordance with law so that intercompany loans granted to the Company by foreign subsidiaries in which the Company directly or indirectly holds 100% of the voting shares are exempt from the restrictions on loan limits and loan term.
 - ii. To slightly adjust parties eligible for the Company's financing and limits of financing to single corporation based on actual needs.
 - (c)Please refer to Attachment 9 for the comparison table of the articles proposed to be amended and the full text of these procedures after amendment.
- (5)Rules Governing the Conduct of Shareholders Meeting
 - (a)It is conducted in accordance with Paragraph 5 of Article 172 of the Company Act and Item 19 of Article 17 of the Company's Articles of Incorporation.
 - (b)This amendment is mainly for the purpose of adding the matters which should be listed in the notice for convention of shareholders' meeting.
 - (c)Please refer to Attachment 10 for the comparison table of the articles proposed to be amended and refer to Appendix 1 for the full text of these procedures after amendment.
- (6) Rules Governing Election of Directors

- (a)It is conducted in accordance with Article 192-1 of the Company Act and Item 19 of Article 17 of the Company's Articles of Incorporation.
- (b)In order to protect the minority shareholders' nomination right, Article 192-1 of the Company Act deleted the right of the Board of Directors to examine the director candidates.
- (c)Please refer to Attachment 11 for the comparison table of the articles proposed to be amended and refer to Appendix 2 for the full text of these procedures after amendment.
- 2. The proposal was approved by the Board of Directors.

Motion 5: (proposed by the Board of Directors)

Proposal: It is proposed to release the directors (including independent director) of the Company from the non-competition restrictions. Please review and approve the same.

Explanation:

- 1. It is conducted in accordance with Paragraph 1 of Article 209 of the Company Act.
- 2. Please refer to Attachment 12 for the items of competitive conduct of the directors (including independent director) of the Company who act as directors or managers in other companies which engage in the same businesses as those of the Company.
- 3. It is proposed to release the non-competition restriction on the directors (including independent director) who conduct activities that fall within the Company's business scope and to waive the Company's right to request disgorgement of the profits gained by such directors from the date of acting as directors or managers of other companies in the same business.
- 4. The proposal was approved by the Board of Directors.

Motion 6: Election of Director (proposed by the Board of Directors)

Proposal: It is proposed to elect one additional independent director.

Explanation:

- 1. According to Article 13 of the Company's Articles of Incorporation, the Company shall have 9 to 11 directors, among whom there shall be at least three independent directors, and the number of independent directors shall not be less than one-fifth of the total number of the directors. Directors and independent directors of this term (eleventh term) were elected by the annual general shareholders' meeting dated June 13, 2017, and their term of office is three years (from June 13, 2017 to June 12, 2020).
- 2. As Mr. Matthew Feng-Chiang Miau resigned as director on January 1, 2019, to strengthen corporate governance, it is proposed to elect one additional independent director to fill the vacancy and serve the remainder of the term until expiration (from June 14, 2019 to June 12, 2020).
- 3. The Company adopts the candidate nomination system for election of directors (including independent directors). The list of independent director candidate for this election has been reviewed and approved by the Board of Directors as follows:

Category	Name	Education	Work Experience	Current Job	Shareholding (Unit : Share)
Independent Director Candidate	STEPHEN TSO	Ph.D & MS From Materials Science and Engineering, U.C Berkeley	President of WaferTech General Manager of MCVD, Applied Material, Inc. Applied Mate CIO & Sr. V.P, TMSC	Independent Director, AOPEN INC.	0

Voting by Poll:

Other Extemporary Matters and Motions:

Meeting Adjourned.

Attachment

(English Translation)

Winbond Electronics Corporation 2018 Business Report

Winbond continued to grow steadily and deliver brilliant results in 2018. Our consolidated revenue reached a record high and has been profitable for six consecutive years. The overall economy continued to flourish in 2018, driving strong demand for electronic devices and the semiconductor industry. The global semiconductor output reached US\$476.7 billion in 2018, over 10% annual growth, which was benefited by rising average selling price. The memory industry's annual revenue growth reached 30%, accounting for about 35% of the whole semiconductor market. It is the sector that drove the biggest increase for the semiconductor industry.

Financial Performance

The consolidated revenue, including Nuvoton Technology Group and other subsidiaries, amounted to NT\$51.19 billion in 2018, an 8% increase compared to NT\$47.59 billion in 2017. Memory and logic products made up respectively 80% and 20% of the total revenue. The gross margin was 37% in 2018, a 3% growth compared to the gross margin of 34% in 2017. The consolidated operating profit margin was 15%, which was a 1% growth compared to 14% of the previous year. Consolidated net income after tax amounted to NT\$7.73 billion, which was a significant increase of 33% compared to NT\$5.82 billion in 2017. Net margin was 15% and earnings per share were NT\$1.87.

Market and Product Applications

Winbond is committed to total memory solutions, focusing on the design and manufacturing of Specialty DRAM. We are ranked among the world's top five DRAM manufacturers, and also a leading Serial NOR Flash supplier. We are one of a few memory solution providers with both DRAM and Flash product lines in the world.

In 2018, Winbond's DRAM revenue accounted for 52% of total memory revenue, while Flash revenue accounted for 48%. In the aspect of product applications, communications and consumer products each contributed 29% of memory revenue in 2018. The revenue of computer and peripheral products on the other hand accounted for 26%. With the increasing demand for memory products by automotive electronics and industrial applications, revenue from this sector has grown to nearly 20% of total memory revenue.

Winbond upholds the "pursuit for excellence" and demands "zero defects" as its standards for high-quality products, thus gaining customer recognition. With perfect after-sales services and stable supplying abilities, Winbond has maintained good long-term partnerships with major customers, and has been keeping tabs on customers and the market demand for new products, thereby improving operations in niche markets.

Capacity planning

The production capacity of our fab at Central Taiwan Science Park (CTSP) has increased from 44,000 to 52,000 wafers per month, amounting to growth of nearly 20% in 2018. Considering market demands and customer commitment, Winbond started an investment for the Kaohsiung Fab Construction Plan in October 2018. It is expected that the fab will be completed in 2020 and start production in 2021. The production capacity will be gradually expanded along with customer demands. The highest level of smart automation designs, self-developed technologies and flexible production advantages will be implemented in the Kaohsiung Fab so that we will be able to meet the needs of Tier-1 customers and bring growth momentum to our future revenue. As the second 12-inch fab of Winbond, the Kaohsiung Fab will be a key milestone for the Company's development in the memory market.

Technology Development and Manufacturing

Given constantly evolving electronic technologies and ever-changing business environment, Winbond endeavors to enhance its processing technologies and product design abilities. In processing technology, our 25nm DRAM products went into mass production in 4Q 2018. We will continue to release related products for various applications in 2019 to strengthen our competitiveness. In the aspect of product design, the new products developed by Winbond in 2018 include ULTRA Low Power DRAM and 1.2V Flash for mobile and IoT devices with low-power consumption requirements; high-speed and high-quality Flash for automotive electronics; and the TrustMe Secure Flash for secure storage solutions with the industry's first Common Criteria (CC) and EAL5+ certifications. We expect to add more value to our products through innovative design and maintain our long-term competitiveness.

Honors and Awards

Winbond received several awards in customer relations, product technology, corporate governance and sustainable development in 2018.

In terms of customer relations, Winbond was recognized as the "Quality Star" by Siemens Industrial Automation Products Ltd. Chengdu, which demonstrated Winbond's customer-oriented services and resulted in strengthened customer satisfaction.

In terms of product technology, Winbond's 1.2V Serial NOR Flash was awarded the ASPENCORE 2018 World Electronics Achievement Award. The ultra-low power consumption of this product was selected as the Innovative Product of the Year in the memory product category.

In terms of corporate governance, Winbond always upholds business integrity as its topmost ethical principle. In the past four years, we have been evaluated by the Taiwan Stock Exchange as one of the top 20% listed companies for corporate governance and have even been ranked in the top 5% for two out of four years.

In terms of sustainable development, Winbond was awarded the Sustainability Excellence Award by the British Standards Institute (BSI), representing Winbond's outstanding performance and international recognition on corporate social responsibility and sustainable development issues over the years.

Future Outlook

The economic uncertainty mainly caused by the U.S.-China trade war and uncertainties of Eurozone continue to pervade in 2019. Consumers tend to spend conservatively and the demands for smartphones, computers, servers, and consumer products have slowed down. However, multi-applications have created emerging demand for memory products. The development of emerging technologies such as AI and 5G will accelerate application of the Internet of Things (IoT) to a higher level. The implementation of edge computing on various terminal devices will also create demand for next-generation products. Automotive electronics and industrial IoT are expected to prosper, thereby creating new growth momentum. Winbond believes that the memory industry will benefit from these changes, and will continue to maintain a long-term growth trend.

Winbond will continue taking cautious and steady steps forward, keeping close tabs on market trends while meeting the wide range of needs with innovative solutions. We pursue excellence, welcome challenges, and look forward to working side by side with world-class customers to create maximum value and returns for our shareholders, customers, and employees.

Chairman: Arthur Yu-Cheng Chiao

President: Tung-Yi Chan

CAO: Jessica Chiou-Jii Huang

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018		2017	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
CORRENT ASSETS Cash and cash equivalents (Notes 4 and 6)	\$ 12,559,631	13	\$ 14,172,441	16
Current financial assets at fair value through profit or loss (Notes 4 and 7)	8,290	-	32,745	-
Current financial assets at fair value through other comprehensive income (Notes 4 and 8)	6,249,212	7	-	-
Current available-for-sale financial assets (Notes 4 and 9)	-	- 7	6,502,762	7
Notes and accounts receivable, net (Notes 4 and 10) Accounts receivable due from related parties, net (Note 29)	6,469,413 44,297	7	6,707,490 33,546	8
Other receivables (Note 6)	406,879	_	654,836	1
Inventories (Notes 4 and 11)	10,908,106	11	8,139,982	9
Other current assets	882,418	1	996,403	1
Total current assets	37,528,246	39	37,240,205	42
NON-CURRENT ASSETS				
Non-current financial assets at fair value through other comprehensive income (Notes 4 and 8)	861,853	1	-	-
Non-current available-for-sale financial assets (Notes 4 and 9) Non-current financial assets measured at cost (Notes 4 and 12)	-	-	289,789 340,875	- 1
Investments accounted for using equity method (Notes 4 and 12)	3,585,328	- 4	4,430,985	1 5
Property, plant and equipment (Notes 4 and 14)	52,484,183	55	43,828,707	50
Investment properties (Notes 4 and 15)	50,527	-	56,278	-
Intangible assets (Notes 4 and 16)	229,195	-	288,013	-
Deferred income tax assets	953,726	1	1,351,087	2
Other non-current assets (Note 6)	349,406		290,184	
Total non-current assets	58,514,218	61	50,875,918	58
TOTAL	<u>\$ 96,042,464</u>	_100	<u>\$ 88,116,123</u>	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	\$ -	-	\$ 553,539	1
Notes and accounts payable	4,317,866	4	4,420,945	5
Accounts payable to related parties (Note 29)	629,681	1	496,787	-
Payables on machinery and equipment	2,860,869	3 4	3,734,501	4 4
Other payables Current tax liabilities	3,776,574 178,690	4	3,268,207 248,662	4
Long-term borrowings-current portion (Note 17)	4,563,520	5	3,323,520	4
Other current liabilities	142,544		194,027	
Total current liabilities	16,469,744	17	16,240,188	18
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 18)	9,919,779	10	-	-
Long-term borrowings (Note 17)	4,179,273	4	8,728,773	10
Net defined benefit liabilities, non-current (Notes 4 and 19)	1,167,325	1	1,087,089	1
Other non-current liabilities	415,246	<u> </u>	433,082	
Total non-current liabilities	15,681,623	16	10,248,944	12
Total liabilities	32,151,367	33	26,489,132	30
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 20)				
Share capital	39,800,002	41	39,800,002	45
Capital surplus	7,540,440	8	7,540,440	8
Retained earnings	1,053,441	1	498,385	1
Legal reserve Special reserve	1,055,441	1	498,585 31,429	1
Unappropriated earnings	10,567,845	11	7,355,893	8
Exchange differences on translation of foreign financial statements	(50,780)	-	(120,988)	-
Unrealized gains on financial assets measured at fair value through other comprehensive income	3,533,423	4	-	-
Unrealized gains on available-for-sale financial assets			5,107,003	6
Total equity attributable to owners of the parent	62,444,371	65	60,212,164	68
NON-CONTROLLING INTERESTS	1,446,726	2	1,414,827	2
Total equity	63,891,097	67	61,626,991	70
TOTAL	<u>\$ 96,042,464</u>	100	<u>\$ 88,116,123</u>	100

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 51,190,323	100	\$ 47,591,792	100
OPERATING COSTS (Note 11)	32,039,220	63	31,268,105	66
GROSS PROFIT	19,151,103	37	16,323,687	34
OPERATING EXPENSES				
Selling expenses	1,481,815	3	1,376,250	3
General and administrative expenses	2,045,248	4	1,566,084	3
Research and development expenses	7,697,343	15	6,725,585	14
Total operating expenses	11,224,406	22	9,667,919	20
INCOME FROM OPERATIONS	7,926,697	15	6,655,768	14
NON-OPERATING INCOME AND EXPENSES				
Interest income	93,833	-	35,349	-
Dividend income	416,339	1	340,284	1
Other income	45,572	-	58,660	-
Gains on disposal of property, plant and equipment	764	-	1,267	-
Gains on disposal of investments	-	-	25,489	-
Foreign exchange gains (losses)	280,264	1	(269,799)	(1)
Share of profit of associates accounted for using				
equity method	228,981	-	192,125	-
Interest expenses	(182,299)	-	(78,625)	-
Other expenses	(73,471)	-	(68,089)	-
(Losses) gains on financial instruments at fair value				
through profit or loss	(328,890)	(1)	215,100	1
Impairment loss on financial assets (Note 12)	-	-	(10,000)	-
Other impairment loss	(12,890)			
Total non-operating income and expenses	468,203	1	441,761	1
PROFIT BEFORE INCOME TAX	8,394,900	16	7,097,529	15
INCOME TAX EXPENSE (Notes 4 and 24)	667,242	1	1,274,579	3
NET PROFIT	7,727,658	15	<u>5,822,950</u> (Co	<u>12</u> ntinued)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME Components of other comprehensive loss that will not be reclassified to profit or loss:				
Losses on remeasurement of defined benefit plans Unrealized losses on investments in equity instruments measured at fair value through	\$ (142,113)	-	\$ (80,813)	-
other comprehensive income Share of other comprehensive loss of associates	(505,248)	(1)	-	-
accounted for using the equity method Components of other comprehensive income that will be reclassified to profit or loss: Exchange differences on translation of foreign	(1,157,275)	(2)	-	-
financial statements Unrealized gains on available-for-sale financial	66,164	-	(155,904)	-
assets Share of other comprehensive income of	-	-	2,402,035	5
associates accounted for using equity method			1,584,383	3
Other comprehensive (loss) income	(1,738,472)	<u>(3</u>)	3,749,701	<u> 8</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 5,989,186</u>	12	<u>\$ 9,572,651</u>	20
NET PROFIT ATTRIBUTABLE TO: Owners of the parent Non-controlling interests	\$ 7,446,496 	14 1 15	\$ 5,550,562 272,388 \$ 5,822,950	12
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: Owners of the parent	\$ 5,810,825	12	\$ 9,263,420	
Non-controlling interests	178,361		309,231	<u>1</u>
	<u>\$ 5,989,186</u>	12	<u>\$ 9,572,651</u>	20
EARNINGS PER SHARE (Note 25) Basic Diluted	<u>\$ 1.87</u> <u>\$ 1.87</u>		$\frac{\$ 1.54}{\$ 1.54}$	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent											
				Retained Earnings		Exchange Differences on Translation of	Other Equity Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other	Unrealized Gains (Losses) on				
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Foreign Financial Statements	Comprehensive Income	Available-for-sale Financial Assets	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2017	\$ 35,800,002	\$ 2,471,044	\$ 208,606	\$ 1,395,063	\$ 2,952,901	\$ 23,433	\$ -	\$ 1,176,299	\$ (106,387)	\$ 43,920,961	\$ 1,299,838	\$ 45,220,799
Appropriation of 2016 earnings Legal reserve appropriated Reversal of special reserve Cash dividends	- - 	-	289,779	(1,363,634)	(289,779) 1,363,634 (2,148,000)	- - 	- - 	- - 	-	(2,148,000)	-	(2,148,000)
Total appropriations	<u> </u>		289,779	(1,363,634)	(1,074,145)	<u> </u>	<u> </u>		<u> </u>	(2,148,000)	<u>-</u>	(2,148,000)
Net profit for 2017	-	-	-	-	5,550,562	-	-	-	-	5,550,562	272,388	5,822,950
Other comprehensive (loss) income for 2017			<u> </u>		(73,425)	(144,421)		3,930,704		3,712,858	36,843	3,749,701
Total comprehensive income (loss) for 2017					5,477,137	(144,421)		3,930,704		9,263,420	309,231	9,572,651
Issue of shares (Note 20)	4,000,000	4,787,673		<u> </u>						8,787,673		8,787,673
Share-based payments (Note 23)		239,200								239,200	<u>-</u>	239,200
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries		4,511		<u> </u>		<u>-</u>	<u>-</u>	<u>-</u>		4,511	<u>-</u>	4,511
Disposal of the Company's shares by subsidiaries recognized as treasury share transactions (Note 20)		38,012		_	<u> </u>	<u>-</u>	<u> </u>	_	106,387	144,399	_	144,399
Decrease in non-controlling interests											(194,242)	(194,242)
BALANCE, DECEMBER 31, 2017	39,800,002	7,540,440	498,385	31,429	7,355,893	(120,988)	-	5,107,003	-	60,212,164	1,414,827	61,626,991
Adjustment on initial application of IFRS 9		<u> </u>			471,170		5,065,763	(5,107,003)		429,930	55,874	485,804
BALANCE, JANUARY 1, 2018 AFTER ADJUSTMENTS	39,800,002	7,540,440	498,385	31,429	7,827,063	(120,988)	5,065,763	<u> </u>	<u> </u>	60,642,094	1,470,701	62,112,795
Appropriation of 2017 earnings Legal reserve appropriated Reversal of special reserve Cash dividends	-	-	555,056	(31,429)	(555,056) 31,429 (3,980,000)	-	-	-	- -	(3.980.000)	-	(3,980,000)
Total appropriations			555,056	(31,429)	(4,503,627)					(3,980,000)		<u>(3,980,000</u>)
Net profit for 2018				(31,12)	7,446,496					7,446,496	281,162	7,727,658
Other comprehensive (loss) income for 2018	_	-	-	-	(115,861)	70,208	(1,590,018)	-	-	(1,635,671)	(102,801)	(1,738,472)
Total comprehensive income (loss) for 2018					7,330,635	70,208	(1,590,018)			5,810,825	178,361	5,989,186
Disposals of investments in equity instruments designated at fair value through other comprehensive income					(86,226)		57,678			(28,548)		(28,548)
Decrease in non-controlling interests											(202,336)	(202,336)
BALANCE, DECEMBER 31, 2018	<u>\$ 39,800,002</u>	<u>\$ 7,540,440</u>	<u>\$ 1,053,441</u>	<u>\$</u>	<u>\$ 10,567,845</u>	<u>\$ (50,780</u>)	<u>\$ 3,533,423</u>	<u>\$</u>	<u>\$</u>	<u>\$ 62,444,371</u>	<u>\$ 1,446,726</u>	<u>\$ 63,891,097</u>

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018		2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax	\$ 8,394,900	\$	7,097,529
Adjustments for:	, ,	·	, ,
Depreciation expense	7,480,661		5,981,027
Amortization expense	102,201		103,348
Expected credit loss reversed on accounts receivable	(4,708)		-
Provision for allowance for doubtful accounts	-		28,351
Provision for declines in market value, obsolescence and scraps of			
inventories	113,910		125,748
Net loss (gain) on financial assets and liabilities at fair value through			
profit or loss	24,455		(74,474)
Interest expense	182,299		78,625
Interest income	(93,833)		(35,349)
Dividend income	(416,339)		(340,284)
Share-based payments	-		239,200
Share of profit of associates accounted for using equity method	(228,981)		(192,125)
Gain on disposal of property, plant and equipment	(764)		(1,267)
Impairment loss on financial assets	-		10,000
Impairment loss on non-financial assets	12,890		-
Gain on disposal of investments	-		(25,489)
Changes in operating assets and liabilities			
Decrease (increase) in notes and accounts receivable	187,018		(922,470)
(Increase) decrease in accounts receivable due from related parties	(10,751)		15,985
Decrease (increase) in other receivables	257,184		(185,922)
Increase in inventories	(2,882,034)		(729,569)
Decrease in other current assets	101,095		226,535
Increase in other non-current assets	(59,222)		(46,457)
(Decrease) increase in notes and accounts payable	(103,079)		211,225
Increase in accounts payable to related parties	132,894		24,298
Increase in other payables	449,962		514,388
(Decrease) increase in other current liabilities	(51,483)		20,936
Decrease in other non-current liabilities	 (69,160)		(72,146)
Cash generated from operations	13,519,115		12,051,643
Interest received	89,052		40,958
Dividends received	416,339		340,284
Interest paid	(206,744)		(210,451)
Income taxes paid	 (284,520)		(79,160)
Net cash generated from operating activities	13,533,242		12,143,274
The cash generated from operating activities	 13,333,242	(Continued)
		(C	onunucu)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of financial assets at fair value through other		
comprehensive income	\$ (280,233)	\$ -
Proceeds from disposal of financial assets at fair value through other		
comprehensive income	147,925	-
Proceeds from capital reduction of financial assets at fair value through		
other comprehensive income	24,072	-
Acquisitions of available-for-sale financial assets	-	(68,842) 315,312
Proceeds from disposal of available-for-sale financial assets Proceeds from capital reduction of available-for-sale financial assets	-	6,067
Proceeds from capital reduction of financial assets measured at cost	-	229,651
Acquisitions of investments accounted for using the equity method	(750)	
Acquisitions of property, plant and equipment	(16,930,434)	(15,411,661)
Proceeds from disposal of property, plant and equipment	2,549	2,940
Acquisition of intangible assets	(25,260)	(103,190)
Net cash used in investing activities	(17,062,131)	(15,029,723)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(553,539)	553,539
Proceeds from issuing bonds	10,000,000	-
Proceeds from long-term borrowings	-	6,900,000
Repayments of long-term borrowings	(3,323,520)	(4,590,180)
Cash dividends paid	(3,980,000)	(2,143,489)
Proceeds from issuing shares	-	8,800,000
Proceeds from sale of treasury shares	(202,226)	144,399
Change in non-controlling interests Other financing activities	(202,336) (86,171)	(194,242) (12,327)
Other financing activities	(80,171)	(12,327)
Net cash generated from financing activities	1,854,434	9,457,700
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH		
EQUIVALENTS	61,645	(82,627)
NET (DECREASE) INCREASE IN CASH AND CASH	(1 (12 010)	C 400 CO 4
EQUIVALENTS	(1,612,810)	6,488,624
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	14,172,441	7,683,817
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 12,559,631</u>	<u>\$ 14,172,441</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

BALANCE SHEETS DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018		2017	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 9,384,525	10	\$ 11,658,134	14
Current financial assets at fair value through profit or loss (Notes 4 and 7)	7,526	-	31,035	-
Current financial assets at fair value through other comprehensive income (Notes 4 and 8)	6,174,768	7	- ,	-
Current available-for-sale financial assets (Notes 4 and 9)	- , ,	-	6,281,754	7
Notes and accounts receivable, net (Notes 4 and 10)	3,918,246	4	3,830,179	5
Accounts receivable due from related parties, net (Note 27)	1,213,213	1	1,753,601	2
Other receivables	469,494	1	247,805	-
Inventories (Notes 4 and 11)	9,330,646	10	6,497,262	8
Other current assets	689,621	1	746,871	1
Total current assets	31,188,039	34	31,046,641	37
NON-CURRENT ASSETS				
Non-current financial assets at fair value through other comprehensive income (Notes 4 and 8)	23,657			
Non-current financial assets measured at cost (Notes 4 and 12)	25,057	-	-	-
	- 0 412 215	-	27,649	-
Investments accounted for using equity method (Notes 4 and 13) Property, plant and equipment (Notes 4 and 14)	8,413,315	9 56	9,003,400	11 51
Property, plant and equipment (Notes 4 and 14)	51,577,630	56	42,969,011	51
Intangible assets (Notes 4 and 15)	104,925	-	115,325	-
Deferred income tax assets (Notes 4 and 22)	667,000	1	1,087,000	1
Other non-current assets (Note 6)	199,263		160,974	
Total non-current assets	60,985,790	66	53,363,359	63
TOTAL	<u>\$ 92,173,829</u>	100	<u>\$ 84,410,000</u>	_100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ -	-	\$ 553,539	1
Notes payable	207,394	-	233,687	-
Accounts payable	3,233,658	4	3,271,986	4
Accounts payable to related parties (Note 27)	629,681	1	496,787	1
Payables on machinery and equipment	2,790,736	3	3,683,587	4
Other payables	3,083,269	3	2,583,996	3
Current tax liabilities	73,504	-	128,164	-
Long-term borrowings-current portion (Note 16)	4,563,520	5	3,323,520	4
Other current liabilities	56,674	-	84,791	-
Total current liabilities	14,638,436	16	14,360,057	17
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 17)	9,919,779	11	-	-
Long-term borrowings (Note 16)	4,179,273	4	8,728,773	10
Net defined benefit liabilities, non-current (Notes 4 and 18)	758,432	1	652,453	1
Other non-current liabilities	233,538		456,553	1
Total non-current liabilities	15,091,022	16	9,837,779	12
Total liabilities	29,729,458	32	24,197,836	29
	<u></u> ,, <u></u> _, _ 0		<u>27,177,030</u>	<u></u>
EQUITY (Note 19)		10		
Share capital	39,800,002	43	39,800,002	47
Capital surplus	7,540,440	8	7,540,440	9
Retained earnings				

Retained earnings				
Legal reserve	1,053,441	1	498,385	-
Special reserve	-	-	31,429	-
Unappropriated earnings	10,567,845	12	7,355,893	9
Exchange differences on translation of foreign financial statements	(50,780)	-	(120,988)	-
Unrealized gains on financial assets measured at fair value through other comprehensive				
income	3,533,423	4	-	-
Unrealized gains on available-for-sale financial assets		<u> </u>	5,107,003	6
Total equity	62,444,371	68	60,212,164	71
TOTAL	<u>\$ 92,173,829</u>	100	<u>\$ 84,410,000</u>	100

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 40,733,527	100	\$ 38,102,813	100
OPERATING COSTS (Note 11)	25,952,289	64	25,944,812	68
GROSS PROFIT	14,781,238	36	12,158,001	32
OPERATING EXPENSES				
Selling expenses	1,037,591	3	927,513	2
General and administrative expenses	1,400,498	3	987,205	3
Research and development expenses	5,399,222	13	4,532,594	12
Total operating expenses	7,837,311	19	6,447,312	17
INCOME FROM OPERATIONS	6,943,927	17	5,710,689	<u>15</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	65,662	-	16,325	-
Dividend income	342,184	1	225,684	1
Other income	38,459	-	73,762	-
Gains on disposal of investments	-	-	22,800	-
Foreign exchange gains (losses)	272,717	1	(238,909)	(1)
Share of profit of subsidiaries and associates				. ,
accounted for using equity method (Note 13)	830,792	2	766,998	2
Interest expenses	(182,299)	(1)	(78,625)	-
Other expenses	(62,909)	-	(46,770)	-
(Losses) gains on disposal of property, plant and				
equipment	(411)	-	644	-
(Losses) gains on financial instruments at fair value		(1)	••••	
through profit or loss	(298,216)	(1)	209,770	-
Impairment loss on financial assets (Note 12)	-	-	(10,000)	-
Other impairment loss	(12,890)			
Total non-operating income and expenses	993,089	2	941,679	2
PROFIT BEFORE INCOME TAX	7,937,016	19	6,652,368	17
INCOME TAX EXPENSE (Notes 4 and 22)	490,520	1	1,101,806	3
NET PROFIT	7,446,496	18	<u>5,550,562</u> (Cor	<u>14</u> ntinued)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	2017		
	Amount	%	Amount	%		
OTHER COMPREHENSIVE INCOME (LOSS) Components of other comprehensive loss that will not be reclassified to profit or loss:						
Losses on remeasurement of defined benefit plans (Note 18) Unrealized losses on investments in equity	\$ (85,080)	-	\$ (69,455)	-		
instruments measured at fair value through other comprehensive loss Share of other comprehensive loss of subsidiaries	(301,203)	(1)	-	-		
and associates accounted for using equity method Components of other comprehensive income that will be reclassified to profit or loss:	(1,319,596)	(3)	(3,970)	-		
Exchange differences on translation of foreign financial statements Unrealized gains on available-for-sale financial	(1,486)	-	223	-		
assets Share of other comprehensive income of	-	-	2,266,196	6		
subsidiaries and associates accounted for using equity method	71,694		1,519,864	4		
Other comprehensive (loss) income	(1,635,671)	<u>(4</u>)	3,712,858	10		
TOTAL COMPREHENSIVE INCOME	<u>\$ 5,810,825</u>	14	<u>\$ 9,263,420</u>	24		
EARNINGS PER SHARE (Note 23) Basic Diluted	<u>\$ 1.87</u> <u>\$ 1.87</u>		<u>\$ 1.54</u> <u>\$ 1.54</u>			

The accompanying notes are an integral part of the financial statements.

(Concluded)

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

							Other Equity Unrealized Gains (Losses) on
	Share Capital	Capital Surplus	Legal Reserve	Retained Earnings	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Financial Assets Measured at Fair Value Through Other Comprehensive Income
DALANCE JANUARY 1 2017	_		-	-	-		
BALANCE, JANUARY 1, 2017	\$ 35,800,002	\$ 2,471,044	\$ 208,606	\$ 1,395,063	\$ 2,952,901	\$ 23,433	\$ -
Appropriation of 2016 earnings Legal reserve appropriated Reversal of special reserve Cash dividends	- - 	- - 	289,779	(1,363,634)	(289,779) 1,363,634 (2,148,000)	- - 	- -
Total appropriations	<u> </u>	<u> </u>	289,779	(1,363,634)	(1,074,145)		
Net profit for 2017	-	-	-	-	5,550,562	-	-
Other comprehensive (loss) income for 2017	<u> </u>		<u> </u>		(73,425)	(144,421)	<u> </u>
Total comprehensive income (loss) for 2017					5,477,137	(144,421)	<u> </u>
Issue of shares (Note 19)	4,000,000	4,787,673	-	-	-	-	-
Share-based payments (Note 21)	-	239,200	-	-	-	-	-
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	-	4,511	-	-	-	-	-
Disposal of the Company's shares by subsidiaries recognized as treasury share transactions (Note 19)		38,012	<u>-</u>	<u>-</u> _		<u>-</u>	
BALANCE, DECEMBER 31, 2017	39,800,002	7,540,440	498,385	31,429	7,355,893	(120,988)	-
Adjustment on initial application of IFRS 9	<u> </u>		<u> </u>		471,170		5,065,763
BALANCE, JANUARY 1, 2018 AFTER ADJUSTMENTS	39,800,002	7,540,440	498,385	31,429	7,827,063	(120,988)	5,065,763
Appropriation of 2017 earnings Legal reserve appropriated Reversal of special reserve Cash dividends	- - 	- - -	555,056	(31,429)	(555,056) 31,429 (3,980,000)	- - 	- -
Total appropriations	<u> </u>		555,056	(31,429)	(4,503,627)		<u> </u>
Net profit for 2018	-	-	-	-	7,446,496	-	-
Other comprehensive (loss) income for 2018	<u> </u>		<u> </u>	<u> </u>	(115,861)	70,208	(1,590,018)
Total comprehensive income (loss) for 2018		<u> </u>	<u> </u>	<u> </u>	7,330,635	70,208	(1,590,018)
Disposals of investments in equity instruments designated at fair value through other comprehensive income	<u>-</u> _	<u>-</u>	<u>-</u>	<u>-</u> _	(86,226)	<u>-</u>	57,678
BALANCE, DECEMBER 31, 2018	<u>\$ 39,800,002</u>	<u>\$ 7,540,440</u>	<u>\$ 1,053,441</u>	<u>\$</u>	<u>\$ 10,567,845</u>	<u>\$ (50,780</u>)	<u>\$ 3,533,423</u>

The accompanying notes are an integral part of the financial statements.

Unrealized Gains (Losses) on Available-for-sale Financial Assets	Treasury Shares	Total Equity
\$ 1,176,299	\$ (106,387)	\$ 43,920,961
\$ 1,170,299	\$ (100,387)	\$ 43,920,901
-	-	-
-	- -	(2,148,000)
	<u> </u>	(2,148,000)
-	-	5,550,562
3,930,704	<u> </u>	3,712,858
3,930,704	<u> </u>	9,263,420
-	-	8,787,673
-	-	239,200
-	-	4,511
	106,387	144,399
5,107,003	-	60,212,164
(5,107,003)	<u> </u>	429,930
-	-	60,642,094
-	-	-
		(3,980,000)
	<u> </u>	(3,980,000)
-	-	7,446,496
<u>-</u>	<u> </u>	(1,635,671)
<u> </u>		5,810,825
_	_	(28,548)
<u>\$</u>	<u>\$</u>	<u>\$ 62,444,371</u>

Unrealized Gains

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

		2018		2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	\$	7,937,016	\$	6,652,368
Adjustments for:	Ψ	7,757,010	Ψ	0,052,500
Depreciation expense		7,285,916		5,796,410
Amortization expense		24,420		24,420
Expected credit loss on accounts receivable		3,000		21,120
Provision for allowance for doubtful accounts		5,000		16,000
Provision for declines in market value, obsolescence and scraps of				10,000
inventories		69,522		92,399
Net loss (gain) on financial assets and liabilities at fair value through		07,522		12,377
profit or loss		23,509		(72,057)
Interest expense		182,299		78,625
Interest income		(65,662)		(16,325)
Dividend income		(342,184)		(225,684)
Share-based payments		(342,104)		239,200
Share of profit of subsidiaries and associates accounted for using		-		239,200
equity method		(830,792)		(766,998)
Loss (gain) on disposal of property, plant and equipment		(830,792) 411		(700,998) (644)
Gain on disposal of investments		411		(22,800)
Impairment loss on financial assets		-		10,000
Impairment loss on non-financial assets		- 12,890		10,000
•				-
Unrealized (loss) profit on the transactions with subsidiaries		(15,664)		23,871
Changes in operating assets and liabilities Increase in notes and accounts receivable		(01.067)		(525.020)
		(91,067)		(525,939)
Decrease (increase) in accounts receivable due from related		F 10 200		(502.0(1))
parties		540,388		(523,261)
Decrease (increase) in other receivables Increase in inventories		55,396		(44,386)
		(2,902,906)		(223,987)
Decrease in other current assets		44,360		239,135
Increase in other non-current assets		(26,480)		(47,195)
Decrease in notes payable		(26,293)		(67,863)
(Decrease) increase in accounts payable		(38,328)		248,581
Increase in accounts payable to related parties		132,894		24,298
Increase in other payables		455,655		575,872
(Decrease) increase in other current liabilities		(28,117)		38,614
Increase in other non-current liabilities		20,848		14,341
Cash generated from operations		12,421,031		11,536,995
Interest received		60,695		15,777
Dividends received		694,614		529,572
Interest paid		(206,744)		(210,451)
Income taxes (paid) returned		(130,233)		6,701
Net cash generated from operating activities		12,839,363		11,878,594
The cash generated from operating activities		12,037,303	$(\overline{\mathbf{C}}_{\alpha})$	ntinued)
			(00)	nunucu)

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of available-for-sale financial assets	\$ -	\$ 276,220
Proceeds from capital reduction of available-for-sale financial assets	-	6,067
Proceeds from capital reduction of financial assets at fair value through		,
other comprehensive income	11,914	-
Acquisition of financial assets at fair value through other		
comprehensive income	(183,229)	-
Acquisition of investments accounted for using equity method	(433,252)	-
Proceeds from capital reduction of investments accounted for using		
equity method	148,609	282,249
Acquisitions of property, plant and equipment	(16,714,392)	(15,107,937)
Proceeds from disposal of property, plant and equipment	608	2,025
Acquisition of intangible assets		(56,287)
Net cash used in investing activities	(17,169,742)	(14,597,663)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(553,539)	553,539
Proceeds from issuing bonds	10,000,000	-
Proceeds from long-term borrowings	-	6,900,000
Repayments of long-term borrowings	(3,323,520)	(4,590,180)
Cash dividends paid	(3,980,000)	(2,148,000)
Proceeds from issuing shares	-	8,800,000
Other financing activities	(86,171)	(12,327)
Net cash generated from financing activities	2,056,770	9,503,032
NET (DECREASE) INCREASE IN CASH AND CASH		
EQUIVALENTS	(2,273,609)	6,783,963
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	11,658,134	4,874,171
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 9,384,525</u>	<u>\$ 11,658,134</u>

The accompanying notes are an integral part of the financial statements.

(Concluded)

Deloitte.



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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders Winbond Electronics Corporation

Opinion

We have audited the accompanying consolidated financial statements of Winbond Electronics Corporation (the "Company") and its subsidiaries (collectively referred as the "Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Existence of sales revenue

As there is significant risk on revenue recognition and customers' line of credit and delivery of products to customers are highly related to the recognition of sales revenue. We therefore considered that the existence of sales revenue from the twenty largest customers that had credit line changed and temporary excess credit line in the year is a key audit matter for 2018. Please refer to Note 4 to the consolidated financial statements for the Group's revenue recognition policies.

Our audit procedures in response to the existence of sales revenue included understanding the design and the implementation of internal control of sales revenue and selecting samples of revenue items to ensure transactions occurred.

Other Matter

We have also audited the parent company only financial statements of the Company as of and for the years ended December 31, 2018 and 2017 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committees are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with statements that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kenny Hong and Hung-Bin Yu.

Hung-Bin Yu

Deloitte & Touche Taipei, Taiwan Republic of China

February 1, 2019

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.





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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders Winbond Electronics Corporation

Opinion

We have audited the accompanying financial statements of Winbond Electronics Corporation (the "Company"), which comprise the balance sheets as of December 31, 2018 and 2017, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Existence of sales revenue

As there is significant risk on revenue recognition and customers' line of credit and delivery of products to customers are highly related to the recognition of sales revenue. We therefore considered that the existence of sales revenue from the twenty largest customers that had credit line changed and temporary excess credit line in the year is a key audit matter for 2018. Please refer to Note 4 to the financial statements for the Company's revenue recognition policies.

Our audit procedures in response to the existence of sales revenue included understanding the design and the implementation of internal control of sales revenue and selecting samples of revenue items to ensure transactions occurred.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committees, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- 5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with statements that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kenny Hong and Hung-Bin Yu.

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Deloitte & Touche Taipei, Taiwan Republic of China

February 1, 2019

Hung-Bin Yu

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

(English Translation)

Audit Committee's Review Report

To: The 2019 Annual General Meeting of Shareholders

The Board of Directors has prepared the Company's 2018 Business Report, the financial statements (including the consolidated financial statements) and proposal for distribution of earnings. The consolidated financial statements have been audited by Kenny Hong and HUNG-BIN, Yu from Deloitte & Touche, which has been retained by the Board of Directors as independent auditors. The independent auditors have issued an unmodified opinion. The Audit Committee has reviewed and determined the above Business Report, the consolidated financial statements, and proposal for distribution of earnings to be correct and accurate. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, it is hereby submitted for your review and perusal.

Winbond Electronics Corporation

Chairman of the Audit Committee : Allen Hsu

Date: March 25, 2019

(English Translation)

Winbond Electronics Corporation Shareholdings of All Directors

	Book closure date:	April 16, 2019	
Position	Name	Current shareholding (Shares)	Shareholding ratio (%)
Chairman	Arthur Yu-Cheng Chiao	63,472,995	1.59%
Vice Chairman	Yuan-Mou Su	936,279	0.02%
Director	Yung Chin	11,778,797	0.30%
Independent Director	Francis Tsai	0	0.00%
Independent Director	Allen Hsu	0	0.00%
Independent Director	Jerry Hsu	0	0.00%
Independent Director	San-Cheng Chang	0	0.00%
Director	Wei-Hsin Ma	0	0.00%
Director	Chih-Chen Lin	0	0.00%
Director	Walsin Lihwa Corporation (Representative: Sophi Pan)	883,848,423	22.21%
Sharehold	Shareholdings of All Directors		

Note: This Company had a total of 3,980,000,193 issued shares as of April 16, 2019

WINBOND ELECTRONICS CORPORATION COMPARISON TABLE OF THE ARTICLES OF INCORPORATION

Article	Amended Articles	Current Articles	Note
Article 1	company limited by shares in	accordance with the Company Act (the "Company Act") and its name shall be 華邦電子股份有限公司	Amended according to Article 392 of the Company Act.
Article 7	Where the shares issued by the Company are in scripless form and	Shares certificates of the Company shall be in registered form and shall be signed or sealed by at least three directors and then be printed in the form as requested by the government authority and be legally authenticated before being issued in accordance with laws and regulations. If the Company issues shares without printing share certificates, the Company shall register the shares with the central securities depository institution.	Amended according to Article 161-2 of the Company Act.
Article 13	directors <u>shall conform to the</u> <u>Company Act, the Securities and</u> <u>Exchange Act, and other relevant</u> <u>rules and regulations. The</u> professional qualifications for, requirements relating to shareholdings of, restrictions on concurrent positions held by, and	nomination, examination and election of directors, as well as professional qualifications for, requirements relating to shareholdings of, restrictions on concurrent positions held by, and other compliance matters with respect to independent directors, shall conform to the Company Act, the Securities and Exchange Act, and other relevant rules and	

Article	Amended Articles	Current Articles	Note
	regulations.		
	Hereafter Omitted	Hereafter Omitted	
Article 14-1	law, meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors. When convening a meeting of the Board of Directors, a meeting notice specifying the reasons for convening such meeting shall be sent to each	convening such meeting shall be sent to each director <u>seven days</u> <u>prior to the meeting</u> ; provided that a meeting may be convened at any time in case of emergency.	Amended according to Articles 203-1 and 204 of the Company Act and the practical needs.
	Hereafter Omitted	Hereafter Omitted	
Article 20-1	(Deleted)	After the end of each fiscal year, the Board of Directors shall have the following documents prepared: (1) the business report; (2) the financial statements; and (3) the proposal for distribution of profit or making up loss, and submit the same for recognition at the annual general shareholders' meeting in accordance with statutory procedures.	The original article is moved to Article 21.
Article 21	After the end of each fiscal year, the Board of Directors shall have the following documents prepared: (1) the business report; (2) the financial statements; and (3) the proposal for distribution of earnings or making up loss, and submit the same for recognition at the annual general shareholders' meeting in accordance with		This Article is moved from Article 20-1.

Article	Amended Articles	Current Articles	Note
	statutory procedures.		
Article 22	From the profit before tax for the current year (before deducting remuneration of employees and remuneration of directors), no more than 1% thereof shall be allocated as remuneration of directors and no less than 1% thereof as remuneration of employees. The remuneration of employees may be distributed in stock or cash upon resolution of the Board of Directors. The distribution of employee and director remuneration shall be reported to the shareholders' meeting. However, if the Company has accumulated losses, the Company shall first set aside an amount for making up losses, and then allocate remuneration of directors according to the percentage set forth in the preceding paragraph. The Company purchases its stock for transferring such treasury shares, issues new restricted employee shares, and distributes employee shares, and distributes employee of the Company's shares, issues new restricted employee shares, and distributes employee of the Company's shares, issues new restricted employee shares, and distributes employee of the Company's shares, issues new restricted employee shares, and distributes employee of the Company's shares, issues of the Company's shares, issues new restricted employee shares, and distributes employee of the Company's shares of the C	remuneration of employees. The remuneration of employees may be distributed in stock or cash upon resolution of the Board of Directors, and <u>may be distributed</u> to the employees of subordinated companies of the Company who meet certain criteria. However, if the Company has accumulated losses, the Company shall first set aside an amount for making up losses, and then allocate remuneration of employees and remuneration of directors according to the percentage set forth in the preceding paragraph. The Board of Directors is authorized to determine the "employees of subsidiaries of the Company meeting certain criteria" set forth in the first Paragraph or the Board of Directors may authorize the Chairman of the Board of Directors to determine the "employees of subsidiaries of the Company set forth in the first Paragraph.	 The second half of the original Paragraph 1 is moved to the second half of Paragraph 3. Paragraph 1 is amended according to Article 235-1 of the Company Act and relevant laws and regulations. Paragraph 3 is amended according to Articles 167-1, 167-2, 235-1 and 267 and the practical needs.
	resolved by the Board of Directors.		
Article 23	If the Company has any profit	If the Company has any profit before tax at the end of the current	

Article	Amended Articles	Current Articles	Note
	and covering all accumulated	and covering all accumulated	Article 23.
	losses, the Company shall set aside	losses, the Company shall set aside	2. Paragraph 2 is
	10% of said profit as the legal	10% of said profit as the legal	newly added
	reserve. However, the legal	reserve. However, the legal reserve	according to
	reserve need not be made when the	need not be made when the	Articles 240 and
	accumulated legal reserve equals	accumulated legal reserve equals	241 of the
	the paid-in capital of the	the paid-in capital of the Company.	Company Acts.
	Company. After setting aside or	After setting aside or reversing	3. The original
	reversing special reserve pursuant	special reserve pursuant to	Paragraph 2 is
	to applicable laws and regulations	applicable laws and regulations and	moved to
	and orders of competent	orders of competent authorities or	Paragraph 3 and
	authorities or based on the	based on the business needs of the	is amended due
	business needs of the Company, if	Company, if there is any balance,	to the practical
	there is any balance, the Board of	the Board of Directors may submit	needs.
	Directors may submit a proposal	a proposal for allocation of the	
	for allocation of the remaining	remaining balance and the	
	balance and the accumulated	accumulated undistributed earnings	
	undistributed earnings to the	to the shareholders meeting for	
	shareholders meeting for	resolution of distributing bonus and	
	resolution of distributing bonus	dividends to shareholders.	
	and dividends to shareholders.		
	The Board of Directors shall be		
	authorized to distribute the profit,		
	the legal reserve and the capital		
	reserve mentioned in the preceding		
	paragraph in cash upon resolution		
	by a majority vote at a board		
	meeting attended by two-thirds or		
	more of the directors, and shall		
	report the same to the		
	shareholders' meeting.		
	The Company's dividend	1 0	
		distribution policy is made in	
	1	accordance with the Company Act	
	-	and the Articles of Incorporation in	
		consideration of factors including	
	including capital and financial	-	
		operating status, retained earnings,	
	earnings, industry characteristics	•	
	•	economic cycle. The dividends	
	dividends shall be distributed in a	shall be distributed in a steady	

Article	Amended Articles	Current Articles	Note
	steady manner. With respect to	manner. With respect to	
	distribution of dividends, in	distribution of dividends, in	
	consideration of future operation	consideration of future operation	
	scale and cash flow needs, no less	scale and cash flow needs, no less	
	than 30% of the remaining amount	than 50% of the remaining amount	
	of the net income after tax of the	of the net income after tax of the	
	current year, after covering the	current year, after covering the	
	accumulative losses and setting	accumulative losses and setting	
	aside the legal reserve and the	aside the legal reserve and the	
	special reserve, shall be distributed	special reserve, shall be distributed	
	to shareholders as dividends,	to shareholders as dividends, which	
	which may be distributed in stock	may be distributed in stock	
	dividend or cash dividend, and the	dividend or cash dividend, and the	
	distribution of cash dividend shall	distribution of cash dividend shall	
	not be less than 50% of total	not be less than 50% of total	
	dividends, so as to maintain the	dividends, so as to maintain	
	Company's sustainable growth.	Company's sustainable growth.	
Article 24	The Company may distribute its		This Article is
	profit or make up its losses at the		newly added
	end of each half of a fiscal year.		according to
	The statements and proposals set		Article 228-1 and
	forth in Article 21 hereof shall be		the practical
	prepared by and then resolved by		needs.
	the Board of Directors.		
	The Company, in distributing its		
	profit according to the preceding		
	paragraph, shall estimate and		
	reserve employee and director		
	remuneration and any taxes		
	payable as well as cover any losses		
	and set aside the legal reserve in		
	accordance with to law; provided,		
	however, that where the legal		
	reserve amounts to the total		
	paid-in capital, the legal reserve		
	needs not setting aside. Where the		
	Company distributes the profit in		
	cash, such distribution shall be		
	resolved by the Board of		
	Directors, but where the profit is		
	distributed in the form of newly		

Article	Amended Articles	Current Articles	Note
	issued share, such distribution shall be resolved by the shareholders' meeting. (Article newly added)		
Article 25	•	In case of any matters not covered herein, the Company Act shall govern.	The numeral of this Article is amended.
<u>Article 26</u>	The organizational rules of the Company shall be separately stipulated.	The organizational rules of the Company shall be separately stipulated.	The numeral of this Article is amended.
Article 27	were enacted on September 1, 1987, and were first amended; the twenty-eighth amendment was made on June 11, 2018 <u>and the</u> <u>twenty-ninth amendment was</u> <u>made on June 14, 2019</u> and shall become effective after approval by a resolution of the shareholders	approval by a resolution of the shareholders meeting. Any subsequent amendments to these Articles of Incorporation shall	

(English Translation)

Winbond Electronics Corporation (the "Company")

Comparison Table of the Procedures of Acquisition or Disposal of Assets

Amended Articles	Current Articles	Note	
Article 1: The scope of applicability of	Article 1: The scope of	1. Subparagraph 5 is	
the term "Assets" as used in these	applicability of the term "Assets" as	newly added to	
Procedures is as follows:	used in these Procedures is as	expand the scope of	
1. Stocks, government bonds,	follows:	the assets that the	
corporate bonds, financial bonds,	1. Stocks, government bonds,	Company has the	
securities representing units of	corporate bonds, financial	right to use to	
funds, depositary receipts, call (put)	bonds, securities representing	conform to IFRS16	
warrants, beneficiary securities, and	units of funds, depositary	Leases, and the	
asset-backed securities.	receipts, call (put) warrants,	current	
	beneficiary securities, and	Subparagraph 2	
2. Real property (including land,	asset-backed securities.	regarding the right	
houses and buildings, real properties	2. Real property (including land,	to use land is moved	
for investment purpose, land usage	houses and buildings, real	to Subparagraph 5.	
right) and equipment.	properties for investment	2. The current	
	purpose and the right to use	Subparagraphs 5	
3. Memberships.	land) and equipment.	to 7 are moved	
4. Patents, copyrights, trademarks,	3. Memberships.	and become	
franchise rights, trade secrets and	4. Patents, copyrights,	Subparagraphs 6	
other intangible assets.	trademarks, franchise rights,	to 8.	
5. <u>Right-of-use assets.</u>	trade secrets and other		
<u>6</u> . Derivatives.	intangible assets.		
<u>7.</u> Assets acquired or disposed of	<u>5</u> . Derivatives.		
through mergers, spin-offs,	<u>6.</u> Assets acquired or disposed of		
acquisitions or assignments of shares in accordance with law.	through mergers, spin-offs,		
	acquisitions or assignments of		
$\underline{8}$. Other major assets.	shares in accordance with law.		
	<u>7.</u> Other major assets.		
Article 4: The terms "Subsidiary"	Article 4: The term	The current Article 5 is	
and "Related Party" under these	"Subsidiary" under these	incorporated into	
Procedures shall be determined in	Procedures shall be determined in	Article 4.	
accordance with the Regulations	accordance with the Regulations		
Governing the Preparation of Financial	Governing the Preparation of		
Reports by Securities Issuers.	Financial Reports by Securities		
When judging whether a counterparty of	Issuers.		
<u>a transaction is a Related Party, in</u>			
addition to legal formalities, the			

Amended Articles	Current Articles	Note
substance of the relationship shall also		
· · · · ·		
be taken into consideration. Article 5: The "securities exchange" referred to in these Procedures: "domestic securities exchange" refers to the Taiwan Stock Exchange	Article 5: The term "Related Party" under these Procedures shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. When judging whether a counterparty of a transaction is a Related Party, in addition to legal formalities, the substance of the relationship shall also be taken into consideration.	The current Article 5 is incorporated into Article 4. 1. Article 5 is newly added. 2. To explicitly define the scope of
the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located. The "over-the-counter venue" ("OTC venue") referred to in these Procedures: "domestic OTC venue" refers to a venue for over-the-counter trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution which is regulated by the foreign competent authority and permitted to conduct securities business.		the scope of domestic/foreign securities exchanges and over-the-counter venues.
Article 6:The term "Derivatives"under these Procedures means forwardcontracts, options contracts, futurescontracts, leverage contracts, swapcontracts and compound contractscombining the above products whosevalue is derived from specified interest	Article 6: The term "Derivatives" under these Procedures means forward contracts, options contracts, futures contracts, leverage contracts, swap contracts and <u>compound contracts</u> <u>combining the above products</u> ,	The scope of derivatives is amended to conform to the definitions in IFRS 9 <i>Financial Instruments</i> .

Amended Articles	Current Articles	Note
rates, financial instrument prices,	whose value is derived from <u>assets</u> ,	
commodity prices, foreign exchange	interest rates, foreign exchange	
rates, indexes of prices or rates, credit	rates, indexes or other interests.	
rating or credit index, or other variable;	The term "forward contracts" does	
or hybrid contracts combining the above	not include insurance contracts,	
contracts; or hybrid contracts or	performance contracts, after-sales	
structured products containing	service contracts, long-term leasing	
embedded derivatives. The term	contracts or long-term purchase	
"forward contract" does not include	(sales) contracts.	
insurance contracts, performance		
contracts, after-sales service contracts,		
long-term leasing contracts or long-term		
purchase (sales) contracts.		
Article 7: Assets acquired or	Article 7: Assets acquired or	In response to the
disposed of through mergers, spin-offs,	disposed of through mergers, spin-	amended Articles of
acquisitions or assignment of shares in	offs, acquisitions or assignment of	the Company Act
accordance with law under these	shares in accordance with law under	promulgated on
Procedures means assets acquired or	these Procedures means assets	August 1, 2018 and
disposed through mergers, spin-offs or	acquired or disposed through	implemented on
acquisitions conducted under the	mergers, spin-offs or acquisitions	November 1, 2018, the
Business Mergers and Acquisitions Act,	conducted under the Business	numeral of the Article
Financial Holding Company Act,	Mergers and Acquisitions Act,	of the Company Act
Financial Institution Merger Act and/or	Financial Holding Company Act,	cited in Subparagraph
other acts/laws, or acquisitions of shares	Financial Institution Merger Act	2 is changed from
through issuance of new shares of its	and/or other acts/laws, or	Paragraph 6 of Article
own as the consideration therefore	acquisitions of shares through	156 to Article 156-3.
(hereinafter "Assignment of Shares")	issuance of new shares of its own as	
under Article 156-3 of the Company	the consideration therefore	
Act.	(hereinafter "Assignment of	
	Shares") under Paragraph 8 of	
	Article 156 of the Company Act.	
Article 9: Professional Appraisers	Article 9: Professional	1. In cooperation
and their officers, certified public	Appraisers and their officers,	with the Financial
accountants, attorneys and securities	certified public accountants,	Supervisory
underwriters that provide the Company	attorneys and securities	Commission
with appraisal reports, certified public	underwriters that provide the	("FSC") who
accountant's opinions, attorney's	Company with appraisal reports,	simplified relevant
opinions or underwriter's opinions shall	certified public accountant's	laws and
meet the following requirements:	opinions, attorney's opinions or	regulations, Point
<u>1. It/He shall not have previously</u>	underwriter's opinions shall <u>not be a</u> Related Party of any party to the	4 of the ruling
received a final and unappealable	Related Party of any party to the	issued by the
sentence to imprisonment for one	transaction.	former Securities

Amended Articles	Current Articles		Note
(1) year or longer for a violation of			and Futures
the Securities and Exchange Act, the			Commission,
Company Act, the Banking Act, the			Ministry of
Insurance Act, the Financial			Finance dated
Holding Company Act, or the			March 21, 2003
Business Entity Accounting Act, or			(Ref. No.:
for fraud, breach of trust,			Tai-Cai-Zheng-I-T
embezzlement, forgery of			se-0920001151)
documents, or occupational crime;			regarding
provided, however, that this			engaging
provision does not apply if three (3)			professional
years have already passed since the			appraisers and
<u>completion of the term of the</u>			their officers,
imprisonment sentence, since			certified public
expiration of the period of a			accounts,
probation, or since it/he was			attorneys, and
pardoned.			securities
2. It/He may not be a related party or			underwriters by
<u>de facto related party of any party to</u>			public companies
the transaction.			is incorporated
3. If the Company is required to obtain			into these
<u>appraisal reports from two or more</u>			Procedures. Also,
professional appraisers, the different			the passive
professional appraisers or appraisal			qualification of
officers may not be related parties or			relevant experts is
<u>de facto related parties of each</u>			specified.
other.		2.	In addition,
When issuing an appraisal report or			provisions to
opinion, the personnel referred to in the			explicitly
preceding paragraph shall comply with			determine the
the following:			liability of
1. Prior to accepting a case, it/he shall			external experts
prudently assess its/his own			and to specify the
professional capabilities, practical			evaluation of the
experience, and independence.			appraisal reports
2. When examining a case, it/he shall			or opinions issued
appropriately plan and execute			by relevant
adequate working process, in order			experts and audits
to produce a conclusion and use the			and
conclusion as the basis for issuing			representations in
the report or opinion. The relevant			these Procedures.
working procedures, data collected,			

	Amended Articles	Current Articles	Note
	and conclusion shall be fully and		
	accurately specified in the working		
	papers for the case.		
3.	It/He shall undertake an item-by-item		
	evaluation of the comprehensiveness,		
	accuracy, and reasonableness of the		
	sources of data, the parameters, and		
	the information used, as the basis for		
	issuance of the appraisal report or the		
	opinion.		
<u>4.</u>	It/He shall issue a statement		
	attesting to the professional		
	competence and independence of the		
	personnel who prepared the report		
	or opinion, and that it/he has		
	evaluated and found that the		
	information used is reasonable and		
	accurate, and that it/he has complied		
	with applicable laws and egulations.		
Но	wever, if the Company acquires or	However, if the Company acquires	
dis	poses of assets through a court	or disposes of assets through a	
auc	ction, the court certificates may be	court auction, the court certificates	
suł	ostituted for appraisal reports or the	may be substituted for appraisal	
cer	tified public accountant's opinions.	reports or the certified public	
		accountant's opinions.	
Art	icle 11: The total amount	Article 11: The total amount	To conform to IFRS 16
obt	ained from non-operating real	obtained from non-operating real	Lease, right-of-use
pro	perty and its right-of-use assets may	property may not exceed <u>1%</u> of the	assets of real property
not	exceed 20% of the Company's net	Company's net value; the total	for non-operational use
val	ue; the total amount obtained from	amount obtained from securities	are included in the
sec	urities may not exceed <u>100%</u> of the	may not exceed 50% of the net	calculation of the
net	value of the Company; however, the	value of the Company; however,	maximum amount set
am	ount obtained from individual	the amount obtained from	forth in these
sec	urity may not exceed 50% of the net	individual security may not exceed	Procedures.
val	ue of the Company.	25% of the net value of the	
		Company.	
Ar	ticle 12: The restrictions on the	Article 12: The restrictions on	1. To conform to IFRS
am	ount any Subsidiary of the Company	the amount any Subsidiary of the	16 Lease,
ma	y use to obtain non-operating real	Company may use to obtain non-	right-of-use assets
-	operty or its right-of-use assets,	operating real property, securities	of the real property
	curities or individual investment are	or individual investment are as	for non-operational
as	follows:	follows:	use are included in

Amended Articles			Current Articles		Note
1.	If such Subsidiary's main business	1.	If such Subsidiary's main		the calculation of
	is investment:		business is investment:		the maximum
	The amount for such Subsidiary to		The amount for such		amount set forth in
	obtain non-operating real property		Subsidiary to obtain non-		these Procedures.
	or its right-of-use assets may not		operating real property may		
	exceed 10% of the net value of		not exceed 100% of the net	2.	Paragraph 3 is
	such Subsidiary; the amount for		value of such Subsidiary; the		newly added in
	such Subsidiary to obtain securities		amount for such Subsidiary to		response to the
	may not exceed 300% of the paid-		obtain securities may not		practical needs.
	in capital or the net value of such		exceed 500% of the paid-in		
	Subsidiary, whichever is higher;		capital or the net value of such		
	however, the amount for obtaining		Subsidiary, whichever is		
	individual security may not exceed		higher; however, the amount		
	300% of the paid-in capital or the		for obtaining individual		
	net value of such Subsidiary,		security may not exceed 300%		
	whichever is higher.		of the paid-in capital or the net		
			value of such Subsidiary,		
			whichever is higher.		
2.	If such Subsidiary's main business	2.	If such Subsidiary's main		
	is not investment:		business is not investment:		
	The amount for such Subsidiary to		The amount for such		
	obtain non-operating real property		Subsidiary to obtain non-		
	or its right-of-use assets may not		operating real property may		
	exceed 100% of the net value of		not exceed 10% of the net		
	such Subsidiary; the amount used		value of such Subsidiary; the		
	to obtain securities may not exceed		amount used to obtain		
	300% of the paid-in capital or the		securities may not exceed		
	net value of such Subsidiary,		100% of the paid-in capital or		
	whichever is higher; however, the		the net value of such		
	amount for obtaining individual		Subsidiary, whichever is		
	security may not exceed 300% of		higher; however, the amount		
	the paid-in capital or the net value		for obtaining individual		
	of such Subsidiary, whichever is		security may not exceed 50%		
	higher.		of the paid-in capital or the net		
<u>3.</u>	If such Subsidiary has both		value of such Subsidiary,		
	investment business and		whichever is higher.		
	operational functions:				
	The amount for such Subsidiary to				
	obtain non-operating real property				
	or its right-of-use assets may not				
	exceed 100% of the net value of				
	such Subsidiary; the amount used				

Amended Articles	Current Articles	Note
to obtain securities may not exceed		
300% of the paid-in capital or the		
net value of such Subsidiary,		
whichever is higher; however, the		
amount for obtaining individual		
security may not exceed 300% of		
the paid-in capital or the net value		
of such Subsidiary, whichever is		
higher.		
Article 13:	Article 13:	The wording is revised
Paragraph 1 is omitted	Paragraph 1 is omitted	based on the amended
	i ulugiupii i is olinteed	laws and regulations.
The acquisition or disposal of assets by	The acquisition or disposal of	iaws and regulations.
each Subsidiary shall comply with the	assets by each Subsidiary shall	
"Procedures of Acquisition or Disposal	comply with the "Procedures of	
of Assets" of each such Subsidiary.	Acquisition or Disposal of Assets"	
And, the Internal Audit of the Company	of each such Subsidiary. And, the	
will examine the relevant matters	Internal Audit of the Company will	
relating to the <u>self-assessment</u> report of	examine the relevant matters	
its Subsidiary.	relating to the <u>self-inspection</u> report	
its buosidiary.	of its Subsidiary.	
Article 14: The procedures of	Article 14: The procedures of	To conform to the laws
acquisition or disposal of securities	acquisition or disposal of securities	and regulations, the
1.~3. Omitted	1.~3. Omitted	"government bonds"
4. If the Company acquires or	4. If the Company acquires or	are specified to refer
disposes of securities from or to a	disposes of securities from or	only to "domestic
Related Party, and the transaction	to a Related Party, and the	government bonds."
amount reaches 20% or more of	transaction amount reaches	government bonds.
the Company's paid-in capital, 10	20% or more of the	
% or more of the Company's total	Company's paid-in capital, 10	
assets, or NT\$300 million or	% or more of the Company's	
above, the transaction should be	total assets, or NT\$300	
conducted in accordance with	million or above, the	
Paragraphs 1 through 3 of this	transaction should be	
Article and Paragraphs 3 and 4 of	conducted in accordance with	
Article 15 of these Procedures.	Paragraphs 1 through 3 of this	
Trading of <u>domestic</u> government	Article and Paragraphs 3 and 4	
bonds, bonds under repurchase and	of Article 15 of these	
resale agreements, and purchase or	Procedures. Trading of	
repurchase of money market funds	government bonds, bonds	
issued by domestic securities	under repurchase and resale	
investment trust enterprises shall	agreements, and purchase or	
	agreententes, una parentase or	1

Amended Articles	Current Articles	Note
be exempted from the procedures	repurchase of money market	
provided in Paragraphs 3 and 4 of	funds issued by domestic	
Article 15 of these Procedures.	securities investment trust	
	enterprises shall be exempted	
	from the procedures provided	
	in Paragraphs 3 and 4 of	
	Article 15 of these Procedures.	
Article 15: The procedures of	Article 15: The procedures of	1. To conform to IFRS
acquisition or disposal of real property_	acquisition or disposal of real	16 Lease, the
or its right-of-use assets	property	right-of-use asset is
1. The Responsible Unit should <u>put</u>	1. The Responsible Unit should	newly added.
forward the purpose or use, the	submit the purpose or use, the	2. To comply to
basis of determination of	basis of determination of	relevant laws and
transaction price and transaction	transaction price and	regulations and
method for the acquisition or	transaction method for the	based on the
disposal and handle the acquisition	acquisition or disposal, to the	practical needs,
or disposal in accordance with the	General Manager and the	Paragraph 1 is
Company's Rules for Managing	Chairman for their respective-	revised so that the
Fixed Assets or the Company's	approval <u>and then</u> submit it to	Chairman is
Lease Operating Procedures. Such	the Audit Committee and the	authorized to
transactions should be submitted to	board of directors for	directly approve
the Audit Committee and the board	approval.	and decide the
of directors for approval after being		transactions of the
approved by the Chairman, except		right-of-use assets
for transactions of the right-of-use		of the real property
assets of the real property in the		in the amount less
amount less than NT\$500 million		than NT\$500
that the Chairman is authorized to		million is loosened,
directly approve and decide without		and the approval
submitting to the Audit Committee		procedures for the
and the board of directors for		acquisition and
approval. In addition, the Chairman		disposal of
is authorized to approve and		right-of-use assets
conduct the acquisition or disposal		of the real property
of the right-of-use assets of the real		for operational use
property for operational use in the		by and between the
amount less than NT\$500 million		Company and its
by and among the Company and its		Subsidiaries, or by
Subsidiaries, or by and among the		and among the
Company's Subsidiaries in which		Company's direct or
the Company directly or indirectly		indirect
holds 100 percent of the issued		wholly-owned

Amended Articles		Current Articles			Note	
	shares or capital, and to submit the				Subsidiaries is also	
	same to the most recent Audit				loosened.	
	Committee meeting and the board			3.	To conform to the	
	of directors meeting for recognition				laws and	
	thereafter, where Paragraph 4 of				regulations, a	
	this Article (which requires that in				"government	
	relation to acquisition or disposal of				agency" is specified	
	assets from or to a Related Party,				to refer to a	
	the Company may not proceed with				"domestic	
	execution of a transaction contract				government	
	or making any payment unless and				agency" in	
	until such transaction being				Paragraph 2.	
	approved by the Audit Committee			4	In view that the	
	and the board of directors) shall not				relevant regulations	
	apply.				loosen the	
2.	In acquiring or disposing of real	2.	In acquiring or disposing of		sub-letting among	
	property or its right-of-use assets		real property where the		the parent company,	
	where the transaction amount		transaction amount reaches		its subsidiaries and	
	reaches 20% of the Company's		20% of the Company's paid-in		its direct or indirect	
	paid-in capital or NT\$300 million		capital or NT\$300 million or		wholly-owned	
	or above, unless transacting with a		above, unless transacting with		subsidiaries given	
	domestic government agency,		a government agency,		that for the overall	
	commissioning others to build on		commissioning others to build		business planning,	
	its own land, or commissioning		on its own land, or		there are	
	others to build on rented land, an		commissioning others to build		possibilities for the	
	appraisal report should be obtained		on rented land, an appraisal		parent company and	
	prior to the Date of Occurrence of		report should be obtained		its subsidiaries or	
	the transaction from a Professional		prior to the Date of		its direct or indirect	
	Appraiser and the transaction		Occurrence of the transaction		wholly-owned	
	should comply with Article 18 of		from a Professional Appraiser		subsidiaries to	
	these Procedures.		and the transaction should		collectively lease	
	liese i focedures.		comply with Article 18 of		real property and	
			these Procedures.		sublet the same by	
			mese i loccures.		and among	
3.	Omitted	3.	Omitted		themselves, and as	
5.	Cimtucu	5.	Omnuou		the said transactions	
4.	In acquiring or disposing of the	4.	In acquiring or disposing of		involve lower risk	
	assets from or to a Related Party,	7.	the assets from or to a Related		of non-arm's length	
	the Company may not proceed		Party, the Company may not		transactions,	
	with execution of a transaction		proceed with execution of a		Subparagraph 5 of	
	contract or making any payment		transaction contract or making		Paragraph 5 hereof	
	unless and until the following		any payment unless and until		is newly added, and	

Amended Articles	Current Articles	Note
information has been submitted for	the following information has	the requirement for
approval from the Audit	been submitted for approval	evaluating the
Committee and the board of	from the Audit Committee and	reasonableness of
directors:	the board of directors:	the transaction costs
uncetors.	the board of directors.	(the transaction
(1)~(2). Omitted	(1)~(2). Omitted	prices paid by the
(1)-(2). Onitied	(1) ⁽²⁾ . Onitied	Related Party to
(3) With respect to the acquisition	(3) With respect to the acquisition	acquire real
from a Related Party of real	from a Related Party of real	property or the
property <u>or its right-of-use assets</u> ,	property, the relevant	price paid by the
the relevant information regarding	information regarding	Related Party to
appraisal of the reasonableness of	appraisal of the	lease real property)
	reasonableness of the	under this Article is
the proposed transaction terms in		
accordance with the provisions of	proposed transaction terms in	exempted.
Paragraphs 5 and 6 of this Article.	accordance with the	5. In cooperation with
	provisions of Paragraphs 5	the practice for the
	and 6 of this Article.	lease of real
		property such as
$(4) \sim (10)$. Omitted	$(4) \sim (10)$. Omitted	factories, the
		restriction set forth
5. In acquiring from a Related Party	5. In acquiring real property	in Paragraph 6 in
real property <u>or its right-of-use</u>	from a Related Party, the	relation to
assets, the reasonableness of the	reasonableness of the	acquisition of the
transaction costs shall be evaluated	transaction costs shall be	right-of-use assets
by the following means:	evaluated by the following	of the real property
	means:	from a related party
$(1)^{(2)}$. Omitted	(1)~ (2) . Omitted	is loosened to
(3) Where land and structure	(3) Where land and structure	broaden the range
thereupon are combined as a	thereupon are combined as a	of reference cases
single property purchased or	single property purchased in	by including the
<u>leased</u> in one transaction, the	one transaction, the	lease transactions
transaction costs for the land and	transaction costs for the land	entered into by
structures may be separately	and structures may be	unrelated parties
appraised in accordance with any	separately appraised in	within one year in
of the methods stated in the	accordance with any of the	the neighboring
provisions of the two	methods stated in the	area as transaction
subparagraphs above.	provisions of the two	references for
	subparagraphs above.	assessing and
(4) If the Company acquires real	(4) If the Company acquires real	estimating the
property or its right-of-use assets	property from a Related Party	reasonableness of
from a Related Party and appraises	and appraises the cost of the	the real transaction
the cost of the real property or its	real property in accordance	prices. In addition,

	1		
Amended Articles		Current Articles	Note
right-of-use assets in accordance		with the preceding three	lease transactions
with the preceding three		subparagraphs of this	may also be used as
subparagraphs of this Paragraph, a		Paragraph, a certified public	transaction
certified public accountant shall		accountant shall also be	references.
also be engaged to check the		engaged to check the	
appraisal and render a specific		appraisal and render a specific	
opinion.		opinion.	
(5) Where the Company acquires real	(5)	Where the Company acquires	
property or its right-of-use assets		real property from a Related	
from a Related Party and one of		Party and one of the following	
the following circumstances exists,		circumstances exists, the	
the acquisition shall be conducted		acquisition shall be conducted	
in accordance with Paragraph 4 of		in accordance with Paragraph	
this Article and the provisions of		4 of this Article and the	
the preceding four subparagraphs		provisions of the preceding	
shall not apply:		four subparagraphs shall not	
		apply:	
(i) The Related Party acquired the		(i) The Related Party	
real property or its right-of-use		acquired the real property	
assets through inheritance or		through inheritance or as	
as a gift.		a gift.	
(ii)More than five years have		(ii)More than five years have	
elapsed from the time the		elapsed from the time the	
Related Party signed the		Related Party signed the	
contract to obtain the real		contract to obtain the real	
property or its right-of-use		property to the signing	
assets to the signing date for		date for the current	
the current transaction.		transaction.	
(iii) The real property is acquired		(iii) The real property is	
through signing of a joint		acquired through signing	
development contract with the		of a joint development	
Related Party or by engaging		contract with the Related	
the Company's Related Party		Party or by engaging the	
to construct the real property		Company's Related Party	
on the Company's owned land		to construct the real	
or leased land.		property on the	
(ix) The right-of-use assets of the		Company's owned land or	
real property for operational		leased land.	
use are acquired by and			
between the Company and its			
Subsidiaries, or by and among			
the Company's Subsidiaries in			

which the Company directly or indirectly holds 100 percent of the issued shares or capital.6.When the results of the Company's appraisal conducted in accordance with the provisions of Subparagraphs (1), (2) and (3) of the preceding paragraph are uniformly lower than the transaction price, the matter shall be handled in accordance with Article 16. However, where the following circumstances exist, and objective evidence has been submitted and specific opinions on reasonableness have been obtained, this restriction shall not apply:6.When the results of the Company's appraisal conducted in accordance with the provisions of Subparagraphs (1), (2) and (3) of the preceding paragraph are uniformly lower than the transaction price, the matter shall be handled in accordance with Article 16. However, where the following circumstances exist, and objective evidence has been submitted and specific opinions on reasonableness have been obtained, this restriction shall not apply:6.When the results of the Company's appraiser aud a certified public accountant have been obtained, this restriction shall not apply:(1)Where the Related Party acquired undeveloped land or leased land for development, it may submit(1)Where the Related Party acquired undeveloped land or leased land for development, it may submit(1)Where the Related Party acquired undeveloped land or leased land for development, it may submit(1)	Amondod Amistor	Commont Antiplay	N ₆₄₆
indirectly holds 100 percent of the issued shares or capital.6.When the results of the Company's appraisal conducted in accordance with the provisions of Subparagraphs (1), (2) and (3) of the preceding paragraph are uniformly lower than the transaction price, the matter shall be handled in accordance with Article 16. However, where the following circumstances exist, and objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a certified public accountant have been obtained, this restriction shall not apply:6.When the results of the Company's appraisal conducted in accordance with the provisions of Subparagraphs (1), (2) and (3) of the preceding paragraph are uniformly lower than the transaction price, the matter shall be handled in accordance with Article 16. However, where the following circumstances exist, and objective evidence has been submitted and specific opinions on reasonableness have been obtained, this restriction shall not apply:6.When the results of the Company's appraisal conducted in accordance with the provisions of Subparagraphs (1), (2) and (3) of the preceding paragraph are undeveloped land or leased land for development, it may submit6.When the results of the Company's appraisal conducted in accordance with the provisions of Subparagraphs (1), (2) and (3) of the preceding paragraphs (1), (2) and (3) of the preceding paragraphs (2) and (3) of the preceding paragraphs (3) of the preceding paragraphs (4).(1)Where the Related Party ac	Amended Articles	Current Articles	Note
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(1) Where the Related Party acquired undeveloped land or leased land for development, it may submit (1) Where the Related Party acquired acquired undeveloped land or leased land for development, it may submit (1) Where the Related Party	accountant have been obtained,	have been obtained from a	
(1) Where the Related Party acquired undeveloped land or leased land for development, it may submit (1) Where the Related Party acquired undeveloped land or leased land for development, it may submit	this restriction shall not apply:	professional real property	
 (1) Where the Related Party acquired undeveloped land or leased land for development, it may submit (1) Where the Related Party acquired undeveloped land or leased land acquired undeveloped land or leased land for development, 		appraiser and a certified public	
(1)Where the Related Party acquired undeveloped land or leased land for development, it may submit(1)Where the Related Party acquired undeveloped land or leased land for development,		accountant have been	
(1)Where the Related Party acquired undeveloped land or leased land for development, it may submit(1)Where the Related Party acquired undeveloped land or leased land for development,		obtained, this restriction shall	
undeveloped land or leased land for development, it may submitacquired undeveloped land or leased land for development,		not apply:	
for development, it may submit leased land for development,	(1) Where the Related Party acquired	(1) Where the Related Party	
	undeveloped land or leased land	acquired undeveloped land or	
proof of compliance with one of it may submit proof of	for development, it may submit	leased land for development,	
Proof of comphanice with one of the intring buoline proof of	proof of compliance with one of	it may submit proof of	
the following conditions: compliance with one of the	the following conditions:	compliance with one of the	
following conditions:		following conditions:	
1. Omitted 1. Omitted	1. Omitted	1. Omitted	
(ii)Completed transactions by unrelated (ii)Completed transactions by	(ii)Completed transactions by unrelated	(ii)Completed transactions by	
parties within the preceding year unrelated parties within the	parties within the preceding year	unrelated parties within the	
involving other floors of the same preceding year involving other	involving other floors of the same	preceding year involving other	
property or neighboring or closely floors of the same property or	property or neighboring or closely	floors of the same property or	
valued parcels of land, where the neighboring or closely valued	valued parcels of land, where the	neighboring or closely valued	
land area and transaction terms are parcels of land, where the land	land area and transaction terms are	parcels of land, where the land	
similar after calculation of area and transaction terms are	similar after calculation of	area and transaction terms are	
reasonable price discrepancies in similar after calculation of	reasonable price discrepancies in	similar after calculation of	
floor or area land prices in reasonable price discrepancies	floor or area land prices in	reasonable price discrepancies	
accordance with standard property in floor or area land prices in	accordance with standard property	in floor or area land prices in	
market practices <u>or leasing</u> accordance with standard	market practices or leasing	accordance with standard	

Amended Articles	Current Articles	Note
practices.	property market practices.	
-	(iii) Completed lease transactions	
	by unrelated parties for other	
	floors of the same property	
	within the preceding year,	
	where the transaction terms are	
	similar after calculation of	
	reasonable price discrepancies	
	among floors in accordance	
	with standard property market	
	practices.	
(2) The Company, when acquiring	(2) Where the Company	
real property or obtaining the	acquiring real property from	
right-of-use assets of the real	a Related Party provides	
property through leasing, from a	evidence that the terms of	
Related Party provides evidence	the transaction are similar to	
that the terms of the transaction	the terms of transactions	
are similar to the terms of	completed for the acquisition	
transactions completed for the	of neighboring or closely	
acquisition of neighboring or	valued parcels of land of a	
closely valued parcels of land of	similar size by unrelated	
a similar size by unrelated parties	parties within the preceding	
within the preceding year.	year.	
Transactions involving neighboring or	Completed transactions for	
closely valued parcels of land in the	neighboring or closely valued	
preceding two subparagraphs in	parcels of land in the preceding two	
principle refers to parcels on the same	subparagraphs in principle refers to	
or an adjacent block and within a	parcels on the same or an adjacent	
distance of no more than 500 meters or	block and within a distance of no	
parcels close in publicly announced	more than 500 meters or parcels	
current value; transaction involving	close in publicly announced current	
similarly sized parcels of similar land	value; transaction for similarly	
area in principle refers to transactions	sized parcels of similar land area in	
conducted by unrelated parties for	principle refers to transactions	
parcels with a land area of no less than	completed by unrelated parties for	
50% of the property in the planned	parcels with a land area of no less	
transaction; "within one year"	than 50% of the property in the	
mentioned in the foregoing refers to the	planned transaction; "within one	
year preceding the actual date of	year" refers to the year preceding	
acquisition of the real property or its	the actual date of acquisition of the	
right-of-use assets.	real property.	
Article 16: Where the Company	Article 16: Where the Company	To conform to IFRS 16

Amended Articles	Current Articles	Note
acquires real property or its right-of-use	acquires real property from a	Lease, this Article is
assets from a Related Party and the	Related Party and the results of	amended to
results of appraisals conducted in	appraisals conducted in accordance	incorporate the matters
accordance with the provisions of	with the provisions of Paragraphs 5	to be done when the
Paragraphs 5 and 6 of Article 15 are	and 6 of Article 15 are uniformly	appraised cost is lower
uniformly lower than the transaction	lower than the transaction price, the	than the transaction
price, the following steps shall be taken:	following steps shall be taken:	price in the case of the
1. The difference between the	1. The difference between the	acquisition of the
transaction price and the appraised	transaction price and the	right-of-use assets of
costs of real property or its right-	appraised costs of the real	the real property from
of-use assets shall be set aside as a	property shall be set aside as a	the lease with a
special reserve in accordance with	special reserve in accordance	Related Party.
the provisions of Paragraph 1,	with the provisions of	
Article 41 of the Securities and	Paragraph 1, Article 41 of the	
Exchange Act and may not be	Securities and Exchange Act	
distributed or used for capital	and may not be distributed or	
increase and issuance of bonus	used for capital increase and	
shares. If an investor that has	issuance of bonus shares. If an	
investment in the Company and uses	investor that has investment in	
the equity method to account for	the Company and uses the	
such investment is a public company,	equity method to account for	
it shall also set aside as a special	such investment is a public	
reserve under Paragraph 1, Article 41	company, it shall also set	
of the Securities and Exchange Act	aside as a special reserve	
pro rata to the special reserve set	under Paragraph 1, Article 41	
aside by the Company in proportion	of the Securities and	
to its shareholding.	Exchange Act pro rata to the	
	special reserve set aside by	
	the Company in proportion to	
	its shareholding.	
2.~3. Omitted	2.~3. Omitted	
4. If the Company has set aside a	4. If the Company has set aside a	
special reserve under the preceding	special reserve under the	
paragraph, the Company shall not	preceding paragraph, the	
utilize such special reserve until it	Company shall not utilize	
has recognized a loss on decline in	such special reserve until it	
market value of the assets it	has recognized a loss on	
purchased <u>or leased</u> at a premium,	decline in market value of the	
or the assets have been disposed	assets it purchased at a	

of, <u>or the lease contract has been</u> <u>terminated</u>, or adequate compensation has been made, or premium, or the assets have

been disposed of, or adequate

compensation has been made,

Amended Articles	Current Articles	Note
the original condition has been	or the original condition has	
restored, or there is other evidence	been restored, or there is other	
confirming that there was nothing	evidence confirming that there	
unreasonable about the transaction,	was nothing unreasonable	
and the FSC has given its consent.	about the transaction, and the	
	FSC has given its consent.	
5. The Company shall also comply	5. The Company shall also	
with the provisions of the	comply with the provisions of	
preceding four paragraphs when	the preceding four paragraphs	
obtaining real property or its	when obtaining real property	
right-of-use asset from a Related	from a Related Party if there is	
Party if there is other evidence	other evidence indicating that	
indicating that the transaction was	the transaction was not an	
not an arm's length transaction.	arm's length transaction.	
Article 17: The procedures of	Article 17: The procedures of	1. To conform to
acquisition or disposal of equipment_or	acquisition or disposal of	IFRS 16 Lease,
its right-of-use asset	equipment	the right-of-use
1. Where the Responsible Unit is		asset is newly
acquiring a fixed asset, it should	1. Where the Responsible Unit is	added in this
comply with the procedures of	acquiring a fixed asset, it	article.
negotiation and evaluation of	should comply with the	2. Paragraph 1 is
transaction price and should	procedures of negotiation and	amended in
submit to the Chairman for	evaluation of transaction price	cooperation with
approval; when disposing of a	and should submit to the	the laws and
fixed asset, it should comply with	Chairman for approval; when	regulations and
the asset depreciation procedure	disposing of a fixed asset, it	the practical
under the Rules for Managing	should comply with the asset	needs.
Fixed Assets or the Lease	depreciation procedure under	3. To conform to the
Operating Procedures of the	the Rules for Managing Fixed	laws and
Company; however, if the	Assets of the Company;	regulations, a
transaction amount exceeds	however, if the transaction	"government
NT\$500 million (inclusive of	amount exceeds NT\$500	agency" is
NT\$500 million), it should be	million (inclusive of NT\$500	specified to refer
submitted to the Audit Committee	million), it should be	to a "domestic
and the board of directors meeting	submitted to the Audit	government
for approval.	Committee and the board of	agency" in
	directors meeting for	Paragraph 2.
	approval.	4. To conform to the
2. If the transaction amount reaches	2. If the transaction amount	laws and
20% or more of the Company's	reaches 20% or more of the	regulations, in
paid-in capital or NT\$300 million	Company's paid-in capital or	Paragraph 4, the
or above, unless transacting with a	NT\$300 million or above,	approval

Amended Articles	Current Articles	Note
domestic government agency or	unless transacting with a	procedures for the
acquisition or disposal of the	government agency or	acquisition and
equipment or its right-of-use asset	acquisition or disposal of the	disposal of the
for operational use, prior to the	equipment for operational use,	equipment for
Date of Occurrence of the	prior to the Date of	operational use, its
transaction, an appraisal should be	Occurrence of the transaction,	right-of-use assets
obtained by a Professional	an appraisal should be	or right-of-use
Appraiser who should issue an	obtained by a Professional	assets of the real
appraisal report and the transaction	Appraiser who should issue	property for
should comply with Article 18 of	an appraisal report and the	operational use by
these Procedures.	transaction should comply	and between the
	with Article 18 of these	parent company
	Procedures.	and its
3. When the Company intends to	3. When the Company intends to	subsidiaries, or by
acquire or dispose of equipment or	acquire or dispose of	and among the
its right-of-use asset from or to a	equipment from or to a	parent company's
Related Party and the transaction	Related Party and the	direct or indirect
amount reaches 20% or more of	transaction amount reaches	wholly-owned
the Company's paid-in capital,	20% or more of the	subsidiaries is
10% or more of the Company's	Company's paid-in capital,	loosened.
total assets, or NT\$300 million or	10% or more of the	

transaction

4. With respect to the acquisition or disposal of equipment for business use or its right-of-use assets by and between the Company and its Subsidiaries, or by and among the Company's Subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or capital, the Chairman is authorized to decide the related when the transaction matters amount is within NT\$500 million and subsequently submit the same

above, the transaction should be

conducted in accordance with Paragraphs 1 and 2 of this Article

and Paragraphs 3 and 4 of Article

15 of these Procedures.

Procedures.
4. With respect to the acquisition or disposal of equipment for business use between the Company and its Subsidiaries, the Chairman is authorized to decide the related matters when the transaction amount is within NT\$500 million and subsequently submit the same to the most recent Audit Committee meeting and the board of directors meeting for recognition.

Company's total assets, or NT\$300 million or above, the

conducted in accordance with

Paragraphs 1 and 2 of this Article and Paragraphs 3 and 4 of Article 15 of these

should

be

to the most recent Audit Committee meeting and the board of directors meeting for recognition, where Paragraph 4 of Article 15 (which requires that in relation to acquisition or disposal of assets from or to a Related Party, the Company may not proceed with execution of a transaction contract or making any payment unless and until such transaction being approved by the Audit Committee and the board of directors) shall not apply.Article 18: The evaluation of real property and equipment1. To conform to IFRS 16 Lease, the right-of-use asset.Article 18: The evaluation of real property, equipment or its right-of-use asset. where the transaction amount reaches 20 % of the Company's paid-in capital or NT\$300 million or above, the Company, unless transacting with a domestic government agency, commissioning others to build on its own land, commissioning others to build on its soluid on rented land, or acquiring, or disposing of equipment or its right-of-use asset for operational use, shall obtain an appraisal report prior to aball obtain an appraisal report prior to shall obtain an appraisal report prior to the company and the property prior to the Date of appraisal report prior to the Date of agency: in	Amended Articles	Current Articles	Note
ofdirectorsmeetingfor recognition, whereParagraph 4 of Article 15 (which requires that in relation to acquisition or disposal of assets from or to a Related Party, the Company may not proceed with execution of a transaction contract or making any payment unless and until such transaction being approved by the Audit Committee and the board of directors) shall not apply.Article 18: The evaluation of real property, equipment or its right-of-use asset.Article 18: reaches 20 % of the Company's paid-in capital or NT\$300 million or above, the Company, unless transacting with a domestic government agency, commissioning others to build on its own land, commissioning others to build on rented land, or acquiring, or disposing of equipment or its right-of-use asset for operational use, spring of equipment or its right-of-use asset for operational use, spring of equipment or its right-of-use asset for operational use, spring of equipment or its right-of-use asset for operational use, shall obtain an1.To conform to IFRS 16 Lease, the right-of-use asset is newly added in this article.1To conform to the company's paid-in commissioning others to build on rented land, or acquiring, or disposing of equipment or its operational use, shall obtain an1.To conform to the IFRS 16 Lease, the right-of-use asset is newly added in this article.2To conform to the company's paid-in commissioning others to build on rented land, or acquiring, or disposing of equipment or its right-of-use asset for operational use, shall obtain an operational use, shall obtain an2.	to the most recent Audit		
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property, equipment or its right-of-use asset where the transaction amount reaches 20 % of the Company's paid-in capital or NT\$300 million or above, the Company, unless transacting with a domestic government agency, commissioning others to build on its own land, commissioning others to build on rented land, or acquiring, or disposing of equipment or its right-of-use asset for operational use,property or equipment where the transaction amount reaches 20 % of the Company's paid-in capital or NT\$300 million or above, the Company, unless transacting with a domestic government agency, commissioning others to build on its others to build on its others to build on its own land, commissioning others to build on rented land, or acquiring, or disposing of equipment or its right-of-use asset for operational use,property or equipment where the transaction amount reaches 20 % of the Company's paid-in capital or NT\$300 million or above, the Company, unless transacting with a government agency, commissioning others to build on its own land, commissioning others to build on rented land, or acquiring, or disposing of equipment or its right-of-use asset for operational use, operational use, shall obtain anadded in this article.2.To conform to the laws and regulations, a "government agency" is specified to refer to a "domestic government	asset.		the right-of-use
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Company, unless transacting with a domesticCompany, unless transacting with a government agency, others to build on itsIaws and regulations, acommissioning others to build on itsothers to build on its own land, commissioning others toothers to build on its own land, commissioning others to"government agency" isown land, commissioning others to build on rented land, or acquiring, or disposing of equipment or its right-of-use assetrented land, or acquiring, or operational use,rented land, or acquiring, or operational use, shall obtain anspecified to refer government	reaches 20 % of the Company's paid-in	the Company's paid-in capital or	
domesticgovernmentagency,government agency,commissioningregulations, acommissioning others to build on itsothers to build on itsothers to build on its own land,"governmentown land, commissioning others tocommissioning others tocommissioning others to build onagency" isbuild on rented land, or acquiring, orrented land, or acquiring, orrented land, or acquiring, orspecified to referdisposing of equipmentor itsdisposing of equipment forto a "domesticright-of-use assetfor operational use,operational use, shall obtain angovernment	capital or NT\$300 million or above, the	NT\$300 million or above, the	2. To conform to the
commissioning others to build on itsothers to build on itsothers to build on its own land,"governmentown land, commissioning others tocommissioning others to build onagency" isbuild on rented land, or acquiring, orrented land, or acquiring, orspecified to referdisposing of equipment or itsdisposing of equipment forto a "domesticright-of-use assetfor operational use,operational use, shall obtain angovernment	Company, unless transacting with a	Company, unless transacting with a	laws and
own land, commissioning others tocommissioning others toagency" isbuild on rented land, or acquiring, orrented land, or acquiring, orspecified to referdisposing of equipment or itsdisposing of equipment forto a "domesticright-of-use assetfor operational use,operational use, shall obtain angovernment	domestic government agency,	government agency, commissioning	regulations, a
build on rented land, or acquiring, or disposing of equipment or its right-of-use assetrented land, or acquiring, or disposing of equipment for operational use, shall obtain anspecified to refer to a "domestic government	commissioning others to build on its	others to build on its own land,	"government
disposingofequipmentoritsdisposingofequipmentforto a "domesticright-of-useassetforoperationaluse,operationaluse,shallobtainangovernment	own land, commissioning others to	commissioning others to build on	agency" is
right-of-use asset for operational use, operational use, shall obtain an government	build on rented land, or acquiring, or	rented land, or acquiring, or	specified to refer
	disposing of equipment or its	disposing of equipment for	to a "domestic
shall obtain an appraisal report prior to appraisal report prior to the Date of agency: in	right-of-use asset for operational use,	operational use, shall obtain an	government
	shall obtain an appraisal report prior to	appraisal report prior to the Date of	agency: in
the Date of Occurrence of the Occurrence of the transaction from Paragraph 1.	the Date of Occurrence of the	Occurrence of the transaction from	Paragraph 1.
transaction from a Professional a Professional Appraiser and shall	transaction from a Professional	a Professional Appraiser and shall	
Appraiser and shall further comply with further comply with the following	Appraiser and shall further comply with	further comply with the following	
the following provisions: provisions:	the following provisions:	provisions:	
1. Where, due to special 1. Where, due to special	1. Where, due to special	1. Where, due to special	
circumstances, a limited price, circumstances, a limited price,	circumstances, a limited price,	circumstances, a limited price,	
specified price or special price specified price or special price	specified price or special price	specified price or special price	
must be given as a reference basis must be given as a reference	must be given as a reference basis	must be given as a reference	
for the transaction price, the basis for the transaction price,	for the transaction price, the	basis for the transaction price,	
transaction shall be submitted to the transaction shall be	transaction shall be submitted to	the transaction shall be	
the board of directors for approval submitted for approval in	the board of directors for approval	submitted for approval in	
in advance, and the same shall advance by the board of	in advance, and the same shall	advance by the board of	

Amended Articles	Current Articles	Note
apply to any subsequent changes,	directors, and the same	
if any, to the terms and conditions	procedure aforesaid shall be	
of the transaction.	followed for any future	
	changes to the terms and	
Hereafter Omitted	conditions of the transaction.	
	Hereafter Omitted	
Article 19: The procedures of	Article 19: The procedures of	1. Paragraph 1 is
acquisition or disposal of memberships	acquisition or disposal of	amended based on
	memberships	the practical
1. Where the Responsible Unit	1. Where the Responsible Unit	needs.
acquires or disposes of	acquires or disposes of	2. To conform to the
memberships, if the transaction	memberships, if the	laws and
amount is below NT\$1 million	transaction amount is below	regulations, a
(inclusive of NT\$1 million), the	NT\$1 million (inclusive of	"government
head-in-charge is authorized to	NT\$1 million), the General	agency" is
approve the transaction; if the	Manager is authorized to	specified to refer
transaction amount is between		to a "domestic
	approve the transaction; if the	
NT\$1 million and NT\$500 million,	transaction amount is between	government
the Chairman is authorized to	NT\$1 million and NT\$500	agency" in
approve the transaction. If the	million, the Chairman is	Paragraph 2.
transaction amount exceeds	authorized to approve the	
NT\$500 million (inclusive of	transaction. If the transaction	
NT\$500 million), it should be	amount exceeds NT\$500	
submitted to the Audit Committee	million (inclusive of NT\$500	
and the board of directors meeting	million), it should be	
for approval.	submitted to the Audit	
	Committee and the board of	
	directors meeting for	
	approval.	
2. Except for transactions with	2. Except for transactions with	
domestic government agencies, if	government agencies, if the	
the transaction amount reaches	transaction amount reaches	
20% or more of the Company's	20% or more of the	
paid-in capital or NT\$300 million	Company's paid-in capital or	
or above, the usage after	NT\$300 million or above, the	
acquisition or the purpose of	usage after acquisition or the	
disposal and an opinion on the	purpose of disposal and an	
reasonableness of the transaction	opinion on the reasonableness	
price issued by a certified public	of the transaction price issued	
accountant in accordance with the	by a certified public	
Statement of General Auditing	accountant in accordance with	
Procedures No. 20 published by	the Statement of General	

Amended Articles	Current Articles	Note
the ARDF are required prior to the	Auditing Procedures No. 20	
Date of Occurrence of the	published by the ARDF are	
transaction.	required prior to the Date of	
	Occurrence of the transaction.	
Hereafter Omitted	Hereafter Omitted	
Article 20: The procedures of	Article 20: The procedures of	1. To conform to
acquisition or disposal of intangible	acquisition or disposal of intangible	IFRS 16 Lease,
assets or its right-of-use assets	assets	the right-of-use
1. Where a legal basis exists for the	1. Where a legal basis exists for	asset is newly
development of products, whether	the development of products,	added in this
jointly by the Company and other	whether jointly by the	article.
entities, or by the Company on	Company and other entities,	2. A paragraph is
behalf of another entity, or by	or by the Company on behalf	newly added due
another entity on behalf of the	of another entity, or by	to the practical
Company, or for the Company to	another entity on behalf of the	needs.
obtain certain techniques or	Company, or for the	
processes developed by other	Company to obtain certain	
entities, and the parties agree to	techniques or processes	
have any intangible asset or its	developed by other entities,	
right-of-use asset resulting from	and the parties agree to have	
such development to be owned by	any intangible asset resulting	
the Company, the authority to	from such development to be	
approve the acquisition or disposal	owned by the Company, the	
of such intangible asset or its right-	authority to approve the	
of-use asset should rest with the	acquisition or disposal of such	
head of the relevant center. Any	intangible asset should rest	
agreement proposing to have any	with the head of the relevant	
intangible assets or their right-of-	center. Any agreement	
use asset resulting from such	proposing to have any	
development, joint or otherwise, to	intangible assets resulting	
be owned either jointly by the	from such development, joint	
Company and another entity or by	or otherwise, to be owned	
such other entity must in principle	either jointly by the Company	
be approved by the head of the	and another entity or by such	
relevant business group; any	other entity must in principle	
agreement proposing to have	be approved by the head of	
another entity to acquire any	the relevant business group;	
existing intangible assets or their	any agreement proposing to	
right-of-use asset which the	have another entity to acquire	
Company intends to dispose must	any existing intangible assets	
in principle be approved by the	which the Company intends to	
head of the relevant business	dispose must in principle be	

	Amended Articles		Current Articles	Note
gr	roup, unless it is otherwise		approved by the head of the	
-	equired to be approved by a		relevant business group,	
	igher ranking officer in		unless it is otherwise required	
	ccordance with relevant laws or		to be approved by a higher	
re	egulations, board of directors or		ranking officer in accordance	
	ther rules of the Company at the		with relevant laws or	
	me of the acquisition or disposal.		regulations, board of directors	
			or other rules of the Company	
			at the time of the acquisition	
			or disposal.	
2. If	the transaction amount for	2.	If the transaction amount for	
ac	equisition or disposal of		acquisition or disposal of	
in	ntangible assets or their right-of-		intangible assets reaches 20%	
us	se assets reaches 20% or more of		or more of the Company's	
th	ne Company's paid-in capital or		paid-in capital or NT\$3	
N	T\$3 million or above, it should		million or above, it should	
co	omply with Paragraphs 2 of		comply with Paragraphs 2 of	
Α	rticle 19 of these Procedures.		Article 19 of these	
			Procedures.	
3. W	Then the Company intends to	3.	When the Company intends to	
ac	equire or dispose of intangible		acquire or dispose of	
as	ssets or their right-of-use assets		intangible assets from or to a	
fr	rom or to a Related Party and the		Related Party and the	
tra	ansaction amount reaches 20% or		transaction amount reaches	
m	nore of the Company's paid-in		20% or more of the	
ca	apital, 10% or more of the		Company's paid-in capital,	
C	company's total assets, or NT\$300		10% or more of the	
m	nillion or above, except for		Company's total assets, or	
tra	ansactions with <u>domestic</u>		NT\$300 million or above,	
go	overnment agencies, the		except for transactions with	
tra	ansaction should be conducted in		government agencies, the	
	ccordance with Paragraphs 1 and		transaction should be	
	of this Article and Paragraphs 3		conducted in accordance with	
	nd 4 of Article 15 of these		Paragraphs 1 and 2 of this	
P1	rocedures.		Article and Paragraphs 3 and	
			4 of Article 15 of these	
			Procedures.	
	the transaction amount for an			
	equisition or disposal of			
	ntangible assets or their right-of-			
<u>us</u>	se assets reaches NT\$500 million			
<u>01</u>	<u>r above, such acquisition or</u>			

Amended Articles	Current Articles	Note
disposal shall be submitted to the		
Audit Committee meeting and the		
board of directors meeting for		
approval.		
Article 21: The procedures of	Article 21: The procedures of	This Article is
acquisition or disposal of engaging in	acquisition or disposal of engaging	amended based the
Derivatives trading	in Derivatives trading	laws and regulations.
1.omitted	1.omitted	
The Company shall supervise its	The Company shall supervise its	
Subsidiaries to draw up the relevant	Subsidiaries to draw up the relevant	
rules to manage the engagement in	rules to manage the engagement in	
Derivatives trading and shall supervise	Derivatives trading and shall	
its Subsidiaries to comply with the	supervise its Subsidiaries to comply	
Derivatives trading rules. The Internal	with the Derivatives trading rules.	
Audit will examine the relevant matters	The Internal Audit will examine the	
relating to the <u>self-assessment</u> report of	relevant matters relating to the	
its Subsidiaries. If any of its	self-inspection report of its	
Subsidiaries does not intend to engage	Subsidiaries.	
in derivatives trading, it may, after		
obtaining the approval of its board of		
directors, be exempted from		
establishing the procedures governing		
derivatives trading. If it subsequently		
wishes to engage in derivatives trading,		
it shall still comply with Article 31 and		
the preceding paragraph before doing		
<u>so</u> .		
Article 25: Under any of the	Article 25: Under any of the	1. To conform to
following circumstances, the Company	following circumstances, the	IFRS 16 Lease,
acquiring or disposing of assets shall	Company acquiring or disposing of	right-of-use assets
publicly announce and report the	assets shall publicly announce and	are incorporated
relevant information on the website	report the relevant information on	into this article.
designated by the FSC in the prescribed	the website designated by the FSC	2. To conform to the
format within two days commencing	in the prescribed format within two	laws and
immediately from the Date of	days commencing immediately	regulations, the
Occurrence of such fact:	from the Date of Occurrence of	"government
	such fact:	bonds" are
1. Acquisition or disposal of real	1. Acquisition or disposal of real	specified to refer
property or its right-of-use assets	property from or to a Related	only to "domestic
from or to a Related Party, or	Party, or acquisition or	government
acquisition or disposal of assets	disposal of assets other than	bonds."
other than real property <u>or its</u>	real property from or to a	

	Amended Articles	Current Articles	Note
	<u>right-of-use assets</u> from or to a	Related Party where the	
	Related Party where the	transaction amount reaches	
	transaction amount reaches 20% or	20% or more of the	
	more of the Company's paid-in	Company's paid-in capital,	
	capital, 10% or more of the	10% or more of the	
	Company's total assets, or NT\$300	Company's total assets, or	
	million or above, except for the	NT\$300 million or above,	
	trading of <u>domestic</u> government	except for the trading of	
	bonds, bonds under repurchase and	government bonds, bonds	
	resale agreements, and	under repurchase and resale	
	subscription/ purchase or	agreements, and subscription/	
	repurchase of money market funds	purchase or repurchase of	
	issued by domestic securities	money market funds issued by	
	investment trust enterprises.	domestic securities	
	investment trust enterprises.	investment trust enterprises.	
2.	Mergers, spin-offs, acquisitions, or	 Mergers, spin-offs, 	
2.	assignment of shares.	acquisitions, or assignment of	
	assignment of shares.	shares.	
3.	Where losses from Derivatives	 Where losses from Derivatives 	
5.	trading reach the limits on	trading reach the limits on	
	aggregate losses or losses on	aggregate losses or losses on	
	individual contracts set out in the	individual contracts set out in	
	procedures adopted by the	the procedures adopted by the	
	Company.	Company.	
4.	Where the equipment or its	 Where <u>any asset categorized as</u> 	
т.	right-of-use assets for operational	equipment for operational use	
	use is acquired or disposed of, and	is_acquired or disposed of, and	
	the counterparty is not a Related	the counterparty is not a	
	Party and the transaction amount	Related Party and the	
	reaches any of the following:	transaction amount reaches	
	reaches any of the rono wing.	any of the following:	
	(1) Where the Company's paid-in	(1) Where the Company's	
	capital is less than NT\$10	paid-in capital is less than	
	million, the transaction	NT\$10 million, the	
	amount reaches NT\$500	transaction amount	
	million; or	reaches NT\$500 million;	
	, ••	or	
	(2) Where the Company's paid-in	(2) Where the Company's	
	capital is NT\$10 million or	paid-in capital is NT\$10	
	more, the transaction amount	million or more, the	
	reaches NT\$1 billion.	transaction amount	
		reaches NT\$1 billion.	

Amended Articles	Current Articles	Note
5. Where real property is acquired	5. Where real property is	
under an arrangement for	acquired under an	
commissioned construction on	arrangement for	
self-owned land or on rented land,	commissioned construction on	
joint construction and allocation of	self-owned land or on rented	
housing units, joint construction	land, joint construction and	
and allocation of ownership	allocation of housing units,	
percentages, or joint construction	joint construction and	
and separate sale, and furthermore	allocation of ownership	
the transaction counterpart is not a	percentages, or joint	
-		
<u>Related Party</u> , and the amount the	construction and separate sale,	
Company expects to invest in the	and the amount the Company	
transaction reaches NT\$500	expects to invest in the transaction reaches NT\$500	
million or more.		
	million or more.	
6. Where an asset transaction other	6. Where an asset transaction	
than those referred to in the	other than those referred to in	
preceding five subparagraphs, or	the preceding five	
Mainland China Investment,	subparagraphs, or Mainland	
reaches 20% or more of the	China Investment, reaches	
Company's paid-in capital or	20% or more of the	
NT\$300 million; provided, that	Company's paid-in capital or	
this shall not apply in the	NT\$300 million; provided,	
following circumstances:	that this shall not apply in the	
(1) Trading of <u>domestic</u>	following circumstances:	
government bonds.	(1) Trading of government	
(2) Trading of bonds under	bonds.	
repurchase/resale agreements	(2) Trading of bonds under	
or subscription/purchase or	repurchase/resale	
repurchase of money market	agreements or	
funds issued by domestic	subscription/purchase or	
securities investment trust	repurchase of money	
enterprises.	market funds issued by	
	domestic securities	
	investment trust	
	enterprises.	
The amount of transactions above shall	The amount of transactions above	
be calculated as follows:	shall be calculated as follows:	
1. The amount of any individual	1. The amount of any individual	
transaction.	transaction.	
2. The cumulative transaction amount	2. The cumulative transaction	

Amended Articles	Current Articles	Note
of acquisitions and disposals of the	amount of acquisitions and	11010
same type of underlying asset with	disposals of the same type of	
the same trading counterparty within	underlying asset with the same	
	trading counterparty within one	
one year.		
3. The cumulative transaction amount	year. 3. The cumulative transaction	
of real property <u>or its right-of-use</u>	amount of real property	
<u>asset</u> acquisitions and disposals	acquisitions and disposals	
(cumulative acquisitions and	(cumulative acquisitions and	
disposals, respectively) within the	disposals, respectively) within	
same development project within	the same development project	
one year.	within one year.	
4. The cumulative transaction amount	4. The cumulative transaction	
of acquisitions and disposals	amount of acquisitions and	
(cumulative acquisitions and	disposals (cumulative	
disposals, respectively) of the same	acquisitions and disposals,	
security within one year.	respectively) of the same	
	security within one year.	
"Within one year" as used in the	"Within one year" as used in the	
preceding paragraph refers to the year	preceding paragraph refers to the	
preceding the Date of Occurrence of the	year preceding the Date of	
current transaction. Items duly	Occurrence of the current	
announced in accordance with these	transaction. Items duly	
Regulations need not be entered.	announced in accordance with	
	these Regulations need not be	
	entered.	
The Finance Center shall enter monthly	The Finance Center shall enter	
the status of Derivatives transactions	monthly the status of Derivatives	
undertaken by the Company and its	transactions undertaken by the	
subsidiaries that are not domestic public	Company and its subsidiaries that	
companies up to the end of the	are not domestic public companies	
preceding month in the prescribed	up to the end of the preceding	
format into the information reporting	month in the prescribed format into	
website designated by the FSC by the	the information reporting website	
tenth day of each month.	designated by the FSC by the tenth	
	day of each month.	
When the Company at the time of	When the Company at the time of	
public announcement makes an error or	public announcement makes an	
omission in an item required by	error or omission in an item	
regulations to be publicly announced	required by regulations to be	

Amended Articles	Current Articles	Note
and so is required to correct such error,	publicly announced and so is	
all the items shall be publicly	required to correct such error, all	
announced again within two days from	the items shall be publicly	
the day of acknowledgement of the	announced again within two days	
error and reported in their entirety.	from the day of acknowledgement	
	of the error and reported in their	
	entirety.	
Where the Company acquires or	Where the Company acquires or	
disposes of assets, the division in charge	disposes of assets, the division in	
shall keep all relevant contracts,	charge shall keep all relevant	
meeting minutes, memorandum books,	contracts, meeting minutes,	
appraisal reports and opinions of	memorandum books, appraisal	
certified public accountants, attorneys,	reports and opinions of certified	
and securities underwriters at the	public accountants, attorneys, and	
Company, where they shall be stored for	securities underwriters at the	
five years, unless otherwise provided by	Company, where they shall be	
laws.	stored for five years, unless	
	otherwise provided by laws.	
Article 27	Article 27	To conform to the
Paragraph 1 is omitted.	Paragraph 1 is omitted.	amendment to the
		regulations, this
The paid-in capital or total assets of the	The paid-in capital or total assets of	Paragraph is amended
Company shall be the standard for	the Company shall be the standard	to make the public
determining whether or not a Subsidiary	for determining whether or not a	announcement and
referred to in the preceding paragraph is	Subsidiary referred to in the	regulatory filing
subject to Paragraph 1 of Article 25	preceding paragraph is subject to	standards for the
requiring a public announcement and	Paragraph 1 of Article 25 requiring	Subsidiaries consistent
regulatory filing in relation to	a public announcement and	with those for the
transactions reaching the paid-in capital	regulatory filing in relation to the	parent company.
or the total assets specified therein.	transactions reacheing 20% of the	
	paid-in capital or 10% of the total	
	assets specified therein.	
Article 28	Article 28	To conform to the
Paragraph 1 is omitted.	Paragraph 1 is omitted.	amendment to the laws
		and regulations, the
In case of the shares in the Company	In case of the shares in the	method of calculation
with no par value or with a par value	Company with no par value or with	of the paid-in capital
other than NT\$10, for the calculation of	a par value other than NT\$10, for	reaching NT\$10
transaction amount of 20% of paid-in	the calculation of transaction	billion as provided in
capital under these Procedures, 10% of	amount of 20% of paid-in capital	Article 25 is specified
equity attributable to stockholders of	under these Procedures, 10% of	in case of the shares in

Amended Articles	Current Articles	Note
the parent shall be substituted; for	equity attributable to stockholders	the Company with no
calculations under the provisions of	of the parent shall be substituted.	par value or with a par
these Procedures of the transaction		value other than
amount regarding the paid-in capital		NT\$10.
reaching NT\$10 billion, NT\$20 billion		
of equity attributable to stockholders of		
the parent shall be substituted.		
Chapter IV Penalty	Chapter IV Penalty	This Article is
Article 29: When officers or persons in	Article 29: When officers or	amended due to the
charge violate these Procedures or the	persons in charge violate these	practical needs.
Regulations Governing the Acquisition	Procedures or the Regulations	
and Disposal of Assets by Public	Governing the Acquisition and	
Companies promulgated by the FSC,	Disposal of Assets by Public	
	Companies promulgated by the	
	FSC,	
1. The Human Resources Division	1. The Human Resources	
will make a proposal of penalty	Division will make a proposal	
according to the seriousness of the	of penalty according to the	
violation by each person based on	seriousness of the violation by	
the facts and evidence provided by	each person based on the facts	
the Responsible Unit or the audit	and evidence provided by the	
unit and submits the same to the	Responsible Unit or audit	
head-in-charge for approval.	unit. <u>Penalty on</u>	
Penalty on officers will be	persons-in-charge will be	
submitted to and resolved by the	submitted to and approved by	
Compensation Committee meeting	the Chairman after approval	
and the board meeting.	by the General Manger;	
	penalty on officers will be	
	submitted to and resolved by	
	the board meetin <u>g after</u>	
	approved by the Chairman.	
2. In the event that any irrecoverable	2. In the event that any	
losses are caused to the Company	irrecoverable losses are	
due to any willful or negligent acts	caused to the Company due to	
or omissions <u>by an individual</u> , <u>such</u>	any willful or negligent acts	
individual may be suspended from	or omissions by an officer or a	
duties, subject to the approval of	person in charge, the person	
the head-in-charge.	in charge and the manger may	
	be suspended from duties,	
	respectively subject to	
	approval of the General	
	Manger and the Chairman.	

Amended Articles	Current Articles	Note
Hereafter Omitted	Hereafter Omitted	

(English Translation) Procedures of Acquisition or Disposal of Assets (revised edition) (English Translation) Procedures of Acquisition or Disposal of Assets

I. Purpose

To efficiently manage the procedures of acquisition and disposal of the Company's assets and to ensure the Company's rights and interests, the Company enacts these Procedures.

II. Objective

To meet the Company's policies, to fully utilize resources and to properly acquire or dispose of assets to maximize the economic benefit to the Company.

III. Contents

Chapter I General

Article 1: The scope of applicability of the term "Assets" as used in these Procedures is as follows:

- 1. Stocks, government bonds, corporate bonds, financial bonds, securities representing units of funds, depositary receipts, call (put) warrants, beneficiary securities, and asset-backed securities.
- 2. Real property (including land, houses and buildings, real properties for investment purpose, land usage right) and equipment.
- 3. Memberships.
- 4. Patents, copyrights, trademarks, franchise rights, trade secrets and other intangible assets.
- 5. <u>Right-of-use assets.</u>
- 6. Derivatives.

<u>7.</u> Assets acquired or disposed of through mergers, spin-offs, acquisitions or assignments of shares in accordance with law.

- <u>8</u>. Other major assets.
- Article 2: The term "Date of Occurrence" under these Procedures means the date of execution of contract, date of payment, date of consignment trade, date of transfer, date of board of directors meeting or any other date that can confirm the counterpart and the transaction amount, whichever date is earliest; provided that, where approval of the competent authority is required for such transaction, the

earlier of the earliest date above or the date of receipt of approval by the competent authority shall apply.

- Article 3: The term "Professional Appraiser" under these Procedures means a real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real property or equipment.
- Article 4: The terms "Subsidiary" and "Related Party" under these Procedures shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

When judging whether a counterparty of a transaction is a Related Party, in addition to legal formalities, the substance of the relationship shall also be taken into consideration.

- Article 5: <u>The "securities exchange" referred to in these Procedures: "domestic securities</u> exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
 <u>The "over-the-counter venue" ("OTC venue") referred to in these Procedures: "domestic OTC venue" refers to a venue for over-the-counter trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution which is regulated by the foreign competent authority and permitted to conduct securities business.
 </u>
- Article 6: The term "Derivatives" under these Procedures means forward contracts, options contracts, futures contracts, leverage contracts, swap contracts and compound contracts combining the above products whose value is derived from <u>specified interest rates</u>, <u>financial instrument prices</u>, commodity prices, foreign exchange rates, indexes <u>of prices</u> <u>or rates</u>, <u>credit rating or credit index</u>, <u>or other variable</u>; <u>or hybrid contracts combining the</u> <u>above contracts</u>; <u>or hybrid contracts or structured products containing embedded</u> <u>derivatives</u>. The term "forward contract" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts or long-term purchase (sales) contracts.
- Article 7: Assets acquired or disposed of through mergers, spin-offs, acquisitions or assignment of shares in accordance with law under these Procedures means assets acquired or disposed through mergers, spin-offs or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and/or other acts/laws, or acquisitions of shares through issuance of new shares of its own as the consideration therefore (hereinafter "Assignment of Shares") under Article 156-3 of the Company Act.
- Article 8: The term "Mainland Area Investment" means investments in People's Republic of China conducted in accordance with the provisions of the "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area" promulgated by the Investment Commission of the Ministry of Economic Affairs.

- Article 9: Professional Appraisers and their officers, certified public accountants, attorneys and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions or underwriter's opinions <u>shall meet the following requirements:</u>
 - 1. It/He shall not have previously received a final and unappealable sentence to imprisonment for one (1) year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime; provided, however, that this provision does not apply if three (3) years have already passed since the completion of the term of the imprisonment sentence, since expiration of the period of a probation, or since it/he was pardoned.
 - 2. It/He may not be a related party or de facto related party of any party to the transaction.
 - 3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

- 1. Prior to accepting a case, it/he shall prudently assess its/his own professional capabilities, practical experience, and independence.
- 2. When examining a case, it/he shall appropriately plan and execute adequate working process, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The relevant working procedures, data collected, and conclusion shall be fully and accurately specified in the working papers for the case.
- 3. It/He shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data, the parameters, and the information used, as the basis for issuance of the appraisal report or the opinion.
- 4. It/He shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that it/he has evaluated and found that the information used is reasonable and accurate, and that it/he has complied with applicable laws and regulations.

However, if the Company acquires or disposes of assets through a court auction, the court certificates may be substituted for appraisal reports or the certified public accountant's opinions.

Article 10: Responsible Unit

The Responsible Unit under these Procedures means the business operating unit designated by the Company based on the nature of each business of the Company.

Article 11: The total amount obtained from non-operating real property and its right-of-use assets

may not exceed 20% of the Company's net value; the total amount obtained from securities may not exceed 100% of the net value of the Company; however, the amount obtained from individual security may not exceed 50% of the net value of the Company.

- Article 12: The restrictions on the amount any Subsidiary of the Company may use to obtain non-operating real property or its right-of-use assets, securities or individual investment are as follows:
 - 1. If such Subsidiary's main business is investment:

The amount for such Subsidiary to obtain non-operating real property or its right-of-use <u>assets</u> may not exceed <u>10%</u> of the net value of such Subsidiary; the amount for such Subsidiary to obtain securities may not exceed <u>300%</u> of the paid-in capital or the net value of such Subsidiary, whichever is higher; however, the amount for obtaining individual security may not exceed 300% of the paid-in capital or the net value of such Subsidiary, whichever is higher.

2. If such Subsidiary's main business is not investment:

The amount for such Subsidiary to obtain non-operating real property or its right-of-use <u>assets</u> may not exceed <u>100%</u> of the net value of such Subsidiary; the amount used to obtain securities may not exceed <u>300%</u> of the paid-in capital or the net value of such Subsidiary, whichever is higher; however, the amount for obtaining individual security may not exceed <u>300%</u> of the paid-in capital or the net value of such Subsidiary, whichever is higher.

3.If such Subsidiary has both investment business and operational functions:

The amount for such Subsidiary to obtain non-operating real property or its right-of-use assets may not exceed 100% of the net value of such Subsidiary; the amount used to obtain securities may not exceed 300% of the paid-in capital or the net value of such Subsidiary, whichever is higher; however, the amount for obtaining individual security may not exceed 300% of the paid-in capital or the net value of such Subsidiary, whichever is higher.

Article 13: Each Subsidiary of the Company shall enact its "Procedures of Acquisition or Disposal of Assets" in accordance with "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" issued by the Financial Supervisory Commission ("FSC") and these Procedures.
The acquisition or disposal of assets by each Subsidiary shall comply with the "Procedures of Acquisition or Disposal of Assets" of each such Subsidiary. And, the Internal Audit of the Company will examine the relevant matters relating to the self-assessment report of its Subsidiary.

Chapter II Procedures

- Article 14: The procedures of acquisition or disposal of securities
 - 1. In connection with the acquisition or disposal of securities, the Finance Center shall attach evaluation explanation and such evaluation explanation should analyze the future development and the risk factors of such invested object,

and advantages and disadvantages. In addition, the transaction price should be determined through subjective and objective judgment. If the transaction amount is above NT\$500 million (inclusive of NT\$500 million), it should be submitted to the audit committee and the board of directors meeting for approval. If the transaction amount is below NT\$500 million (exclusive of NT\$500 million), the Chairman may approve and authorize the Finance Center to engage in the transaction. If the acquisition or disposal of securities is for the same purpose, it is not allowed to file different applications for engaging in the different transactions for the acquisition or disposal of securities, and it should proceed in accordance with Paragraph 2 of this Article.

- 2. In connection with the acquisition or disposal of securities, the most updated audited or reviewed financial statements prepared by a certified public accountant of the target company should be obtained for reference to evaluate the transaction price prior to the Date of Occurrence of the transaction. In addition, if the transaction amount reaches 20% or more of the Company's paid-in capital or NT\$300 million or above, the Company should engage a certified public accountant to render an opinion on the reasonableness of the transaction price prior to the Date of Occurrence of the transaction. If the certified public accountant needs to use the report of an expert, the certified public accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ADRF. The above restriction shall not apply if such securities have public prices quoted on an active market or the regulations of the FSC otherwise provide.
- 3. In connection with Mainland Area Investment, approval from competent authorities should be obtained before proceeding with the transaction. Upon engaging in the investment, the transaction should be handled in accordance with this Article.
- 4. If the Company acquires or disposes of securities from or to a Related Party, and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or above, the transaction should be conducted in accordance with Paragraphs 1 through 3 of this Article and Paragraphs 3 and 4 of Article 15 of these Procedures. Trading of <u>domestic</u> government bonds, bonds under repurchase and resale agreements, and purchase or repurchase of money market funds issued by domestic securities investment trust enterprises shall be exempted from the procedures provided in Paragraphs 3 and 4 of Article 15 of these Procedures.
- Article 15: The procedures of acquisition or disposal of real property or its right-of-use assets
 - 1. The Responsible Unit should <u>put forward</u> the purpose or use, the basis of determination of transaction price and transaction method for the acquisition or disposal <u>and handle the acquisition or disposal in accordance with the Company's Rules for Managing Fixed Assets or the Company's Lease Operating Procedures.</u> Such transactions should be submitted to the Audit Committee and the board of directors for approval after being approved by the Chairman, except for transactions of the right-of-use assets of the real property in the amount less than NT\$500 million that the Chairman is authorized to directly approve and decide without submitting to the Audit Committee and the board of directors for approval. In addition, the Chairman is authorized to approve and conduct the acquisition or

disposal of the right-of-use assets of the real property for operational use in the amount less than NT\$500 million by and among the Company and its Subsidiaries, or by and among the Company's Subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or capital, and to submit the same to the most recent Audit Committee meeting and the board of directors meeting for recognition thereafter, where Paragraph 4 of this Article (which requires that in relation to acquisition or disposal of assets from or to a Related Party, the Company may not proceed with execution of a transaction contract or making any payment unless and until such transaction being approved by the Audit Committee and the board of directors) shall not apply.

- 2. In acquiring or disposing of real property <u>or its right-of-use assets</u> where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or above, unless transacting with a <u>domestic</u> government agency, commissioning others to build on its own land, or commissioning others to build on rented land, an appraisal report should be obtained prior to the Date of Occurrence of the transaction from a Professional Appraiser and the transaction should comply with Article 18 of these Procedures.
- 3. The calculation of the transaction amount shall be conducted in accordance with Paragraph 2 of Article 25, and "within the preceding year" as used herein refers to the year preceding the Date of Occurrence of the transaction. Items for which an appraisal report from a Professional Appraiser or a certified public accountant's opinion has been obtained need not be counted again when calculating the transaction amount.
- 4. In acquiring or disposing of the assets from or to a Related Party, the Company may not proceed with execution of a transaction contract or making any payment unless and until the following information has been submitted for approval from the Audit Committee and the board of directors:
 - (1) The purpose, necessity and anticipated benefit of the assets acquisition or disposal.
 - (2) The reason for choosing the Related Party as a trading counterparty.
 - (3) With respect to the acquisition from a Related Party of real property <u>or its</u> <u>right-of-use assets</u>, the relevant information regarding appraisal of the reasonableness of the proposed transaction terms in accordance with the provisions of Paragraphs 5 and 6 of this Article.
 - (4) The date and price at which the Related Party originally acquired the real property, the original trading counterparty and that trading counterparty's relationship with the Company and the Related Party.
 - (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract and evaluation of the necessity of the transaction and reasonableness of the use of funds.
 - (6) When the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or above, the Company shall obtain an appraisal report from a Professional Appraiser or a certified public accountant's opinion in

accordance with Paragraph 3 of this Article, and shall further comply with Article 18 of these Procedures.

- (7) Restrictive terms and other important stipulations associated with the transaction.
- (8) The calculation of the transaction amount shall be conducted in accordance with Paragraph 2 of Article 25, and "within the preceding year" as used herein refers to the year preceding the Date of Occurrence of the transaction. Items that have been approved by the board of directors and recognized need not be counted again when calculating the transaction amount.
- (9) When an acquisition or disposal of assets transaction is reported to the board of directors for deliberation, the opinions of each independent director shall be given full consideration and their dissenting or qualified opinion shall be recorded in the meeting minutes.
- (10) Where an acquisition or disposal of assets transaction shall be approved by the board of directors, it shall first be approved by more than half of all Audit Committee members and then submitted to the board of directors for resolution, and Paragraphs 4 and 5 of Article 31 shall apply mutatis mutandis.
- 5. In acquiring from a Related Party real property <u>or its right-of-use assets</u>, the reasonableness of the transaction costs shall be evaluated by the following means:
 - (1) Based upon the Related Party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer in accordance with law. "Necessary interest on funding" is computed as the weighted averaged interest rate on the Company's borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 - (2) Total loan value appraisal from a financial institution where the Related Party has previously created a mortgage on the property as security for a loan; provided, that the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a Related Party of one of the trading counterparties.
 - (3) Where land and structure thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and structures may be separately appraised in accordance with any of the methods stated in the provisions of the two subparagraphs above.
 - (4) If the Company acquires real property <u>or its right-of-use assets</u> from a Related Party and appraises the cost of the real property <u>or its</u>

<u>right-of-use</u> assets in accordance with the preceding three subparagraphs of this Paragraph, a certified public accountant shall also be engaged to check the appraisal and render a specific opinion.

- (5) Where the Company acquires real property <u>or its right-of-use assets</u> from a Related Party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraph 4 of this Article and the provisions of the preceding four subparagraphs shall not apply:
 - (i) The Related Party acquired the real property <u>or its right-of-use</u> <u>assets through inheritance or as a gift.</u>
 - (ii) More than five years have elapsed from the time the Related Party signed the contract to obtain the real property <u>or its</u> <u>right-of-use assets</u> to the signing date for the current transaction.
 - (iii) The real property is acquired through signing of a joint development contract with the Related Party or by engaging the Company's Related Party to construct the real property on the Company's owned land or leased land.
 - (ix) The right-of-use assets of the real property for operational use are acquired by and between the Company and its Subsidiaries, or by and among the Company's Subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or capital.
- 6. When the results of the Company's appraisal conducted in accordance with the provisions of Subparagraphs (1), (2) and (3) of the preceding paragraph are uniformly lower than the transaction price, the matter shall be handled in accordance with Article 16. However, where the following circumstances exist, and objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a certified public accountant have been obtained, this restriction shall not apply:
 - (1) Where the Related Party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - Where undeveloped land is appraised in accordance with the means in the preceding article and structures according to the Related Party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price.
 "Reasonable Construction Profit" shall be deemed to be the average gross operating profit margin of the Related Party's

construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

- (ii) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices or leasing practices.
- (2) The Company, when acquiring real property or obtaining the right-of-use assets of the real property through leasing, from a Related Party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Transactions <u>involving</u> neighboring or closely valued parcels of land in the preceding two subparagraphs in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction involving similarly sized parcels of similar land area in principle refers to transactions <u>conducted by</u> unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; "within one year" mentioned in the foregoing refers to the year preceding the actual date of acquisition of the real property <u>or its right-of-use assets</u>.

- Article 16: Where the Company acquires real property <u>or its right-of-use assets</u> from a Related Party and the results of appraisals conducted in accordance with the provisions of Paragraphs 5 and 6 of Article 15 are uniformly lower than the transaction price, the following steps shall be taken:
 - 1. The difference between the transaction price and the appraised costs of real property or its right-of-use assets shall be set aside as a special reserve in accordance with the provisions of Paragraph 1, Article 41 of the Securities and Exchange Act and may not be distributed or used for capital increase and issuance of bonus shares. If an investor that has investment in the Company and uses the equity method to account for such investment is a public company, it shall also set aside as a special reserve under Paragraph 1, Article 41 of the Securities and Exchange Act pro rata to the special reserve set aside by the Company in proportion to its shareholding.
 - 2. Audit Committee members who act as independent directors concurrently shall comply with the provisions of Article 218 of the Company Law.
 - 3. The circumstances of handling under Paragraphs 1 and 2 of this Article shall be reported to the shareholders meeting and the detailed contents of the transaction disclosed in the annual report and prospectus.
 - 4. If the Company has set aside a special reserve under the preceding paragraph, the

Company shall not utilize such special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or the assets have been disposed of, <u>or the lease contract has been terminated</u>, or adequate compensation has been made, or the original condition has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

- 5. The Company shall also comply with the provisions of the preceding four paragraphs when obtaining real property <u>or its right-of-use assets</u> from a Related Party if there is other evidence indicating that the transaction was not an arm's length transaction.
- Article 17: The procedures of acquisition or disposal of equipment or its right-of-use assets
 - 1. Where the Responsible Unit is acquiring a fixed asset, it should comply with the procedures of negotiation and evaluation of transaction price and should submit to the Chairman for approval; when disposing of a fixed asset, it should comply with the asset depreciation procedure under the Rules for Managing Fixed Assets or the Lease Operating Procedures of the Company; however, if the transaction amount exceeds NT\$500 million (inclusive of NT\$500 million), it should be submitted to the Audit Committee and the board of directors meeting for approval.
 - 2. If the transaction amount reaches 20% or more of the Company's paid-in capital or NT\$300 million or above, unless transacting with a <u>domestic</u> government agency or acquisition or disposal of the equipment <u>or its</u> <u>right-of-use assets</u> for operational use, prior to the Date of Occurrence of the transaction, an appraisal should be obtained by a Professional Appraiser who should issue an appraisal report and the transaction should comply with Article 18 of these Procedures.
 - 3. When the Company intends to acquire or dispose of equipment <u>or its</u> <u>right-of-use assets</u> from or to a Related Party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or above, the transaction should be conducted in accordance with Paragraphs 1 and 2 of this Article and Paragraphs 3 and 4 of Article 15 of these Procedures.
 - 4. With respect to the acquisition or disposal of equipment for business use or its right-of-use assets by and between the Company and its Subsidiaries, or by and among the Company's Subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or capital, the Chairman is authorized to decide the related matters when the transaction amount is within NT\$500 million and subsequently submit the same to the most recent Audit Committee meeting and the board of directors meeting for recognition, where Paragraph 4 of Article 15 (which requires that in relation to acquisition or disposal of assets from or to a Related Party, the Company may not proceed with execution of a transaction contract or making any payment unless and until such transaction being approved by the Audit Committee and the board of directors) shall not apply.
- Article 18: The evaluation of real property, equipment or its right-of-use assets.

In acquiring or disposing of real property, equipment <u>or its right-of-use assets</u> where the transaction amount reaches 20 % of the Company's paid-in capital or NT\$300 million or above, the Company, unless transacting with a <u>domestic</u> government agency, commissioning others to build on its own land, commissioning others to build on rented land, or acquiring, or disposing of equipment <u>or its right-of-use assets</u> for operational use, shall obtain an appraisal report prior to the Date of Occurrence of the transaction from a Professional Appraiser and shall further comply with the following provisions:

- 1. Where, due to special circumstances, a limited price, specified price or special price must be given as a reference basis for the transaction price, the transaction shall be submitted to the board of directors for approval in advance, and <u>the same shall apply to any subsequent</u> changes, <u>if any</u>, to the terms and conditions of the transaction.
- 2. Where the transaction amount is NT\$1 billion or above, appraisals from two or more Professional Appraisers shall be obtained.
- 3. Where the Professional Appraiser's appraisal results in any of the following circumstances, unless all the appraised values of the assets to be acquired are higher than the transaction amount, or all the appraised values of the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of General Auditing Procedures No. 20 published by the Accounting Research and Development Foundation (hereinafter referred to as "ARDF") and express a specific opinion regarding the reason for the discrepancy and the fairness of the transaction price:
 - (1) Where the discrepancy between the appraisal result and the transaction amount reaches 20% or more of the transaction amount.
 - (2) Where the discrepancy between the appraisal results of two or more Professional Appraisers reaches 10% or more of the transaction amount.
- 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 six months have elapsed, an opinion may still be issued by the original Professional Appraiser.
- Article 19: The procedures of acquisition or disposal of memberships
 - 1. Where the Responsible Unit acquires or disposes of memberships, if the transaction amount is below NT\$1 million (inclusive of NT\$1 million), the <u>head-in-charge</u> is authorized to approve the transaction; if the transaction amount is between NT\$1 million and NT\$500 million, the Chairman is authorized to approve the transaction. If the transaction amount exceeds NT\$500 million (inclusive of NT\$500 million), it should be submitted to the Audit Committee and the board of directors meeting for approval.
 - 2. Except for transactions with <u>domestic</u> government agencies, if the transaction amount reaches 20% or more of the Company's paid-in capital or NT\$300 million or above, the usage after acquisition or the purpose of disposal and an opinion on the reasonableness of the transaction price issued by a certified public accountant in accordance with the Statement of General Auditing

Procedures No. 20 published by the ARDF are required prior to the Date of Occurrence of the transaction.

- 3. When the Company intends to acquire or dispose of memberships from or to a Related Party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or above, the transaction should be conducted in accordance with Paragraphs 1 and 2 of this Article and Paragraphs 3 and 4 of Article 15 of these Procedures.
- Article 20: The procedures of acquisition or disposal of intangible assets or its right-of-use assets
 - 1. Where a legal basis exists for the development of products, whether jointly by the Company and other entities, or by the Company on behalf of another entity, or by another entity on behalf of the Company, or for the Company to obtain certain techniques or processes developed by other entities, and the parties agree to have any intangible asset or its right-of-use assets resulting from such development to be owned by the Company, the authority to approve the acquisition or disposal of such intangible asset or its right-of-use assets should rest with the head of the relevant center. Any agreement proposing to have any intangible assets or their right-of-use assets resulting from such development, joint or otherwise, to be owned either jointly by the Company and another entity or by such other entity must in principle be approved by the head of the relevant business group; any agreement proposing to have another entity to acquire any existing intangible assets or their right-of-use assets which the Company intends to dispose must in principle be approved by the head of the relevant business group, unless it is otherwise required to be approved by a higher ranking officer in accordance with relevant laws or regulations, board of directors or other rules of the Company at the time of the acquisition or disposal.
 - 2. If the transaction amount for acquisition or disposal of intangible assets <u>or their</u> <u>right-of-use assets</u> reaches 20% or more of the Company's paid-in capital or NT\$3 million or above, it should comply with Paragraphs 2 of Article 19 of these Procedures.
 - 3. When the Company intends to acquire or dispose of intangible assets or <u>their</u> <u>right-of-use assets</u> from or to a Related Party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or above, except for transactions with <u>domestic</u> government agencies, the transaction should be conducted in accordance with Paragraphs 1 and 2 of this Article and Paragraphs 3 and 4 of Article 15 of these Procedures.
 - 4. If the transaction amount for an acquisition or disposal of intangible assets or their right-of-use assets reaches NT\$500 million or above, such acquisition or disposal shall be submitted to the Audit Committee meeting and the board of directors meeting for approval.
- Article 21: The procedures of acquisition or disposal of engaging in Derivatives trading

When the division in charge engages in Derivatives trading, the Derivatives are limited to the financial Derivatives only and such trading shall be handled in accordance with the "Procedures of Governing Engagement in Derivatives Transactions" of the Company.

The Company shall supervise its Subsidiaries to draw up the relevant rules to manage the engagement in Derivatives trading and shall supervise its Subsidiaries to comply with the Derivatives trading rules. The Internal Audit will examine the relevant matters relating to the <u>self-assessment</u> report of its Subsidiaries. If any of its Subsidiaries does not intend to engage in <u>derivatives trading, it may, after obtaining the approval of its board of directors, be exempted from establishing the procedures governing derivatives trading. If it subsequently wishes to engage in <u>derivatives trading, it shall still comply with Article 31 and the preceding paragraph before doing so</u>.</u>

- Article 22: The procedures of acquisition or disposal of assets through mergers, spin-offs, acquisitions or assignment of shares
 - 1. Where the Company conducts a merger, spin-off, acquisition, or assignment of shares, the Responsible Unit shall attach evaluation explanation which shall be approved by the Chairman and, prior to convening the Audit Committee and the board meeting for resolution, retain a certified public accountant, attorney-at-law or securities underwriter to issue an opinion on the reasonableness of the share exchange ratio, acquisition price or distribution of cash or other property to shareholders and submit it to the Audit Committee and the board meeting for discussion and resolution. No such fairness opinion of experts is required for a merger between the Company and a subsidiary whose issued shares or capital is directly or indirectly wholly-owned by the Company or a merger between two subsidiaries both of whose issued shares or capital is directly or indirectly wholly-owned by the Company or a merger between two subsidiaries both of whose issued shares or capital is directly or indirectly wholly-owned by the Company or a merger between two subsidiaries both of whose issued shares or capital is directly or indirectly wholly-owned by the Company.
 - 2. Where the Company participates in a merger, spin-off or acquisition, a public report to shareholders shall be prepared detailing important contractual content and matters relevant to the merger, spin-off, or acquisition prior to the shareholders meeting and such report should be included along with the expert opinion referred to in Paragraph 1 of this Article when sending convention notice of the shareholders meeting for reference in deciding whether to approve such merger, spin-off, or acquisition; provided, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, spin-off, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, spin-off, 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 a shareholders meeting, the Company shall immediately publicly explain the reason, the follow-up measures, and the proposed date of the next shareholders meeting.

3. The Company participating in a merger, spin-off, or acquisition shall convene the board meeting and the shareholders meeting on the same day as other parties to the transaction to resolve relevant matters of the merger, spin-off, or acquisition, unless otherwise provided by other laws or regulations or reported to and approved by the FSC in advance due to extraordinary circumstances.

The Company participating in an assignment of shares shall convene the board meeting on the same day as other parties to the transaction, unless otherwise provided by other laws or regulations or reported to and approved by the FSC in advance due to extraordinary circumstances.

- 4. Where the Company participates in a merger, spin-off, acquisition, or assignment of shares, the Company shall prepare a complete written record of the following information and preserve it for five years for check:
 - (1) Personnel's basic information: including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the plan or execution of any merger, spin-off, acquisition, or assignment of shares prior to the disclosure of the information.
 - (2) Dates of material events: including the dates of signing of any letter of intent or memorandum of understanding, engagement of financial or legal advisor(s), execution of contract(s) and convention of a board of directors meeting.
 - (3) Important documents and minutes: including plan of any merger, spin-off, acquisition, and assignment of shares, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.
- 5. Where the Company participates in a merger, spin-off, acquisition, or assignment of shares, the Company shall, within two days commencing immediately from the date of the resolution of the board of directors approving such transaction, report the information set out in Subparagraphs (1) and (2) of the preceding paragraph in the prescribed format via the Internet-based information system to the FSC for filing.
- 6. Every person participating in or privy to the plan for any merger, spin-off, acquisition, or assignment of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for any merger, spin-off, acquisition, or assignment of shares.
- 7. The Company participating in a merger, spin-off, acquisition, or assignment of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, spin-off, acquisition, or assignment of shares:
 - (1) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
 - (2)An action, such as a disposal of major assets, which affects the Company's financial conditions and operations.
 - (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 participating in the merger, spin-off, acquisition, or assignment of shares from another company,

buys back treasury stock.

- (5)An increase or decrease in the number of entities or companies participating in the merger, spin-off, acquisition, or assignment of shares.
- (6)Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- 8. The contract for participation by the Company in a merger, spin-off, acquisition, or assignment of shares shall record the rights and obligations of the companies participating in the merger, spin-off, acquisition, or assignment of shares, and shall also record the following:
 - (1) Handling of breach of contract.
 - (2) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any Company that is extinguished in a merger or that is spun off.
 - (3) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 - (4) The manner of handling changes in the number of participating entities or companies.
 - (5) Anticipated progress schedule for plan execution, and anticipated completion date.
 - (6) Scheduled date for convening the shareholders meeting in accordance with laws and regulations if the plan exceeds the deadline without completion, and relevant procedures.
- 9. After public disclosure of the information, if the Company participating in a merger, spin-off, acquisition, or assignment of shares intends further to carry out a merger, spin-off, acquisition, or assignment of shares with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, spin-off, acquisition, or assignment of shares; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
- 10. Where a company participating in a merger, spin-off, acquisition, or assignment of shares is not a company whose stock are listed on the stock exchanges or over-the-counter markets, the Company shall sign an agreement with the non-public company, and comply with the provisions of Paragraphs 3, 4, 5, 6 and 9 of this Article.
- Article 23: Other major assets

The procedures for the acquisition or disposal of other major assets should be handled in accordance with Article 19 of these Procedures.

Article 24: Where the Company's acquisition or disposal of assets is subject to the approval of the board of directors under these Procedures or other acts or regulations, it shall be first approved by more than half of all Audit Committee members and then submitted to the board of directors for resolution, and Paragraphs 4 and 5 of Article 31 shall apply mutatis mutandis.

When an acquisition or disposal of assets transaction is reported to the board of directors for deliberation under the preceding paragraph, the opinions of each independent director shall be given full consideration and their dissenting or qualified opinion shall be entered into the meeting minutes.

Chapter III Public Disclosure of Information

Article 25: Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the website designated by the FSC in the prescribed format within two days commencing immediately from the Date of Occurrence of such fact:

- 1. Acquisition or disposal of real property <u>or its right-of-use assets</u> from or to a Related Party, or acquisition or disposal of assets other than real property <u>or its right-of-use</u> <u>assets</u> from or to a Related Party where the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or above, except for the trading of <u>domestic</u> government bonds, bonds under repurchase and resale agreements, and subscription/ purchase or repurchase of money market funds issued by domestic securities investment trust enterprises.
- 2. Mergers, spin-offs, acquisitions, or assignment of shares.
- 3. Where losses from Derivatives trading reach the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
- 4. Where the equipment <u>or its right-of-use assets</u> for operational use is acquired or disposed of, and the counterparty is not a Related Party and the transaction amount reaches any of the following:
 - (1) Where the Company's paid-in capital is less than NT\$10 million, the transaction amount reaches NT\$500 million; or
 - (2) Where the Company's paid-in capital is NT\$10 million or more, the transaction amount reaches NT\$1 billion.
- 5. Where real property is acquired under an arrangement for commissioned construction on self-owned land or on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterpart is not a Related Party, and the amount the Company expects to invest in the transaction reaches NT\$500 million or more.
- 6. Where an asset transaction other than those referred to in the preceding five subparagraphs, or Mainland China Investment, reaches 20% or more of the Company's paid-in capital or NT\$300 million; provided, that this shall not apply in the following circumstances:
 - (1) Trading of <u>domestic</u> government bonds.
 - (2) Trading of bonds under repurchase/resale agreements or subscription/purchase or repurchase of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

- 1. The amount of any individual transaction.
- 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within one year.
- 3. The cumulative transaction amount of real property <u>or its right-of-use assets</u> acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within one year.
- 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year.

"Within one year" as used in the preceding paragraph refers to the year preceding the Date of Occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be entered.

The Finance Center shall enter monthly the status of Derivatives transactions undertaken by the Company and its subsidiaries that are not domestic public companies up to the end of the preceding month in the prescribed format into the information reporting website designated by the FSC by the tenth day of each month.

When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct such error, all the items shall be publicly announced again within two days from the day of acknowledgement of the error and reported in their entirety.

Where the Company acquires or disposes of assets, the division in charge shall keep all relevant contracts, meeting minutes, memorandum books, appraisal reports and opinions of certified public accountants, attorneys, and securities underwriters at the Company, where they shall be stored for five years, unless otherwise provided by laws.

- Article 26: Under any of the following circumstances, the Company, after publicly announcing and reporting the transaction in accordance with the preceding article, shall publicly announce and report the relevant information on the website designated by the FSC within two days commencing immediately from the Date of Occurrence of such fact:
 - 1. Change, termination, or rescission of a contract signed in regard to the original transaction.
 - 2. The merger , spin-off, acquisition, or assignment of shares is not completed by the scheduled date set forth in the contract.
 - 3. Change to any publicly announced and reported information.
- Article 27: Information required to be reported in accordance with the provisions of Chapter II on acquisitions and disposals of assets by any Subsidiary of the Company that is not a domestic public company shall be reported by the relevant division in charge of the Company.

The paid-in capital or total assets of the Company shall be the standard for determining whether or not a Subsidiary referred to in the preceding paragraph is subject to Paragraph 1 of Article 25 requiring a public announcement and

regulatory filing in relation to transactions reaching the paid-in capital or the total assets specified therein.

Article 28: Provisions under these Procedures regarding the 10% of the total assets shall be calculated based on the total amount of assets in the most recent stand-alone or individual financial report issued in accordance with the financial reporting standards of the securities issuer.

In case of the shares in the Company with no par value or with a par value other than NT\$10, for the calculation of transaction amount of 20% of paid-in capital under these Procedures, 10% of equity attributable to stockholders of the parent shall be substituted; for calculations under the provisions of these Procedures of the transaction amount regarding the paid-in capital reaching NT\$10 billion, NT\$20 billion of equity attributable to stockholders of the parent shall be substituted.

Chapter IV Penalty

Article 29: When officers or persons in charge violate these Procedures or the Regulations Governing the Acquisition and Disposal of Assets by Public Companies promulgated by the FSC,

- 1. The Human Resources Division will make a proposal of penalty according to the seriousness of the violation by each person based on the facts and evidence provided by the Responsible Unit or the audit unit and submits the same to the head-in-charge for approval. Penalty on officers will be submitted to and resolved by the Compensation Committee meeting and the board meeting.
- 2. In the event that any irrecoverable losses are caused to the Company due to any willful or negligent acts or omissions <u>by an individual</u>, <u>such individual</u> may be suspended from duties, <u>subject to the approval of the head-in-charge</u>.
- 3. The manager as described in this Article shall mean the manager as established in accordance with the ruling issued by the Securities and Futures Commission dated 27 March 2003 per its letter (Ref. No.: Tai-Tsai-Tseng-(3)-092001301); the person in charge shall mean the relevant chief who reviews and approves the execution of any such transactions.

Chapter V Effectiveness and Amendment

- Article 30: For matters not covered herein, provisions in the relevant laws and regulations and the relevant rules of the Company shall govern.
- Article 31: These Procedures are effective subject to the approval of the Audit Committee and the board of directors and then submitted to the shareholders meeting for approval. The preceding procedures shall apply if there is any amendment to these Procedures.

When these Procedures are reported to the board of directors for deliberation under the preceding paragraph, the opinions of each independent director shall be given full consideration and their dissenting or qualified opinion shall be entered into the meeting minutes.

When these Procedures are adopted or amended, they shall be subject to approval by more than half of all Audit Committee members and submitted to

the board of directors for resolution.

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

The terms "all Audit Committee members" in Paragraph 3 and "all directors" in the preceding paragraph shall mean the actual number of persons currently holding those positions.

(English Translation)

Winbond Electronics Corporation (the "Company") Comparison Table of the Engaging in Financial Derivatives Transactions

Amended Article	Current Article	Note
III. CONTENTS	III. CONTENTS	
Chapter I Principles and	Chapter I Principles and	Amended the definitio
Directions of Transaction	Directions of Transaction	of derivatives in
		accordance with the
Article 1: Scope of Transactions	Article 1: Scope of Transactions	regulatory updates of
The terms "derivatives" herein is	The term "derivatives" herein is	company's "Procedure
defined as forward contracts,	defined as forward contracts,	for Acquisition or
options contracts, futures	options contracts, futures	Disposal of Assets" an
contracts, leverage contracts, or	contracts, leverage contracts,	"International Financia
swap contracts, whose value is	swaps contracts and compound	Reporting Standard
derived from <u>a specified interest</u>	contracts combining the above	(IFRS) 9, Financial
rate, financial instrument price,	products, whose value is derived	Instruments."
commodity price, foreign	from the underlying assets,	
exchange rate, index of prices or	interest rates, exchange rates, indices or other interests. The	
rates, credit rating or credit	term "fForward cContracts" does	
index, or other variable; or	not include insurance contracts,	
hybrid contracts combining the	performance contracts,	
above contracts; or hybrid	after-sales service contracts,	
contracts or structured products	long-term leasing contracts or	
containing embedded	long-term purchase (sales)	
derivatives. The term "forward contracts" does not include	contracts.	
insurance contracts, performance contracts, after-sales service		
contracts, long-term leasing		
contracts, or long-term purchase		
(sales) contracts.		
Article 17:	Article 17:	Amended in
The internal auditor should	The internal auditor should	accordance with
periodically check whether the	periodically check whether the	laws and regulations.
internal control is proper or not.	internal control is proper or not.	
In addition, the internal auditor	In addition, the internal auditor	
shall examine each month	shall examine each month	
whether the trading department	whether the trading department	
complies with the Procedures or	complies with the Procedures or	
not and make an audit report.	not and make an audit report.	
Upon finding any material	Upon finding any material	
violation, the internal auditor	violation, the internal auditor	
shall give written notice to the	shall give written notice to each	
independent directors and the	member of the audit committee.	
audit committee.		

(English Translation)

Procedures for Engaging in Derivatives Transactions

I. PURPOSES

In accordance with Article 21 of "Procedures for Handling Acquisition or Disposal of Properties" of the Company, the Company enacts the Procedures in order to execute derivatives transactions.

II. OBJECTIVE

To efficiently manage the income and expenses, assets and liabilities of the Company and to reduce the financial risks resulting from the volatility of the price of financial products (i.e. exchange rate and interest rate) and to enhance the competitiveness of the Company and to manage each derivatives transaction, the Company enacts the Procedures.

III. CONTENTS

Chapter I Principles and Directions of Transaction

Article 1: Scope of Transactions

The term "derivatives" herein is defined as forward contracts, options contracts, futures contracts, leverage contracts, or swaps contracts, whose value is derived from <u>a specified interest rate</u>, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or <u>hybrid contracts or structured products containing embedded derivatives</u>. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

Article 2: Strategy of Operation or Hedge

In principle, to engage in financial derivatives transactions should be for hedging the risk resulting from the operation of the Company.

Article 3: Separation of Powers and Obligations

- 1. The Finance Division shall have trading, telephone confirmation and settlement officers for financial derivatives. The trading officer should be responsible for trading financial derivatives; the telephone confirmation officer should be responsible for transaction confirmation with banks by telephone; and the settlement officer are responsible for arranging the settlement matters pursuant to the transaction agreement.
- 2. Accounting Division: This division should be responsible for derivatives confirmation.
- 3. The respective functions of trading, confirmation and settlement shall be performed by different officers.
- 4. Setting up risk-assessment, risk-supervision, and risk-control personnel who should belong to a different department from the above personnel, and report to the higher level chiefs who are not involved in trading or its relevant position policy implementation.

Article 4:

The total amount of contracts for derivative transactions engaged by the Company which are not offset should not exceed 30% of the net value of the Company.

Article 5: Set Stop Loss Limit

- 1. The maximum amount of unrealized loss for all contracts of derivatives transaction in which the Company engages in should be the lesser of the amount of 20% of the total amount of contracts or 3% of the shareholders' equity.
- 2. The maximum amount of the unrealized losses in one single contract of financial derivatives transactions which the Company engages in shall be 20% of the transaction amount.
- 3. If unrealized losses on all contracts or one single contract in the financial derivatives transactions engaged by the Company reach the foregoing ceiling, the Company should announce the material information in accordance with the relevant regulations and report to the board of directors after the announcement

Article 6:

The essentials of performance evaluation shall be based on the evaluation of hedging effect on the financial derivatives transactions engaged by the Company.

Chapter II Operation Procedures

Article 7: Authorized Amount

1. The authorized amount and level of transactions are as follows. The authorized level applicable to the total amount per day and the aggregate net position shall be the higher level of the responsible chief for the above two items.

Authorized Level	Total Amount Per Day	Aggregate Net Position
Center Chief	Above USD 20,000,000	Above USD 120,000,000
Division Chief	USD 20,000,000 (inclusive)	USD 120,000,000 (inclusive)
Department Chief	USD 10,000,000 (inclusive)	USD 60,000,000 (inclusive)

- 2. If the total amount of aggregated net position reaches the quarterly revenue, such transaction should be reported to the Chairman after its completion.
- 3. Any major derivatives transactions to be engaged by the Company shall be approved by one-half or more of the total members of the audit committee and be submitted to the board of directors meeting for resolution. Such transactions, without being approved by one-half or more of the total members of the audit committee, may be conducted with the consent of two-thirds of the total directors, and the resolution of the audit committee shall be recorded in the board meeting minutes. The total members of the audit committee and total directors as referred to in this paragraph shall be the actual incumbent members or directors.

Chapter III Procedures of Public Announcement and Report

Article 8:

The Company should make announcements and reports in accordance with "Procedures for Handling Acquisition or Disposal of Properties" of the Company.

Chapter IV Accounting Method

Article 9:

The accounting of derivatives transactions entered into by the Company shall be processed pursuant to the international accounting standards and the relevant laws and regulations.

Chapter V Internal Control System

Article 10: Risk Management

- 1. Credit risk: When the Company chooses the counterparty of the transaction, the counterparty chosen shall be limited to financial institutions with lower credit risks in order to avoid the risk of breach of contract by the counterparty.
- 2. Market price risk: In relation to derivative products, the risks of changes in market prices arising from changes in interest rates and foreign exchange rates or other factors.
- 3. Liquidity risk: To ensure the market liquidity, the trading counterparty shall be equipped with adequate facilities, information, capital and the ability to trade in any major international market.
- 4. Operating risk: The Company shall ensure the full compliance the authorized trading amount and the rules of operating process in order to avoid the operating risk.
- 5. Legal risk: The documents that the Company executes with the counterparties shall be reviewed by internal legal personnel or professional lawyers before the formal execution in order to avoid the legal risk.
- 6. Cash flow risk: The authorized transaction officer should monitor the cash flow of the Company, in order to make sure that there is sufficient cash.
- 7. Other important risk management measures.

Article 11: Internal Control

- 1. The trading officer should obtain oral or written (by e-mail) authorization from the authorized chief before engaging in a transaction. If there is only the oral consent from the authorized chief, he/she should obtain written or e-mail authorization not later than the next business day.
- 2. When completing each transaction, the trading officer should make transaction records together with the authorized confirmation in writing or by e-mail not later than the next business day. After the transaction records are approved, the trading officer should deliver them to the confirmation officer. The confirmation officer shall review and make the chop on the transaction records after checking the transaction records with the confirmation sent by the bank and shall send back one copy thereof to the bank and another copy thereof for the Accounting Division for record.
- 3. The contents of transaction records should specifically state, including but not limited to, the transaction date, counterparty, number, currency, amount, price, mature date, settlement date, approved authorization, the spot of loss limit, the limitation of the total transaction amount, the conditions of the current position and other items meeting the characteristic of each product.
- 4. The written confirmation officer shall maintain the account book and issue written verification

regularly with the corresponding bank.

Article 12: Periodical Evaluation

The center chief should supervise the financial department to mark derivatives to market on weekly basis. However, evaluation on the hedging transactions for hedging risks arising from business operation shall be made at least twice a month and spreadsheet of such evaluation is required and submitted to the chief of the Finance Center and high-level managers authorized by the board of directors.

Article 13:

The Company should prepare a transaction record book when engaging in derivatives transactions. The types, amount and the date approved by the board of the directors, periodical evaluations and other matters in connection with derivatives transactions should be carried in the transaction record book for review.

Chapter VI Supervisory and Management of the Board of the Directors

Article 14:

The board of the directors should supervise and manage based on the following principles the derivatives transactions engaged in by the Company:

- 1. To appoint a higher chief officer to take notice at all times to the supervision and control of the risks of derivatives transactions.
- 2. To periodically evaluate whether the performance of derivatives transactions meets the operating strategy and the risk to be undertaken is within the admitted undertaking ranges of the Company.

Article 15:

The higher level of chief officers authorized by the board of the directors should manage derivatives transactions based on the following principles:

- 1. He/she should periodically evaluate the current measures of risk management to see whether they are proper or not and should handle them in accordance with the relevant laws and regulations and the Procedures.
- 2. He/she should supervise transactions and profit and loss. If there is an unusual matter, he/she should take the necessary measures and should report it to the board of the directors immediately. If there are any independent directors, the independent directors should attend the board of the directors and express their opinion.

Article 16:

When any authorized officer handles any derivatives transaction in accordance with the Procedures, he/she should report to the most recent meeting of the board of directors after completion of the transaction.

Chapter VII Internal Audit

Article 17:

The internal auditor should periodically check whether the internal control is proper or not. In addition, the internal auditor shall examine each month whether the trading department complies with the Procedures or not and make an audit report. Upon finding any material violation, the internal auditor shall give written notice to <u>the independent directors and the audit committee.</u>

Chapter VIII Penalty

Article 18:

It is handled in accordance with the "Procedures of for Handling Acquisition or Disposal of Properties" of the Company.

IV. PROMULGATION AND AMENDMENT

The Procedures shall be approved by one-half or more of all members of the audit committee and submitted to the board of directors for resolution. And the Procedures take effect after being approved by the shareholders' meeting. Any amendments thereto shall follow the above procedures. If any director has objections to the Procedures and the objection is recorded or made in the form of the written claim, the information about the objections shall be sent to the audit committee. The board of the directors shall fully take account of the opinion of each independent director when the board of the directors discusses the Procedures in accordance with the preceding paragraph, and the consent of, or the opinion and reason of objections raised by independent directors shall be recorded in the minutes.

If the aforesaid matter as provided in the preceding paragraph was not approved by one-half or more of the full audit committee members, it may be approved by two-thirds or more of the members of the full board of directors, and the audit committee's resolution shall be recorded in the minutes. Full audit committee members, as mentioned in this paragraph, and the members of a full board of directors, as mentioned in the preceding paragraph, shall be calculated on the basis of actual incumbency.

V. REFERENCE DOCUMENTS

The Company's "Procedures for Acquisition or Disposal of Assets"

Winbond Electronics Corporation (the "Company") Comparison Table of the Procedures for Endorsements and Guarantees

Amended Articles	Current Articles	Note
Procedures for Endorsements and	Regulations Governing	The wording has been amended by
Guarantees	Endorsements and Guarantees	reference to the Regulations
		Governing Loaning of Funds and
		Making of Endorsements/
		Guarantees by Public Companies.
I. PURPOSE	I. PURPOSE	ž
		The wording has been amended by
To soundly manage endorsements	To soundly manage endorsements	
	and guarantees for others by the	
	Company and to protect the assets	
	and credit of the Company, the	
	Company stipulates these	· · ·
	<u>Regulations</u> as a basis for the	
execution of endorsements and	-	
guarantees.	guarantees.	
II. OBJECTIVE	II. OBJECTIVE	The wording has been amended by
		reference to the Regulations
Execution of matters relative to	Execution of matters relative to	e
	endorsements and guarantees made	0
-	by the Company for others shall be	-
	governed by these <u>Regulations</u> .	2 1
	Any matter not provided for in these	
	<u>Regulations</u> shall be governed by the	
	related laws and regulations to	
	effectively manage endorsements	
	and guarantees and to comply with	
	the Company's goal of steady	
of steady operation.	operation.	
III. CONTENTS	III. CONTENTS	The wording has been amended by
		reference to the Regulations
Article 1:	Article 1:	Governing Loaning of Funds and
The "endorsements and/or	The "endorsements and/or	Making of
guarantees" referred to in these	guarantees" referred to in these	Endorsements/Guarantees by
Procedures include following:	Regulations include following:	Public Companies.
(1)~(3) (Omitted)	(1)~(3) (Omitted)	
(4)When the Company creates a	(4)When the Company creates a	
pledge or mortgage on its	pledge or mortgage on its chattel	
chattel or real property as	or real property as security for	
security for the loans of another	the loans of another company,	
company, these Procedures	these <u>Regulations</u> shall apply.	
shall apply.		
0	Article 3: Ceiling amount for	1.Redundant words are deleted.
endorsement/guarantee	endorsement/guarantee	
		2."The Company" and "the
(1)The limit on the aggregate	(1) The limit on the aggregate	
amount of endorsements and/or	amount of endorsements and/or	6
guarantees made by either the	guarantees made by either the	redundant word is deleted, and

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 not exceed fifty percent of the Company's net worth shown on the Company's net worth shown on the Company's net worth shown on the Company's hat subsidiaries altogether shall not exceed fifty percent of the Company's net worth shown on the Company or the Company and its subsidiaries altogether that the Company and its subsidiaries altogether for a single corporation shall not exceed the Company engages in endorsements and/or guarantees for any single company shall not exceed the Company engages in endorsements and/or guarantees for any single company's hetworth shown on the Company's net worth shown on the Company's networth the company's networth the company's networth the company's networth shown on the Company engages in endorsements and/or guarantees because of its business relations, in addition the aforscaid restriction, the aggregate amount of endorsements and/or guarantees because of its business relations, in addition the total arrang amount of the total arrang amount or the total sales amount. The restriction networth of the mest recent year. The trading amount of endorsements/guarantees for an single company in the most recent year. The trading amount of endorsements/guarantees for an single company in the most recent year. The trading amount of endorsements/guarantees for an single company in the most recent year. The trading amount of endorsements and/or gua		1 1 0 0	•
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Amended Articles	Current Articles	Note
 (3) Where the Company needs to exceed the limits set out in these <u>Procedures</u> to satisfy its business needs, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors against losses that may be caused to the Company by the excess endorsement and/or guarantee provided that the conditions set out in these <u>Procedures</u> are complied with. It shall also amend the operating procedures for endorsements and/or guarantees accordingly and submit the same to the shareholders' meeting for its ratification. If the shareholders' meeting does not approve, the Company shall adopt a plan to discharge the amount in excess within a given time limit. Where there are independent directors on the board, when the Company submits the operating procedures for endorsements and/or guarantees to the board meetings for discussion in accordance with the above provisions, it shall take into full consideration each independent director's opinions, which shall be included in the minutes of the board meetings, regardless of whether it was assenting or dissenting opinion. 	(3) Where the Company needs to exceed the limits set out in these <u>Regulations</u> to satisfy its business needs, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors against losses that may be caused to the Company by the excess endorsement and/or guarantee provided that the conditions set out in these <u>Regulations</u> are complied with. It shall also amend the operating procedures for endorsements and/or guarantees accordingly and submit the same to the shareholders' meeting for its ratification. If the shareholders' meeting does not approve, the Company shall adopt a plan to discharge the amount in excess within a given time limit. Where there are independent directors on the board, when the Company submits the operating procedures for endorsements and/or guarantees to the board meetings for discussion in accordance with the above provisions, it shall take into full consideration each independent director's opinions, which shall be included in the minutes of the board meetings, regardless of whether it was assenting or dissenting opinion.	reference to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.
(4) Where changes in circumstances of the Company result in that the entity for which the Company provides endorsement/guarantee ceases to be a qualified entity under Article 2 of these <u>Procedures</u> , or the amount endorsed/guaranteed exceeds the ceiling due to changes in the calculation base for the ceiling, the Company shall	(4) Where changes in circumstances of the Company result in that the entity for which the Company provides endorsement/guarantee ceases to be a qualified entity under Article 2 of these <u>Regulations</u> , or the amount endorsed/guaranteed exceeds the ceiling due to changes in the calculation base for the ceiling, the Company shall adopt	directors have been added in Paragraph (4) in response to the amendment to the law.

Amended Articles	Current Articles	Note
adopt rectification plans,	rectification plans, submit the	
submit the relevant	relevant rectification plans to	
rectification plans to the	the audit committee and	
<u>independent directors</u> and the audit committee and complete	complete the rectification on schedule.	
the rectification on schedule.	schedule.	
	Article 6: Operation Procedures of	1.The introductory part of
	Making Endorsements and	
Guarantees and Review Procedures	Guarantees and Review Procedures	specify that public companies engaging in endorsements/
u	Before making an endorsement or	•
	guarantee for others, the Company	-
	shall carefully evaluate whether the	
-	endorsement or guarantee is in compliance with the Regulations	-
	Governing Loaning of Funds and	
	Making of Endorsements and/or	
	Guarantees by Public Companies	
promulgated by the securities	promulgated by the securities	
regulator and handle and review the	•	
following matters in accordance	-	
with these Procedures.	Company shall handle and review	
(1)~(5) (Omitted)	the following matters. (1)~(5) (Omitted)	
 (6) The Finance Division shall periodically prepare and report the statement of details of guarantees for the purpose of controlling and monitoring the financial conditions and usage of fund of the guarantee company. Should any significant change regarding the aforementioned matters arise, the Finance Division shall immediately report to the chairman of the board of directors and appropriate measures shall be taken in accordance with the instructions. (7)~(8) (Omitted) 	 (6) The Finance Division shall periodically prepare and report the statement of details of guarantees for the purpose of controlling and monitoring the financial conditions and usage of fund of the guarantee company. Should any significant change regarding the aforementioned matters arise, the Finance Division shall immediately report to the president and the chairman of the board of directors and appropriate measures shall be taken in accordance with the instructions. (7)~(8) (Omitted) 	according to the organizational duties.
(9) The Finance Division shall review the net worth of the parties endorsed/guaranteed by the Company. The Company shall forthwith draft an evaluation report and submit the same to the chairman for determination whether to continue the endorsement/guarantee for any	(9) The Finance Division shall review the net worth of the parties endorsed/guaranteed by the Company at the end of each month. The Company shall forthwith draft an evaluation report and submit the same to <u>the president and</u> the chairman for determination whether to continue the	

Amended Articles	Current Articles	Note
of the parties whose net worth	endorsement/guarantee for any	
falls below half of its paid-in	of the parties whose net worth	
capital. If continued	1	
endorsement/guarantee is	capital. If continued	
agreed upon, the Company	endorsement/guarantee is	
shall obtain the guarantee	U	
instrument or other collateral		
equivalent to the amount of its	0	
endorsement/guarantee;	collateral equivalent to the	
provided, however, that the		
Company is not required to obtain such guarantee	U	
obtain such guarantee instrument and collateral from	1	
its direct and indirect	1 2 1	
wholly-owned subsidiaries.	instrument and collateral from	
whony owned substataties.	its direct and indirect	
	wholly-owned subsidiaries.	
(The below is omitted)	(The below is omitted)	
Article 9: Internal Audit	Article 9: Internal Audit	To strengthen corporate
		governance, independent directors
The Company's internal auditors	The Company's internal auditors	
	shall at least quarterly audit these	
	Procedures and the implementation	
thereof and prepare written records	thereof and prepare written records	
	accordingly. They shall promptly	
	notify the audit committee in writing	
audit committee in writing of any	of any material violation found.	
material violation found.		
	Article 10: Procedures for	
Announcement and Report	Announcement and Report	
(1) (Omitted)	(1) (Omitted)	
(2) If the balance of	(2) If the balance of	1.Considering that the
endorsement/guarantee reaches	endorsement/guarantee reaches	endorsement/guarantee is not a
any of the following	any of the following thresholds,	transaction in nature, certain
thresholds, the Company shall	the Company shall announce	wording of Paragraph (2) has
announce and report within	1	been amended to comply with
two days from the date of		the amendment to the law.
occurrence. The date of	of occurrence referred to above	
occurrence referred to above	means the date of execution of	
means the date of execution of	/	has been amended by reference
the contract, date of payment,		to Subparagraph 1 of Paragraph
date of board resolutions, or other dates that may confirm		4 of Article 9 of the Regulations Governing the Preparation of
the guaranteed/endorsed party	and the monetary amount of the	Financial Reports by Securities
and the monetary amount of	· · ·	Issuers, in order to make clearer
the guarantee/endorsement,	earlier.	the definition of "long-term
whichever date is earlier.		investments", in response to the
1.~2. (Omitted)	1.~2. (Omitted)	amendments to the law.
3. The balance of		
endorsement/guarantee of		3.Certain wording of Paragraphs
the Company and its		(4) to (6) has been amended by
	provided for a single entity	

Amended Articles	Current Articles	Note
single entity reaches NTD	reaches NTD 10 million or	Governing Loaning of Funds and
10 million or more, and the	more, and the aggregate	Making of
aggregate balance of	balance of	Endorsements/Guarantees by
endorsement/guarantee	endorsement/guarantee	Public Companies.
provided for, the book value	provided for, <u>long-term</u>	
of investments under the	investments in and funds	
equity method in and funds	lending to, such entity	
lending to, such entity	reaches thirty percent or	
reaches thirty percent or	more of the net worth of the	
more of the net worth of the	Company as stated in its	
Company as stated in its	latest financial statements.	
latest financial statements.		
4. (Omitted)	4. (Omitted)	
(3) (Omitted)	(3) (Omitted)	
(4) The Company shall evaluate or	(4) The Company shall evaluate or	
record the contingent loss for	record the contingent loss for	
endorsements and/or	endorsements and/or guarantees	
guarantees and shall	and shall adequately disclose	
adequately disclose	information on endorsements	
information on endorsements	and/or guarantees in its financial	
and/or guarantees in its	reports and provide the certified	
financial reports and provide	public accountants with relevant	
relevant information to the	information to carry out	
certified public accountants for	necessary audit procedures.	
them to carry out necessary	heeessary addit procedures.	
audit procedures.		
(5) "Net worth" as set forth in these	(5)"Net worth" as set forth in these	
Procedures means the equity	Regulations means the equity	
attributable to owners of the	attributable to owners of the	
parent company on the balance	parent company on the balance	
sheet under the Regulations	sheet under the Regulations	
Governing the Preparation of	e	
Financial Reports by Securities	Financial Reports by Securities	
Issuers.	Issuers.	
(6) "Subsidiary" and "parent	(6) "Subsidiary" and "parent	
company" as set forth in these	company" as set forth in these	
<u>Procedures</u> shall be determined	Regulations shall be determined	
as per the Regulations	as per the Regulations	
Governing the Preparation of		
Financial Reports by Securities	• •	
Issuers.	Issuers.	
Article 11: Penalty	Article 11: Penalty	
In order to prevent managers or	In order to prevent managers or	1.Certain words have been
	personnel in charge from taking	amended by reference to the
	advantage of their offices to engage	Regulations Governing Loaning
in illegal endorsements and/or		of Funds and Making of
guarantees, when managers or	0	Endorsements/Guarantees by
•	personnel in charge violate these	5
	Regulations or the related laws and	<u>r</u>

Amended Articles	Current Articles	Note
regulations, the Human Resource	regulations, the Human Resource	2. The wording has been amended
Department shall make a proposal	Department shall make a proposal	according to the adjustment to
for penalty to be approved by the	for penalty according to the	the organizational duties.
responsible supervisor according to	seriousness of such violation based	
the seriousness of such violation	on the evidence provided by the	
based on the evidence provided by	division in charge or audit division.	
the division in charge or audit	Penalty imposed on personnel in	
division. Penalty imposed on	charge shall be assented by the	
managers shall be submitted to the	president and approved by the	
	chairman of the board of directors.	
	Penalty imposed on managers shall	
	be approved by the chairman of the	
	board of directors and submitted to	
	the board of directors for resolution.	
	In the event of unrecoverable losses	
	incurred from violation of these	
	<u>Regulations</u> or the related laws and	
after being approved by the		
responsible supervisor.	negligence, suspension may be	
<u> </u>	imposed on personnel in charge after	
	being approved by the president and	
with the ruling issued by the		
	managers after being approved by	
dated March 27, 2003 (Ref. No.:		
Tai-Tsai-Jen-(3)-0920001301) and		
-	The aforementioned managers shall	
0	mean the ones set up in accordance	
-	with the ruling issued by the	
0 11	Securities and Futures Commission	
execution.	dated March 27, 2003 (Ref. No.:	
	Tai-Tsai-Jen-(3)-0920001301) and	
	the aforementioned personnel in charge shall mean personnel	
	involved and relevant supervisors in	
	charge of review and approval of	
	execution.	
Article 12: Control procedure for	Article 12: Control procedure for	Certain wording has been amended
_	providing endorsement /guarantee	-
by subsidiaries	by subsidiaries	Governing Loaning of Funds and
by substatuties	by subsidiaries	Making of
The Company shall require all of	The Company shall require all of its	8
	subsidiaries to formulate their own	-
	Regulations for Endorsement and	
	Guarantee in accordance with the	
	Regulations Governing Lending	
	Funds and Providing Endorsement	
	and Guarantee by Public Offering	
-	Companies promulgated by the	
promulgated by the competent	1 1 0 1	
authorities and the Procedures for	-	
	Guarantee of the Company. Any	
	endorsement/guarantee provided by	
endorsement/guarantee provided by	the subsidiaries shall comply with	
the subsidiaries shall comply with	their own <u>Regulations</u> for	

Amended Articles	Current Articles	Note
	Endorsement and Guarantee, and the	
	internal audit department of the	
	Company shall be responsible for	
1	reviewing all self-assessment reports	
1 7 1	prepared by all subsidiaries.	
reports prepared by all subsidiaries.		
	IV. VALIDATION AND	
AMENDMENTS	AMENDMENTS	1. Certain wording has been
		amended by reference to the
These Procedures shall be approved	These <u>Regulations</u> shall be approved	Regulations Governing Loaning
	by at least one half of all the audit	of Funds and Making of
•	committee members and then	Endorsements/Guarantees by
submitted to the Board of Directors	submitted to the Board of Directors	Public Companies.
for resolution. After approved by	for resolution. After approved by	
the Board of Directors, these	the Board of Directors, these	2.Certain sentence has been
	Regulations shall be submitted to the	rephrased by reference to Article
e	shareholders' meeting for approval.	14-3 of the Securities and
	Where any director expresses dissent	Exchanges Act to reflect the
1	and it is contained in the minutes or	amendment to the law.
	a written statement, the Company	
	shall submit the dissenting opinions	
	to the audit committee and for	
	discussion by the shareholders'	
	meeting. The same shall apply to	
	any amendments to the Regulations.	
-	When the Regulations are submitted	
by the Company to the Board of	by the Company to the Board of Directors for discussion in	
	accordance with relevant rules, the	
	Board of Directors shall take into	
	full consideration each independent	
	director's opinions; the independent	
-	directors' opinions specifically	
	expressing assent or dissent and the	
	reasons for dissent shall be included	
	in the minutes of the Board of	
Board of Directors' meetings.	Directors' meetings.	
	If approval of the majority of all	
	audit committee members as	
	required in the preceding paragraph	
	is not obtained, the Regulations or	
•	any amendment hereto may be	
	implemented if approved by more	
	than two-thirds of all directors, and	
	the resolution of the audit committee	
	shall be recorded in the meeting	
-	minutes of the Board of Directors. The terms "all audit committee	
	members" and "all directors" in this	
	paragraph shall be counted as the	
	actual number of persons currently	
persons currently holding those	1	
positions.		
P - Strivits.		

(Translation) Winbond Electronics Corporation (the "Company") <u>Procedures for</u> Endorsements and Guarantees (The "<u>Procedures</u>")

I. PURPOSE

To soundly manage endorsements and guarantees for others by the Company and to protect the assets and credit of the Company, the Company stipulates these <u>Procedures</u> as a basis for the execution of endorsements and guarantees.

II. OBJECTIVE

Execution of matters relative to endorsements and guarantees made by the Company for others shall be governed by these <u>Procedures</u>. Any matter not provided for in these <u>Procedures</u> shall be governed by the related laws and regulations to effectively manage endorsements and guarantees and to comply with the Company's goal of steady operation.

III. CONTENTS

Article 1:

The "endorsements and/or guarantees" referred to in these Procedures include following:

- Endorsements and/or guarantees in connection with financing facilities, including:
 1. Financing facilities in connection with discounts on customers' check;
 - 2. Endorsements and/or guarantees provided in connection with financing facilities for other companies; and
 - 3. Instruments issued to non-financial enterprises as security in connection with the financing facilities for the Company.
- (2) Endorsements and/or guarantees in connection with customs duty, which mean endorsements and/or guarantees made for the Company or other companies with respect to matters involving customs duty;
- (3) Other endorsements and/or guarantees, which cannot be categorized in items (1) and
 (2) as mentioned above; and
- (4) When the Company creates a pledge or mortgage on its chattel or real property as security for the loans of another company, the <u>Procedures</u> shall apply.

Article 2: Parties for whom the Company may provide endorsement/guarantee

- (1) The Company may provide endorsement/guarantee for the following:
 - 1. A company who has business relationship with the Company.
 - 2. A company in which the Company directly and indirectly owns more than fifty percent of the voting shares.
 - 3. A company that directly and indirectly owns more than fifty percent of the voting shares of the Company.

- (2) The companies in which the Company directly and indirectly owns ninety percent or more of voting shares may provide endorsement/guarantee for one another; provided that, the amount of endorsement/guarantee provided by the Company may not exceed ten percent of the net value shown on the Company's latest financial report; provided further that, the endorsement/guarantee provided by a company which is directly and indirectly wholly owned by the Company to another company which is also directly and indirectly wholly owned by the Company is not subject to the restriction provided in the immediately preceding proviso.
- (3) Where the Company fulfills its contractual obligations by providing mutual endorsement/guarantee for another company in the same industry or the collaborative builders for purposes of undertaking a construction project, or where all the shareholders make endorsement/guarantee for their jointly invested company in proportion to their shareholding percentages, such endorsement/guarantee may be exempted from the restrictions under the preceding two paragraphs.
- (4) The investment as mentioned in the preceding paragraph means investment directly made by the Company or made through a company in which the Company owns one hundred percent of the voting shares.

Article 3: Amount ceiling for endorsement/guarantee

(1) The limit on the aggregate amount of endorsements and/or guarantees

Either the aggregate amount of endorsements and/or guarantees made by the Company itself, or the aggregate amount of endorsements and/or guarantees made by the Company and its subsidiaries together, shall not exceed fifty percent of the Company's net assets shown on the Company's latest financial report.

(2) The limit on the total amount of endorsements and/or guarantees for any single entity The total amount of endorsements and/or guarantees made by either the Company or the Company and its subsidiaries altogether for a single <u>corporation</u> shall not exceed <u>twenty</u> percent of the Company's net worth shown on the Company's latest financial report<u>, or</u> <u>the net worth of such endorsee/guarantee company, whichever is lower</u>.

If the Company engages in endorsements and/or guarantees because of its business relations, in addition to the aforesaid restriction, the aggregate amount of endorsements and/or guarantees provided by the Company to any single <u>corporation</u> shall not exceed the <u>total trading amount</u> between the Company and such endorsee/guarantee company in the most recent year. The trading amount referred to above means the higher of the total purchase amount or the total sales amount.

The restriction on the amount of endorsements/guarantees that the Company may provide to any singe corporation and the restriction relating to the net worth of the endorsee/guarantee company need not apply to the Company's endorsements/guarantees for its 100%-owned subsidiaries.

(3) Where the Company needs to exceed the limits set out in these <u>Procedures</u> to satisfy its business needs, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors against losses that may be caused to the Company by the excess endorsement and/or guarantee provided that the conditions set out in these <u>Procedures</u> are complied with. It shall also amend the operating procedures for endorsements and/or guarantees accordingly and submit the same to the shareholders' meeting for its ratification. If the shareholders' meeting does not approve, the Company shall adopt a plan to discharge the amount in excess within a given time limit. Where there are independent directors on the board, when the Company submits the operating procedures for discussion in

accordance with the above provisions, it shall take into full consideration each independent director's opinions, which shall be included in the minutes of the board meetings, regardless of whether it was assenting or dissenting opinion.

(4) Where changes in circumstances of the Company result in that the entity for which the Company provides endorsement/guarantee ceases to be a qualified entity under Article 2 of these <u>Procedures</u>, or the amount endorsed/guaranteed exceeds the ceiling due to changes in the calculation base for the ceiling, the Company shall adopt rectification plans, submit the relevant rectification plans to <u>the independent directors</u> and the audit committee and complete the rectification on schedule.

Article 4: Corporate Chops for Endorsements and Guarantees

The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements and/or guarantees.

When making a guarantee for a foreign company, the Company shall have the Guarantee Agreement signed by a person authorized by the board of directors.

Article 5: Custody of Corporate Seals and Notes for Endorsements and Guarantees

The corporate seals and notes for endorsements and/or guarantees shall be kept in the custody of a designated person (the "Custodian") approved by the board of directors and may be used to seal or issue negotiable instruments only in prescribed procedures. The Company shall submit the Custodian of the seals for endorsements and/or guarantees to and for approval by the board of directors. The same shall apply to any amendments to the Regulations.

Article 6: Operation Procedures of Making Endorsements and Guarantees and Review Process

Before making an endorsement or guarantee for others, the Company shall carefully evaluate whether the endorsement or guarantee is in compliance with the Regulations Governing Loaning of Funds and Making of Endorsements and/or Guarantees by Public Companies promulgated by the securities regulator and handle and review the following matters in accordance with these Procedures.

- (1) The guarantee company shall provide detailed financial information to the Finance Division of the Company.
- (2) The Finance Division shall prepare a report specifically stating the financial information of the guarantee company, examining the necessity and reasonableness of endorsements and/or guarantees, credit status and risk assessment of the entity for which the endorsement and/or guarantee is made and the impact on the Company's operational risks, financial condition and shareholders' equity. Such report shall be submitted to the chairman of the board of directors for approval.
- (3) If necessary, the ceiling on the amount of endorsements and/or guarantees proposed to be decided by the board of directors may be decided by the chairman of the board of directors provided the amount is within ten percent of the Company's net worth shown on the Company's latest financial report and then be reported to the upcoming board of directors for ratification. Where there are independent directors in the board, when making an endorsement or guarantee for others, the Company shall take into full consideration each independent director's opinions, which shall be included in the minutes of the board meetings, regardless of whether it was assenting or dissenting

opinion.

- (4) The chairman of the board of directors may approve the endorsement and/or guarantee made for the guarantee company within the ceiling decided by the board of directors and refer to the Finance Division for execution.
- (5) The endorsement and/or guarantee may be made by the Finance Division after receiving the guarantee notes of the same term and same amount and collaterals where necessary. Appraisal of the collateral shall be done carefully by the Finance Division. However, where the subsidiaries are one hundred percent invested directly and indirectly by the Company, receipt of guarantee notes and collaterals can exempt.
- (6) The Finance Division shall periodically prepare and report the statement of details of guarantees for the purpose of controlling and monitoring the financial conditions and usage of fund of the guarantee company. Should any significant change regarding the aforementioned matters arise, the Finance Division shall immediately report to the chairman of the board of directors and appropriate measures shall be taken in accordance with the instructions.
- (7) The Finance Division shall prepare a memorandum book and truthfully record the following information: entities for which the approved endorsements and/or guarantees are made, amount, date of approval by the board of directors or the chairman of the board of directors, endorsement and/or guarantee date, and matters to be carefully evaluated under paragraph (2) of this Article.
- (8) Prior approval of the Company's board of directors is required to provide endorsement/guarantee for the subsidiaries that the Company directly and indirectly owns ninety percent or more of the shares pursuant to Paragraph (2) of Article 2; provided that, the endorsement/guarantee provided by a company which is directly and indirectly wholly owned by the Company for another company which is also directly and indirectly wholly owned by the Company is not subject to the restriction provided above in this paragraph.
- (9) The Finance Division shall examine the net worth of the company for which the Company provides endorsement/guarantee at the end of each month. If the net worth of such company is lower that 1/2 of its paid-in capital, the Finance Division shall prepare a valuation report and submit such report to the chairman in order to determine whether to continue to provide endorsement/guarantee to such company. If the Company will continue to provide endorsement/guarantee for such company, the Finance Division shall obtain a negotiable instrument guaranteed by another person with the issuing amount equivalent to the amount of endorsement/guarantee or other security; provided that, no guaranteed negotiable instrument or security is required if the company for which the Company provides the endorsement/guarantee is directly and indirectly wholly owned by the Company.
- (10) In the case of a subsidiary with shares having no par value or a par value other than NT\$10, the paid-in capital calculation pursuant to Paragraph 9 of this Article shall be the share capital plus premium for issuance of shares above par value.

Material endorsement or provision of guarantee by the Company shall be approved by at least one half of all audit committee members and submitted to the Board of Directors for resolution. If approval of the majority of all audit committee members is not obtained, such fund loaning may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the meeting minutes of the Board of Directors. The terms "all audit committee members" in paragraph 3 and "all directors" in this paragraph shall be counted as the actual number of persons currently holding those positions.

Article 7: Renewal of Endorsements and/or Guarantees

Renewal of endorsements and/or guarantees shall be in accordance with Article 6.

Article 8: Cancellation of Endorsement and Guarantee Record

When the extinguishment of endorsements and/or guarantees is asked by the guarantee company or the Company, the Finance Division shall process it in accordance with the following procedures:

- (1) It shall be confirmed that the guarantee company has cancelled the record of the liability of guarantee.
- (2) A copy of cancellation of the guarantee notes by the guarantee company shall be obtained.

Article 9: Internal Audit

The Company's internal auditors shall at least quarterly audit these Procedures and the implementation thereof and prepare written records accordingly. They shall promptly notify the <u>independent directors</u> the audit committee in writing of any material violation found.

Article 10: Procedures of Announcement and Report

- (1) The Company shall announce and report the previous month's balance of endorsements and/or guarantees of itself and its subsidiaries by the 10th day of each month.
- (2) If the balance of endorsement/guarantee reaches any of the following thresholds, the Company shall announce and report within two days from the date of occurrence. The date of occurrence referred to above means the date of execution of the contract, date of payment, date of board resolutions, or other dates that may confirm the <u>guaranteed/endorsed party</u> and the monetary amount <u>of the guarantee/endorsement</u>, whichever date is earlier.
 - 1. The balance of endorsement/guarantee of the Company and its subsidiaries reaches fifty percent or more of the net worth of the Company as stated in its latest financial statement.
 - 2. The balance of endorsement/guarantee of the Company and its subsidiaries provided for a single entity reaches twenty percent or more of the net worth of the Company as stated in its latest financial statement.
 - 3. The balance of endorsement/guarantee of the Company and its subsidiaries provided for a single entity reaches NTD 10 million or more, and the aggregate balance of endorsement/guarantee provided for, <u>the book value of</u> investments <u>under the equity method</u> in and funds lending to, such entity reaches thirty percent or more of the net worth of the Company as stated in its latest financial statements.

- 4. The amount of new endorsement/guarantee provided by the Company or its subsidiaries reaches NTD 30 million and reaches five percent of the net worth of the Company as stated in its latest financial statement.
- (3) Where any subsidiary of the Company is not a domestic public offering company, the Company shall make the required announcement and report on behalf of such subsidiary if the situation prescribed in the preceding Item 4 occurs.
- (4) The Company shall evaluate or record the contingent loss for endorsements and/or guarantees and shall adequately disclose information on endorsements and/or guarantees in its financial reports and provide <u>relevant information to the certified</u> <u>public accountants for them to carry out necessary audit procedures.</u>
- (5) "Net worth" as set forth in these <u>Procedures</u> means the equity attributable to owners of the parent company on the balance sheet under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- (6) "Subsidiary" and "parent company" as set forth in these <u>Procedures</u> shall be determined as per the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 11: Penalty

In order to prevent managers or personnel in charge from taking advantage of their offices to engage in illegal endorsements and/or guarantees, when managers or personnel in charge violate these <u>Procedures</u> or the related laws and regulations, the Human Resource Department shall make a proposal for penalty to be approved by the responsible supervisor according to the seriousness of such violation based on the evidence provided by the division in charge or audit division. Penalty imposed on managers shall be submitted to the compensation committee and the board of directors for resolution.

In the event of unrecoverable losses incurred from violation of these <u>Procedures</u> or the related laws and regulations with intent or by negligence, suspension may be imposed on personnel in charge <u>after being approved by the responsible supervisor.</u>

The aforementioned managers shall mean the ones set up in accordance with the ruling issued by the Securities and Futures Commission dated March 27, 2003 (Ref. No.: Tai-Tsai-Jen-(3)-0920001301) and the aforementioned personnel in charge shall mean personnel involved and relevant supervisors in charge of review and approval of execution.

Article 12: Control procedure to subsidiaries in providing endorsement /guarantee

The Company shall require all of its subsidiaries to formulate their own <u>Procedures</u> for Endorsement and Guarantee in accordance with the Regulations Governing Lending Funds and Providing Endorsement and Guarantee by Public Offering Companies promulgated by the competent authorities and the <u>Procedures</u> for Endorsement and Guarantee of the Company. Any endorsement/guarantee provided by the subsidiaries shall comply with their own <u>Procedures</u> for Endorsement and Guarantee, and the internal audit department of the Company shall be responsible for reviewing all self-assessment reports prepared by all subsidiaries.

IV. VALIDATION AND AMENDMENTS

These <u>Procedures</u> shall be approved by at least one half of all the audit committee members and then submitted to the Board of Directors for resolution. After approved by the Board of Directors, these <u>Procedures</u> shall be submitted to the shareholders' meeting for approval. Where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to the audit committee and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures. When the Procedures are submitted by the Company to the Board of Directors for discussion in accordance with relevant rules, the Board of Directors shall take into full consideration each independent director's opinions; <u>any dissent from or qualification by the independent</u> <u>directors (if any) shall be included in the minutes of the Board of Directors' meetings.</u>

If approval of the majority of all audit committee members as required in the preceding paragraph is not obtained, the Procedures or any amendment hereto may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the meeting minutes of the Board of Directors. The terms "all audit committee members" and "all directors" in this paragraph shall be counted as the actual number of persons currently holding those positions.

Winbond Electronics Corporation (the "Company") **Comparison Table of the Operating Procedures of Fund Loaning**

Amended Articles	Current Articles	Note
	Article 1: Parties Eligible for	
Article 1: Parties Eligible for	Loans from the Company	
Loans from the Company	Loans from the Company	amended to explicitly
(1) The Commonly shall not arout	The Commonly many grant loops	define parties to which
(1) The Company shall not grant	The Company may grant loans	loans may be granted and
loans to any shareholder or	only to companies or firms which	the nature thereof.
anyone except for the	have business dealings with the	"Business dealings" shall
following:	Company or short-term financing	be limited to the working
<u>1.Companies which have</u>	needs and in which the Company	capital financing relating
business dealings with the	invests and holds twenty percent	to the purchase and sale
Company, to the extent that	or more shareholding	of merchandise by both
the loan is for their working	("Borrower"). The restriction set	parties, excluding lending
capital needs only; and	out in Paragraphs 2 and 3 of	that does not involve
2.Companies having	Article 2 hereof shall apply to the	business dealings.
short-term financing needs	intercompany loans between	"Parties eligible for the
in which the Company	foreign companies in which the	short-term financing"
holds, whether directly or	Company holds, whether directly	shall be limited to the
indirectly, fifty percent or	or indirectly, 100% of the voting	subsidiaries in which the
more of the voting shares.	shares.	Company has over 50%
		shareholding, in order to
(2) The restriction set out in		properly manage risks and
Paragraphs 1 and 2 of Article 2		avoid any damage to
and Article 4 hereof may not		shareholders' rights and
<u>apply to</u> the intercompany		interests.
loans between foreign companies in which the		2 To comply with the
1		2. To comply with the amendment to the law and
Company holds, whether directly or indirectly, 100% of		improve the flexibility of
the voting shares, or the		financing between
intercompany loans granted by		members within the
foreign companies in which the		group, in view that
Company holds, whether		Article 15 of the
directly or indirectly, 100% of		Company Act does not
the voting shares, to the		apply to foreign
Company; provided, however,		companies, intercompany
that the Company shall		loans granted to the
prescribe the aggregate		Company by foreign
maximum loan amount that the		companies in which the
Company can provide and the		Company holds directly
maximum loan amount		or indirectly 100% of the
permitted to be given to a		voting shares are exempt
single borrower and specify the		from the loan limits and
term of loan in these		one-year repayment term.
Procedures according to the		year repuyment torm.
Regulations Governing Loans		
and Endorsements /Guarantees		
by Public Companies		
promulgated by the securities		
authority.		
<u>uuuioiny.</u>		1

Amended Articles	Current Articles	Note
Article 2: Maximum Amount of	Article 2: Reasons, Necessity and	1.The reasons and necessity
Loans Granted to Other Parties	Maximum Amount of Loans	of lending specified in the
	Granted to Other Parties	original Article are subject
		to Article 1, and the
	The Reasons and Necessity of	relevant evaluation
	Loaning of Fund	procedures have been
		conducted pursuant to
	The Company may engage in	Subparagraph (2) of
	loaning of funds to other	Paragraph 1 of Article 3
	companies or enterprises	(Operating Procedures for
	having business transactions	Loaning of Funds and
	with the Company or	Review Process);
	requiring short term	therefore, redundant
	financing. The	words have been deleted.
	aforementioned loaning of	In the meantime, the order
	funds for short term financing	of the paragraphs has
	shall be limited to business	been rearranged.
	financing or revolving finance	2. The order of the
	for operations of other	paragraphs (aggregate
	companies or enterprises or	maximum loan amount of
	other circumstances where the	the Company and
	<u>Company's board of</u>	maximum loan amount
	directors consents to the	for each borrower) was
	necessity of short-term fund	switched, such that the
	<u>needs.</u>	description regarding the
(1)The aggregate maximum loan		aggregate maximum loan
amount granted to others may		amount of the Company
not exceed twenty percent of		precedes the description of the maximum loan
the net worth of the Company shown on its latest financial		
report.		borrower, to be consistent with the description in the
(2) The Maximum Amount of	(2) The Maximum Amount of	Procedures for
Loans for Each Borrower	Loans for Each Borrower	Endorsements and
The aggregate amount of loans	The aggregate amount of loans	Guarantees.
granted to the same Borrower	granted to the same Borrower	3.The wording in
having business dealings with	having business dealings with	Paragraphs (2) and (5) has
the Company and short-term	the Company and short-term	been amended by
financing needs shall not	financing needs shall not	reference to the
exceed the Borrower's net	exceed 1.5 times the	Regulations Governing
worth shown on the Borrower's	Borrower's net worth shown on	Loans and
latest financial report or ten	the Borrower's latest financial	Endorsements/Guarantees
percent of the net worth of the	report or ten percent of the net	by Public Companies and
Company shown on the	worth of the Company shown	certain redundant words
Company's latest financial	on the Company's latest	are deleted. In addition,
report, whichever is lower.	financial report, whichever is	the Borrower's net worth
Moreover, in the event of	lower. Moreover, in case of	becomes the maximum
aforementioned loans for	aforementioned loans to others	loan amount and to
business dealings with the	having business dealings with	simplify, the amount of
Company, the amount of each	the Company, the amount of	money lent for business
individual loan offered by the	each individual loan offered by	dealings shall mean the
Company may not exceed the	the Company may not exceed	total amount of business
total business transaction	the average monthly business	transaction, for proper
amount within the latest year	transaction amount within the	risk management and to

between the Borrower and the Company.latest businessyear between and transaction amount shall mean the amount of purchase or salelatest borrower and the Company.prevent making exc and the Company.transaction amount shall mean the amount of purchase or sale between the Company and Borrower, whichever is higher.latest latest prevent making exc between the Company.prevent making exc and large prejudice shareholders' right interests.	
Company.The business businessBorrower and the Company.and large loan prejudicetransaction amount shall mean the amount of purchase or sale between the Company andThe business transaction amount shall mean the amount of purchase or sale between theand large loan prejudice	
the amount of purchase or sale between the Company andamount shall mean the amount of purchase or sale between theshareholders' right interests.	
between the Company and of purchase or sale between the interests.	the
	s and
Borrower, whichever is higher. Borrower and the Company. 4. To strengthen cor	
	porate
whichever is higher. governance, indep	endent
(3) The aggregate maximum loan directors have been	added
amount granted to others may in Paragraph (4	l) in
not exceed twenty percent of response to	the
the net worth of the Company amendment to the la	ıw.
shown on its latest financial	
report.	
(3) "Financing amount" used in (4)"Financing amount" used in	
this Article means the this Article means the	
cumulative balance of the cumulative balance of the	
Company's short-term Company's short-term	
financing. financing.	
(4) Where changes in (5) Where changes in	
circumstances in respect of circumstances in respect of	
the Company cause the entity the Company cause the entity	
to which the Company gives to which the Company gives	
loans to cease to be an loans to cease to be an	
eligible entity under the eligible entity under the	
Procedures or the loan Procedures or the loan	
balance exceeds the balance exceeds the	
maximum loan amount, the maximum loan amount, the	
Company shall draft an Company shall draft an	
improvement plan, submit the improvement plan, submit the	
same to the independent same to the audit committee	
directors and the audit and complete the	
committee and complete the improvement on schedule.	
improvement on schedule.	
Article 3: Operating Procedures Article 3: Operating Procedures 1. The language in	
	agraph
Procedures Procedures and Paragraphs (1)	
was revised by ref	
	lations
Company shall carefully evaluate Company shall carefully evaluate Governing Loaning	-
whether it is in compliance with whether it is in compliance with Funds and Endorser	
	Public
and/orGuaranteesbyPublicEndorsementsand/orGuaranteesCompaniespromulgatedbybyPublicCompaniespromulgated	
Securities and Futures by Securities and Futures	
Commission and these Operating Commission and these	
Procedures. The Company may Procedures. The Company may	
make loans to others only after the make loans to others only after the	
results of evaluation have been results of evaluation have been	
submitted to and resolved upon by submitted to and resolved upon by	
the Board of Directors. The the Board of Directors. The	
Company shall not authorize any Company shall not authorize any	
other person to make such other person to make such	

Amended Articles	Current Articles	Note
decision. Where the independent	decision. Where the independent	
directors have been in place, when	directors have been in place, when	
making loans to others, the	making loans to others, the	
Company shall take into full	Company shall take into full	
consideration each independent	consideration each independent	
director's opinions; the	director's opinions; the	
independent directors' opinions	independent directors' opinions	
specifically expressing assent or	specifically expressing assent or	
dissent and their reasons for	dissent and their reasons for	
dissent shall be included in the	dissent shall be included in the	
minutes of the board meetings.	minutes of the board meetings.	
The operating procedures for		
loaning of funds and review	lending and review procedures are	
procedures are as follows:	as follows:	
(1) When the Company handles	(1) When the Company handles	
the matters of loaning of	the matters of loaning of	
funds, the necessary financial	funds, the necessary	
and guarantee information	financial and guarantee	
shall be provided by the	information shall be	
Borrower to the Finance	provided by the Borrower to	
Division of the Company in	the Finance Division of the	
advance.	Company in advance.	
(2) The Finance Division of the	(2) The Finance Division of the	11
Company shall prepare a	Company shall prepare a	changed in accordance
report specifically stating the	report specifically stating the	with the organization and
borrower, reason, the	borrower, reason, the	responsibilities.
necessity and reasonableness	necessity and reasonableness	
of loans granted to others,	of loans granted to others,	
amount, term, interest rate,	amount, term, interest rate,	
method of repayment, source of funds, collateral or other	method of repayment, source of funds, collateral or other	
methods of guarantee and	methods of guarantee and	
other necessary matters. The	other necessary matters. The	
borrower's credit position and	borrower's credit position and	
risk assessment and analysis	risk assessment and analysis	
of the impact of such lending	of the impact of such lending	
upon the Company's business	upon the Company's business	
operations, financial condition	operations, financial	
and shareholders' equity shall	condition and shareholders'	
also be included in said	equity shall also be included	
report. Lending shall be	in said report. Lending	
handled by the Finance	shall be handled by the	
Division after such report has	Finance Division after such	
been submitted to the	report has been submitted to	
chairman of the board of	-	
directors for their review and	chairman of the board of	
to the board of directors for	directors for their review and	
approval.	to the board of directors for	
	approval.	
(3)The procedures for loan will	(3) The procedures for loan will	
be processed by the Finance	be processed by the Finance	
Division only after receiving	Division only after receiving	
the guarantee notes of the	the guarantee notes of the	
same amount or other	same amount or other	

Amended Articles	Current Articles	Note
collateral as security for	collateral as security for	
applying to the Company for	applying to the Company for	
loan. Appraisal of the	loan. Appraisal of the	
collateral shall be done	collateral shall be done	
carefully by the Finance	carefully by the Finance	
Division.	Division.	
Hereafter Omitted.	Hereafter Omitted.	
Article 4: The Term of Loan	Article 4: The Term of Loan	A wording change has been made by reference to the
The term of loan shall not exceed	The term of loan shall not exceed	Regulations Governing
one year.	one year.	Loaning of Funds and
		Endorsements/ Guarantees
		by Public Companies.
Article 6: Follow-Up Control	Article 6: Follow-Up Control	1.Certain words in
Measures and Procedures for		Paragraphs (1) to (4) have
Overdue Loans	Overdue Loans	been amended by
		reference to the
(1) The Company shall prepare a	(1) The Company shall prepare a	Regulations Governing
memorandum book for its	memorandum book for its	Loaning of Funds and
loans and truthfully record the	loans and truthfully record	Endorsements/Guarantees
following information: the	the following information:	by Public Companies.
borrower, amount, date of	the borrower, amount, date of	
approval by the board of	approval by the board of	
directors, date of loan, and	directors, date of loan, and	
matters to be carefully	matters to be carefully	
evaluated under Article 3.	evaluated under Article 3.	
(2)The Finance Division shall be	(2)The Finance Division shall be	2.The approver in
responsible for monitoring	responsible for monitoring	Paragraphs (2) and (3)
and reviewing the financial	and reviewing the financial	has been changed in
conditions, business and	conditions, business and	accordance with the
related credit conditions of	related credit conditions of	organization and
the Borrower and the	the Borrower and the	responsibilities.
guarantor and shall also pay	guarantor and shall also pay	I
attention to whether there is	attention to whether there is	
any change in the value of the	any change in the value of	
collateral. If there is any	the collateral. If there is any	
significant change of	significant change of	
circumstances, the Finance	circumstances, the Finance	
Division shall immediately	Division shall immediately	
report to the chairman of the	report to the president and	
board of directors and	the chairman of the board of	
appropriate measures shall be	directors and appropriate	
taken in accordance with the	measures shall be taken in	
instructions.	accordance with the	
	instructions.	
(3) When making a repayment on	(3) When making a repayment	
or before the due date, the	on or before the due date, the	
Borrower shall first calculate	Borrower shall first calculate	
the interest payable and repay	the interest payable and repay	
the principal and interest in	the principal and interest in	
full. The Finance Division	full. The Finance Division	
shall submit a report	shall submit a report	

Amended Articles	Current Articles	Note
confirming the full repayment	confirming the full	
and obtain approval of the	repayment and obtain	
chairman of the board of	approval of the president and	
directors before returning the	the chairman of the board of	
collateral or security to the	directors before returning the	
Borrower.	collateral or security to the	
	Borrower.	
(4) The Borrower shall	(4)The Borrower shall	
immediately repay the interest	immediately repay the	
and principal in full when	interest and principal in full	
due; otherwise, the Company	when due; otherwise, the	
may dispose of the collateral	Company may dispose of the	
or security provided by the	collateral or security	
Borrower and seek remedy	provided by the Borrower	
against it pursuant to law.	and seek remedy against it	
	pursuant to law.	
Article 7: Internal Audit	Article 7: Internal Audit	To strengthen corporate
The Company's internal auditors	The Company's internal auditors	governance, independent
shall audit the operating	shall audit the operating	directors have been added
procedures for lending to others	procedures for lending to others	in this article in response to
and the implementation thereof at	and the implementation thereof at	the amendment to the law.
least quarterly and prepare written	least quarterly and prepare written	
records accordingly. The	records accordingly. The	
Company's internal auditors shall	Company's internal auditors shall	
promptly notify the independent	promptly notify the audit	
directors the audit committee in	committee in writing of any	
writing of any material violation	material violation found.	
found.		
Article 8: Procedure for	Article 8: Procedure for	In view that loaning of
Announcement and Report	Announcement and Report	funds is not a transaction in
		nature, certain wording of
(1) (Omitted)	(1) (Omitted)	Paragraph (2) has been
(2) If the loan balance reaches	(2) If the loan balance reaches	amended to comply with the
any of the following	any of the following	amendment to the law.
thresholds, the Company shall	thresholds, the Company	
announce and report within	shall announce and report	
two days from the date of	within two days from the	
occurrence. The date of	date of occurrence. The date	
occurrence referred to above	of occurrence referred to	
means the date of execution	above means the date of	
of the contract, date of	execution of the contract for	
payment, date of board	the transaction, date of	
resolutions, or other dates that	payment, date of board	
may confirm the party to	resolutions, or other dates that may confirm the	
which the money is lent and loan amount, whichever date	5	
is earlier.	<u>counterparty</u> and monetary value—of the <u>transaction</u> ,	
	whichever date is earlier.	
Hereafter Omitted.	Hereafter Omitted.	
Article 9: Penalty	Article 9: Penalty	1.Paragraph (1) was newly
Article 7. 1 cliaity	Article 7. I clidity	added to conform to the
(1) The responsible person of the		amendment to the law. It
Company who has violated		is specified that in the
Paragraph 1 of Article 3 of the		event of any violation of
r aragraph r of Atticle 5 of the		event of any violation of

Amended Articles	Current Articles	Note
Amended ArticlesRegulationsGoverningLoaningofFundsandEndorsements/GuaranteesbyPublicCompaniesshallbeliable,jointlyandseverallywiththeBorrower, fortherepayment of the loan at issuein accordancewith Paragraph6ofthe samearticle ofthesameregulations, andshallindemnifyindemnifythe Companyforanyanydamagessufferedbybydamagescompanyresultedtherefrom.	Current Articles In order to prevent managers or personnel in charge from taking advantage of their offices to engage in illegal loan, when managers or personnel in charge violate these Procedures or the related laws and regulations, the Human Resource Department shall make a proposal for penalty according to the seriousness of such violation of based on the evidence provided by the division in charge or audit division. Penalty imposed on personnel in charge shall be assented by the president and approved by the chairman of the board of directors. Penalty imposed on managers shall be approved by the chairman of the board of directors. In the event of unrecoverable losses incurred from violation of these Procedures or the related laws and regulations with intent or by negligence, suspension may be imposed on personnel in charge after being approved by the president and suspension may be imposed on managers after being approved by the president and suspension may be imposed on managers after being approved by the president and suspension may be imposed on managers after being approved by the president and suspension may be imposed on managers after being approved by the president and suspension may be imposed on managers after being approved by the president and suspension may be imposed on managers after being approved by the president and suspension may be imposed on managers after being approved by the president and suspension person perso	NoteParagraph 1 of Article 3 of the Regulations Governing Loaning of Funds and Endorsements/Guarantees by Public Companies, the Company's responsible person shall be jointly and severally liable for the repayment of the loan and indemnification for any damages caused.2.Relevant words have been amended according to adjustments to the organization and responsibilities.
The aforementioned managers shall mean the ones set up in accordance with the ruling issued by the Securities and Futures Commission dated March 27, 2003 (Ref. No.:	The aforementioned managers shall mean the ones set up in accordance with the ruling issued by the Securities and Futures Commission dated March 27, 2003 (Ref. No.:	

Amended Articles	Current Articles	Note
Tai-Tsai-Jen-(3)-0920001301) and		
the aforementioned personnel in	the aforementioned personnel in	
charge shall mean personnel	charge shall mean personnel	
involved and relevant supervisors	involved and relevant supervisors	
in charge of review and approval	in charge of review and approval	
of execution.	of execution.	
IV. THE EFFECTIVENESS	IV. THE EFFECTIVENESS	Certain sentence has been
AND AMENDMENT	AND AMENDMENT	rephrased by reference to
		Article 14-3 of the
These Procedures shall be	These Procedures shall be	Securities and Exchanges
approved by at least one half of all	approved by at least one half of all	Act to reflect amendments
the audit committee members and		to the law.
then submitted to the Board of		
Directors for resolution. After		
approved by the Board of	11 2	
Directors, these procedures shall	Directors, these procedures shall	
be submitted to the shareholders'	be submitted to the shareholders'	
meeting for approval; where any	meeting for approval; where any	
director expresses dissent and it is	director expresses dissent and it is	
contained in the minutes or a	contained in the minutes or a	
written statement, the Company	written statement, the Company	
shall submit the dissenting opinion	shall submit the dissenting	
to the audit committee and for	opinion to the audit committee	
discussion by the shareholders'	and for discussion by the	
meeting. The same shall apply to any amendment to the Procedures.	shareholders' meeting. The same shall apply to any amendment to	
When the Operating Procedures of		
Fund Loaning are submitted by the		
Company to the Board of		
Directors for discussion in	Company to the Board of	
accordance with relevant rules, the	Directors for discussion in	
Board of Directors shall take into	accordance with relevant rules,	
full consideration each	,	
independent director's opinion; any		
dissent from or qualification by the	independent director's opinion;	
independent directors (if any) shall	independent directors' opinions	
be included in the minutes of the	specifically expressing assent or	
Board of Directors' meetings.	dissent and their reasons for such	
If approval of the majority of all	dissent shall be included in the	
audit committee members as	minutes of the board meetings.	
required in the preceding	If approval of the majority of all	
paragraph is not obtained, these	audit committee members as	
Procedures or amendments thereto	required in the preceding	
may be implemented if approved		
by more than two-thirds of all		
directors, and the resolution of the	may be implemented if approved	
audit committee shall be recorded	by more than two-thirds of all	
in the meeting minutes of the	directors, and the resolution of the	
Board of Directors. The terms	audit committee shall be recorded	
"all audit committee members" in	in the meeting minutes of the	
paragraph 3 and "all directors" in	Board of Directors. The terms	
this paragraph shall be counted as		
the actual number of persons	paragraph 3 and "all directors" in	

Amended Articles	Current Articles	Note
currently holding those positions.	this paragraph shall be counted as the actual number of persons currently holding those positions.	

(Translation) Winbond Electronics Corporation (the "Company") Operation Procedures of Fund Loaning

J. PURPOSE

To soundly manage the Company's fund loaning and to reduce the risk in management, the Company enacts these Procedures.

JJ. OBJECTIVE

Loans to others by the Company shall be processed in accordance with these Procedures. Any matter not provided in these Procedures shall be processed in accordance with relevant laws and regulations so as to effectively manage matters concerning loans to others in line with the principles of steady and solid management of the Company.

III. CONTENTS

Article 1: Object of Fund Loaning

(1) The Company shall not grant loans to any shareholder or anyone except for the following:

1.Companies which have business dealings with the Company, to the extent that the loan is for their working capital needs only; and

- 2.Companies having short-term financing needs in which the Company holds, whether directly or indirectly, fifty percent or more of the voting shares.
- (2) The restriction set out in Paragraphs 1 and 2 of Article 2 and Article 4 hereof may not apply to the intercompany loans between foreign companies in which the Company holds, whether directly or indirectly, 100% of the voting shares, or the intercompany loans granted by foreign companies in which the Company holds, whether directly or indirectly, 100% of the voting shares, to the Company; provided, however, that the Company shall prescribe the aggregate maximum loan amount that the Company can provide and the maximum loan amount permitted to be given to a single borrower and specify the term of loan in these Procedures according to the Regulations Governing Loans and Endorsements /Guarantees by Public Companies promulgated by the securities authority.

Article 2: Maximum Amount of Loans Granted to Other Parties

- (1) The aggregate maximum loan amount granted to others may not exceed twenty percent of the net worth of the Company shown on its latest financial report.
- (2) The Restriction Amount for Each Borrower

The aggregate amount of loans granted to the same Borrower having business dealings with the Company and short-term financing needs shall not exceed the Borrower's net worth shown on the Borrower's latest financial report or ten percent of the net worth of the Company shown on the Company's latest financial report, whichever is lower. Moreover, in the event of aforementioned loans for business dealings with the Company, the amount of each individual loan offered by the Company may not exceed the <u>total</u> business transaction_amount within the latest year between the Borrower and the Company. The business transaction amount shall mean the amount of purchase or sale between the Company and Borrower, whichever is higher.

- (3) "Financing amount" used in this Article means the cumulative balance of the Company's short-term financing.
- (4) Where changes in circumstances in respect of the Company cause the entity to which the Company gives loans to cease to be an eligible entity under the Procedures or the loan balance exceeds the maximum loan amount, the Company shall draft an improvement plan, submit the same to the independent directors and the audit committee and complete the improvement on schedule.

Article 3: Operation Procedures of Fund Loaning and Review Process

Before giving loans to others, the Company shall carefully evaluate whether it is in compliance with the Regulations Governing Loans and Providing Endorsements and/or Guarantees by Public Companies promulgated by Securities and Futures Commission and these <u>Operating Procedures</u>. The Company may make loans to others only after the results of evaluation have been submitted to and resolved upon by the Board of Directors. The Company shall not authorize any other person to make such decision. Where the independent directors have been in place, when making loans to others, the Company shall take into full consideration each independent director's opinions; the independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board meetings. The operating procedures for loaning of funds and review procedures are as follows:

- (1) When the Company handles the matters of fund loaning, the necessary financial information and guarantee shall be provided by the Borrower to the Finance Division of the Company in advance.
- (2) The Finance Division of the Company shall prepare a report specifically stating the borrower, reason, the necessity and reasonableness of loans to others, amount, term, interest rate, method of repayment, source of funds, collateral or other methods of guarantee and other necessary matters. The borrower's credit status and risk assessment and analysis of the impact of such fund loaning upon the Company's business operation, financial condition and shareholders' equity shall also be made by the Finance Division of the Company. Fund loaning shall be handled by the Finance Division after such report has been submitted to the chairman of the board of directors for their review and to the board of directors for approval.
- (3) The procedures of fund loaning will be processed by the Finance Division only after receiving the guarantee notes of the same amount or other collaterals as security for applying to the Company for fund loaning. Appraisal of the collateral shall be done carefully by the Finance Division.
- (4) The funds loaning between the Company and its subsidiaries shall be submitted to the Board of Directors for approval in accordance with this Article and the chairman of the Board of Directors may be authorized to loan the funds in installments or revolving within a certain amount resolved by the Board of Directors and within one

year with respect to the same persons to whom the funds are loaned. The authorized amount of the funds loaned to a single enterprise shall not exceed ten percent of the net worth of the Company shown on the Company's latest financial report.

Material fund loaning by the Company shall be approved by at least one half of all audit committee members and submitted to the Board of Directors for resolution. If approval of the majority of all audit committee members is not obtained, such fund loaning may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the meeting minutes of the Board of Directors. The terms "all audit committee members" in paragraph 3 and "all directors" in this paragraph shall be counted as the actual number of persons currently holding those positions.

Article 4: The Term of Loan

The term of loan shall not exceed one year.

Article 5: The Method of Interest Calculation for Loaning of Funds

The method of interest calculation for fund loaning shall be decided with reference to the interest rate of correspondent financial institutions of the Company and may be adjusted according to the cost of funds. The interest calculation shall be done once a month except that under special circumstances, adjustment may be made in according to the actual need after being approved by the board of directors.

Article 6: The Follow-Up Control Measures and the Process of Overdue Loan

- (1) The Company shall prepare a memorandum book for its fund loaning activities and truthfully record the following information: the borrower, amount, date of approval by the board of directors, date of loan, and matters to be carefully evaluated under Article 3.
- (2) The Finance Division shall be responsible for following and checking the financial conditions, business and related credit conditions of the Borrower and the guarantor and shall also pay attention to whether there is any change to the value of the collateral. If there is any significant change of circumstances, the Finance Division shall immediately report to the chairman of the board of directors and appropriate measures shall be taken in accordance with the instructions.
- (3) When making a repayment on or before the due date, the Borrower shall first

Calculate the interest payable together with the principle. The Finance Division shall provide a report confirming that all amount of loan has been repaid and is approved by the chairman of the board of directors before return of collateral or guarantee to the Borrower.

(4) The Borrower shall immediately repay all amount of interest and principle when due; otherwise, the Company may dispose the collateral and has a right of recovery to the guarantor.

Article 7: Internal Audit

The Company's internal auditors shall audit the operating procedures for lending to others and the implementation thereof at least quarterly and prepare written records accordingly. The Company's internal auditors shall promptly notify the <u>independent directors</u> the audit

committee in writing of any material violation found.

Article 8: Procedure for announcement and report

- (1) The Company shall announce and report the loan balances of the Company and its subsidiaries for the previous month by the tenth day of each month, or conduct the announcement and report in accordance with relevant regulations promulgated by the competent authority.
- (2) If the loan balance reaches any of the following thresholds, the Company shall announce and report within two days from the date of occurrence. The date of occurrence referred to above means the date of execution of the contract, date of payment, date of board resolutions, or other dates that may confirm the <u>party to which the money is lent and loan amount</u>, whichever date is earlier.
 - (i) The balances of the loans granted by the Company and its subsidiaries reaches twenty percent or more of the net worth of the Company as stated in its latest financial statement.
 - (ii) The balances of the loans granted by the Company and its subsidiaries made to a single entity reaches ten percent or more of the net worth of the Company as stated in its latest financial statement.
 - (iii) The amount of new loans granted by the Company or its subsidiaries reaches NTD 10 million and reaches two percent of the net worth of the Company as stated in its latest financial statement.
- (3) Where any subsidiary of the Company is not a domestic public offering company, the Company shall make the required announcement and report on behalf of such subsidiary if the situation prescribed in the preceding Item 3 occurs.
- (4) The Company shall evaluate the status of loans and make sufficient allowances for bad debts and shall properly disclose relevant information in its financial reports and provide the_certified public accountants with the relevant information to conduct necessary audit procedures.
- (5) "Net worth" as set forth herein means parent company owner's equity on the balance sheet under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- (6) "Subsidiary" and "parent company" as set forth herein shall be determined per the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 9: Penalty for Violation of These Procedures by Managers or Personnel in Charge

- (1) The responsible person of the Company who has violated Paragraph 1 of Article 3 of the Regulations Governing Loaning of Funds and Endorsements/Guarantees by Public Companies shall be liable, jointly and severally with the Borrower, for the repayment of the loan at issue in accordance with Paragraph 6 of the same article of the same regulations, and shall indemnify the Company for any damages suffered by the Company resulted therefrom.
- (2) In order to prevent managers or personnel in charge from taking advantage of their

offices to engage in illegal loans, when managers or personnel in charge violate these <u>Operating Procedures</u> or the related laws and regulations, the Human Resource Department shall make a proposal for penalty to be approved by the responsible <u>supervisor</u> according to the seriousness of such violation based on the evidence provided by the division in charge or audit division. Penalty imposed on managers <u>shall</u> <u>be</u> submitted to the compensation committee and the board of directors for resolution. In the event of unrecoverable losses incurred from violation of these Procedures or the related laws and regulations by an employee with intent or by negligence, suspension may be imposed on personnel in charge after <u>being approved by the responsible supervisor</u>.

The aforementioned managers shall mean the ones set up in accordance with the ruling issued by the Securities and Futures Commission dated March 27, 2003 (Ref. No.: Tai-Tsai-Jen-(3)-0920001301) and the aforementioned personnel in charge shall mean personnel involved and relevant supervisors in charge of review and approval of execution.

Article 10: Control procedure to subsidiaries in loaning funds to other parties

The Company shall require all of its subsidiaries to formulate their own "Procedures for Loaning Funds to Other Parties" in accordance with the "Regulations Governing Loaning Funds and Providing Endorsement and Guarantee by Public Offering Companies" promulgated by the competent authorities and the "Procedures for Loaning Funds to Other Parties" of the Company. Any loan made by the subsidiaries shall comply with their own "Procedures for Loaning Funds to Other Parties", and the internal audit department of the Company shall be responsible for reviewing all self-assessment reports prepared by all subsidiaries.

IV. THE EFFECTIVENESS AND AMENDMENT

These Procedures shall be approved by at least one half of all the audit committee members and then submitted to the Board of Directors for resolution. After approved by the Board of Directors, these procedures shall be submitted to the shareholders' meeting for approval; where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion to the audit committee and for discussion by the shareholders' meeting. The same shall apply to any amendment to the Procedures. When the Operating Procedures of Fund Loaning are submitted by the Company to the Board of Directors for discussion in accordance with relevant rules, the Board of Directors shall take into full consideration each independent director's opinion; <u>any dissent from or qualification by the independent directors (if any) shall be included in the minutes of the Board of Directors' meetings.</u>

If approval of the majority of all audit committee members as required in the preceding paragraph is not obtained, these Procedures or amendments thereto may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the meeting minutes of the Board of Directors. The terms "all audit committee members" in paragraph 3 and "all directors" in this paragraph shall be counted as the actual number of persons currently holding those positions.

Winbond Electronics Corporation (the "Company")

Comparison Table of the Rules Governing the Conduct of Shareholders Meeting

Amended Article	Current Article	Note
Article 2: 1.~3. Omitted	Article 2: 1.~3. Omitted	To conform to the
		amendments to the
The matters specified in Paragraph 5 of	The election or discharge of directors,	Paragraph 5 of
Article 172 of the Company Act, or Article	amendment to the Company's Articles of	Article 172 of the
26-1 or Article 43-6 of the Securities and	Incorporation, dissolution, merger, or	Company Act
Exchange Act and Articles 56-1 and 60-2 of	spin-off of the Company, or the matters	
the Regulations Governing the Offering and	specified in Paragraph 1 of Article 185 of	
Issuance of Securities by Securities Issuers	the Company Act, or Article 26-1 or Article	
shall be listed among the reasons and	43-6 of the Securities and Exchange Act and	
explained in the notice for the meeting, and	Articles 56-1 and 60-2 of the Regulations	
may not be proposed as extemporary motions.	Governing the Offering and Issuance of	
The essential contents of the matters specified	Securities by Securities Issuers shall be	
in Paragraph 5 of Article 172 of the Company	listed among the reasons for the meeting,	
Act may be posted on the website designated		
by the competent authority in charge of		
securities affairs or the company, and such		
website shall be indicated in the above notice.		
Hereafter Omitted	Hereafter Omitted	

(English Translation)

WINBOND ELECTRONICS CORPORATION (the "Company") Rules Governing Election of Directors

Article	Amended Article	Current Article	Note
	Amended Article 1.Omitted The candidate nomination and election of directors <u>shall be</u> <u>conducted in accordance with the</u> <u>Company Act, Securities and</u> <u>Exchange Act and other relevant</u> <u>laws and rules.</u> The professional qualification, shareholding, restrictions on concurrent serving in other companies and other matters to be complied with by independent	Current Article 1.Omitted The candidate nomination, examination and election of directors, and the professional qualification, shareholding, restrictions on concurrent serving in other companies and other matters to be complied with by independent directors shall be conducted in accordance with the Company-	Note To conform to the amendments to Article 192-1 of the Company Act
	directors shall be conducted in accordance with other relevant laws	Act, Securities and Exchange Act and other relevant laws and	
	and rules.	rules.	

Explanations of involvement of directors in acts for themselves or others which fall into the field of the Company's business

(1) Director : Yung Chin

Names of other companies Where he served	Title	Bu	siness items same or similar to the Company's
Hwa Bao Botanic Conservation Corp.	Chairman	F401010 I501010	International Trade Product Designing
Conservation Corp.		1301010	i iouuci Designing

(2) Independent Director: Jerry Hsu

Names of other companies Where he served	Title	Business items same or similar to the Company's
AcBel Polytech Inc.	Director	 CC01080 Etronic Parts and Components Manufacture CC01110 Computers and Computing Peripherals Manufacture F401010 International Trade I301010 Software Design Services
Kang Exhibition Electronics (Dongguan) Co., Ltd.	Manager	The company mainly engages in the processing, manufacturing and sale of power supplies.
AcBel Polytech (Dongguan) Co., Ltd.	Manager	The company mainly engages in the processing, manufacturing and sale of power suppliers.

(3) Director : Chih-Chen Lin

Names of other companies Where he served	Title	Business items same or similar to the Company's
AppWorks Fund III Co., Ltd.	Chairman	F401010 International Trade

(4) Director: Walsin Lihwa Corporation

Names of other companies Where he served	Title	Business items same or similar to the Company's
Waltuo Green Resources Corporation	Director	F401010 International Trade

Appendix

(English Translation) Winbond Electronics Corporation (hereinafter the "Company") "Rules Governing the Conduct of Shareholders Meeting"

The Ninth amendment will be submitted to the annual general shareholders meeting of June 14, 2019 for approval

Article 1

Unless otherwise provided by laws and regulations, all shareholders meetings of the Company shall be conducted in accordance with these Rules.

Article 2

The shareholders meetings of the Company shall be convened by the Board of Directors unless otherwise provided by laws and regulations.

All shareholders shall be served with the convention notice of an annual shareholders meeting at least 30 days prior to the meeting, except for those shareholders each holding less than 1,000 registered shares that may be notified by means of an announcement on the Market Observation Post System at least 30 days prior to the meeting. All shareholders shall be served with the convention notice of a special shareholders meeting at least 15 days prior to the meeting, except for those shareholders each holding less than 1,000 registered shares that may be notified by means of an announcement on the Market Observation Post System at least 15 days prior to the meeting.

Convention notices and announcements shall state the reasons for the meeting. The convention notice may, as an alternative, be given by means of electronic transmission, after obtaining a prior consent from the shareholders.

<u>The matters specified in Paragraph 5 of Article 172 of the Company Act</u>, or Article 26-1 or Article 43-6 of the Securities and Exchange Act and Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed among the reasons and explained in the notice for the meeting, and may not be proposed as extemporary motions. The essential contents of the matters specified in Paragraph 5 of Article 172 of the Company Act may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.

The Company shall prepare the agenda handbook for shareholders meeting in accordance with Article 6 of the "Regulations Governing Content and Compliance Requirements for Shareholders Meeting Agenda Handbooks of Public Companies".

Article 3

The shareholders holding one percent or more of the total number of issued shares of the Company may propose in writing to the Company a proposal for discussion at an annual shareholders meeting; provided that only one matter shall be allowed in each single proposal. In case a proposal submitted by shareholder(s) contains more than one matter, such proposal shall not be included in the agenda of the shareholders meeting. The number of words of a proposal submitted by a shareholder shall be limited to not more than 300 words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders the reasons and punctuation marks. If any of the circumstances listed in Paragraph 4 of Article 172-1 of the Company Act occurs to the proposal submitted by any shareholder, the Board of Directors of the Company may ignore that proposal.

The Company shall announce the acceptance of shareholders' proposal, the place and the period for shareholders to submit proposals to be discussed at the shareholders meeting prior to the commencement of the close period for share transfer. The period for accepting such proposals shall not be less than 10 days.

Shareholders submit proposals to be discussed at the shareholders meeting shall attend the shareholders meeting in person or by proxy, and participate in discussion of those proposals.

The Company shall, prior to the delivery of the convention notice, notify all the shareholders who had submitted the proposals of the proposal screening results, and shall incorporate in the convention notice the proposals conforming to the requirements set out in this article. With regard to the proposals submitted by shareholders but not included in the agenda of the shareholders meeting, the Board of Directors shall explain reasons why such proposals are not included in the agenda of the shareholders meeting.

Article 4

Prior to any shareholders meeting, a shareholder may appoint a proxy to attend the meeting by issuing a power of attorney in the form provided by the Company stating the scope of authorization.

Each shareholder may issue one power of attorney only, and may appoint one person only to serve as a proxy. The written proxy must be delivered to the Company at least five days prior to each shareholders meeting. If two or more written proxies forms are received from a shareholder, the first one received by the Company shall prevail; unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later.

After the Company receives the written proxy, in case the shareholder issuing the said proxy intends to attend the shareholders meeting in person or to exercise his/her/its voting power in writing or by way of electronic transmission, a proxy rescission notice in writing shall be delivered to the Company two days prior to the date of the shareholders meeting; otherwise, the voting right exercised by the authorized proxy at the meeting shall prevail.

Article 5

Except that the "shareholder" referred to in Articles 2, 3 and 4 of these Rules means the shareholders in person, the "shareholder" referred to in these Rules means the shareholder himself/herself/itself and the proxy appointed by the shareholder in accordance with the laws and regulations.

Article 6

This Company shall prepare an attendance book for attending shareholders to sign in, or shareholder present may hand in an attendance card in lieu of signing on the attendance book. The number of shares representing shareholders present at the meeting shall be calculated in accordance with those indicated in the attendance book or the attendance cards, plus the number of shares whose voting right exercised in writing or by way of electronic transmission. Each shareholder attending the shareholders meeting in person (or proxy) shall wear an attendance pass and submit the attendance card in lieu of sign-in.

Article 7

Attendance and voting at the shareholders meeting shall be determined based on the number of shares.

Article 8

Unless otherwise restricted by, or subject to evasion in accordance with, the laws and regulations, and shares having no voting right in accordance with Paragraph 2 of Article 179 of the Company Law, a shareholder shall have one voting right in respect of each share.

The method for exercising the voting right shall be described in the convention notice of the shareholders meeting if the voting right will be exercised in writing or by way of electronic transmission. A shareholder who exercises his/her/its voting right at a shareholders meeting in writing or by way of electronic transmission shall be deemed to have attended the said shareholders meeting in person, but shall be deemed to have waived his/her/its voting right with respect to any extemporary motions and any amendments or replacements to the original proposals at the said shareholders meeting.

In case a shareholder elects to exercise his/her/its voting right in writing or by way of electronic transmission, his/her/its declaration of intention shall be delivered to the Company no later than two days prior to the scheduled shareholders meeting. If two or more declarations of intention are delivered to the Company, the first declaration of intention

received shall prevail; unless an explicit statement to revoke the previous declaration is made in the declaration which comes later.

In case a shareholder who has exercised his/her/its voting right in writing or by way of electronic transmission intends to attend the shareholders meeting in person, the shareholder shall, two days prior to the shareholders meeting and in the same manner previously used in exercising his/her/its voting right, deliver a separate declaration of intention to revoke his/her/its previous declaration of intention made in exercising the voting right under the preceding paragraph. In the absence of a timely revocation of the previous declaration of intention, the voting right exercised in writing or by way of electronic transmission shall prevail. In case a shareholder has exercised his/her/its voting right in writing or by way of electronic transmission and has also authorized a proxy to attend the shareholders meeting on his/her/its behalf, then the voting right exercised by the authorized proxy for the said shareholder shall prevail.

If the Company allows its shareholders to exercise their voting rights in writing or by way of electronic transmission, the Company shall finish the counting and verification of the votes cast in writing or by way of electronic transmission before the shareholders meeting.

If the Company allows its shareholders to exercise their voting rights in writing or by way of electronic transmission, the Company shall compile the number of votes cast in writing or by way of electronic transmission and prepare a statement of information and disclose such statement of information in explicit way at the place of the shareholders meeting.

Article 9

Shareholders meetings shall be held at the Company's premises or at another place that is convenient for shareholders to attend and suitable for such meetings. Shareholders meetings shall not start earlier than 9:00 AM or later than 3:00 PM.

Article 10

If a shareholders meeting is convened by the Board of Directors, the Chairman of the Board of Directors shall be the chairman presiding at the meeting. If the Chairman of the Board of Directors is on leave or cannot perform his duties for some reason, the Vice-Chairman shall preside at the meeting on the Chairman's behalf. If the Company does not have a Vice-Chairman or the Vice-Chairman is on leave or cannot perform his duties for some reason, the Chairman of the Board of Directors shall appoint a managing director to serve on his behalf. If there are no managing directors, the Chairman of the Board of Directors shall appoint a director to serve on his behalf. If the Chairman of the Board of Directors has not appointed any representative, the managing directors or directors shall nominate a person among themselves to preside at the shareholders meeting.

If a shareholders meeting is convened by any person entitled to convene the meeting other than the Board of Directors, such person shall be the meeting's chairman; provided that if this meeting is convened by two or more persons, the chairman of the meeting shall be elected from among themselves.

Article 11

The Company may appoint lawyer(s) or certified public accountant(s) engaged by the Company, or relevant persons, to attend a shareholders meeting.

Persons handling affairs of the shareholders meeting shall wear identification cards or arm badges.

Article 12

The chairman of the shareholders meeting may order disciplinary officers (or security guards) to assist in keeping order at the meeting place. Such disciplinary officers (or security guards) shall wear arm badges marked "Disciplinary Personnel" when assisting in keeping order at the meeting place.

Article 13

Persons attending the shareholders meeting shall not bring anything that is harmful to the

safety of others' life, body, freedom or property.

Article 14

During the shareholders meeting, the chairman may request the police present at the meeting place to keep order.

Article 15

The process of the shareholders meeting shall be audio recorded or video recorded in its entirety and these records shall be preserved for at least one year. If the Company allows shareholders to exercise their voting right in writing or by way of electronic transmission, the related written and media data shall also be preserved for at least one year. However, if a lawsuit has been instituted by any shareholder pursuant to Article 189 of the Company Act, the records and data involved shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

Article 16

The chairman shall announce the commencement of the shareholders meeting at the time scheduled for the meeting. But if the number of shares represented by the shareholders present at the meeting is less than one-half of all issued shares of the Company at the time scheduled for the meeting, the chairman may announce the postponement of the meeting. The shareholders meeting can only be postponed for twice and the time of the postponement shall not be more than one hour in the aggregate. If after two postponements the number of shares represented by the shareholders present at the meeting is still less than one-half of all issued shares of the Company but the shareholders present at the meeting represent more than one-third of all issued shares, provisional resolutions may be made in accordance with Paragraph 1 of Article 175 of the Company Act.

If the number of the shares represented by the shareholders present at the shareholders meeting reaches one-half of all issued shares of the Company prior to the end of the meeting, the chairman may submit the foregoing provisional resolutions to the shareholders meeting for approval in accordance with Article 174 of the Company Act.

Article 17

The agenda of the meeting shall be set by the Board of Directors if the meeting is convened by the Board of Directors. The shareholders meeting shall be conducted according to the agenda, and unless otherwise provided by these Rules or laws and regulations, the agenda shall not be changed without the resolution of the shareholders meeting.

The above provision also applies to the shareholders meeting convened by any person entitled to convene such meeting other than the Board of Directors.

Unless otherwise resolved at the meeting, the chairman cannot announce adjournment of the meeting before all the items (including extemporary motions) listed in the agenda made according to the preceding two paragraphs are completed.

After the meeting is adjourned, shareholders cannot designate another person as chairman and continue the meeting at the same or other place.

Article 18

When a shareholder present at the meeting wishes to speak, he/she shall fill in a speech note specifying the summary of his/her speech, the shareholder's account number (or the number of attendance pass) and the account name of the shareholder. The chairman shall determine the sequence of shareholders' speeches.

If any shareholder present at the meeting submits a speech note but does not speak, no speech should be deemed to have been made by the shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the speech note submitted by such shareholder, the contents of the actual speech shall prevail. The proxy's speech shall be complied with the written proxy, documents of public solicitation and advertisement. Unless otherwise provided by laws and regulations, the shareholders appointing a proxy to attend the shareholders meeting shall agree with any speeches and voting made by the proxy

in the shareholders meeting.

When a shareholder speaks at the meeting, unless otherwise permitted by the chairman and the speaking shareholder, no other shareholders shall interrupt the speech of the speaking shareholder; otherwise the chairman shall stop such interruption.

Article 19

The same shareholder may not speak more than twice for the same motion without the chairman's permission, and each speech time may not exceed 5 minutes.

The chairman may stop the speech of any shareholder who violates the above provision or when such speech is out of the scope of the motion.

Article 20

A legal entity serving as proxy to attend a shareholders meeting may designate only one representative to attend such meeting.

The number of representatives that a legal-entity shareholder appointed to attend the shareholders meeting should not exceed the number of directors to be elected at a shareholders meeting if there is an election of directors at that shareholders meeting, or the number of directors elected for a term of office if there is no election of directors at that shareholders meeting, and only one representative can speak for each motion.

Article 21

After the speech of the shareholder(s) present at the shareholders meeting, the chairman may respond in person or designate relevant person(s) to respond to the speech.

Article 22

When the chairman considers that the discussion for a motion has reached the extent for making a resolution, he may announce discontinuance of the discussion and submit the motion for resolution.

Article 23

Unless otherwise provided by the Company Act or the Company's Articles of Incorporation, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the meeting. The voting right of shareholders shall be calculated according to the voting right that shareholders may exercise in accordance with the Company Act or the Company's Articles of Incorporation.

A motion is adopted by vote.

Article 24

The chairman shall appoint persons responsible for checking and counting ballots during votes on motions. The results of resolution shall be announced at the place and recorded in the minutes of the meeting. The persons responsible for checking ballots must be shareholders and shall monitor the voting procedure, prevent from inappropriate voting behaviors, examine ballots and monitor the records of the persons responsible for counting ballots. A ballot shall be invalid and shall not be calculated under any of the following conditions:

a ballot is not in the form provided by the Company;

a ballot is not thrown in the ballot box;

a blank ballot without writing words or expressing opinion regarding the motions;

a ballot with other words thereon other than those required to be filled in;

the handwriting on a ballot is too blurred or indistinct to be readable or is altered;

a ballot is used by the proxy who violates the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies"; or

any violation of laws or regulations or voting guidelines made by the Company.

The standard for recognition of invalid ballots in case the exercise of voting right in writing by shareholders is carried out in conformity mutatis mutandis with the Subparagraphs 1, 3, 4, 5 and 7 of the proceeding paragraph. If there is any doubt or disputes, the shareholders agree

to authorize the Company's verification section to decide.

In addition, the standard for recognition of invalid ballots in case the exercise of voting right by electronic transmission by shareholders is carried out in conformity mutatis mutandis with Subparagraph 7 of the proceeding paragraph, as well as in compliance with the relevant regulations of the authority.

Article 25

During the meeting, the chairman may, at his discretion, set time for intermission.

Article 26

In case of an air-raid alarm, an earthquake or other force majeure event, the chairman shall immediately announce to suspend the meeting and evacuate respectively. Once the reason of suspending the meeting is eliminated, the chairman shall decide if the meeting will resume.

Article 27

Resolutions adopted at a shareholders meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the company within twenty (20) days after the close of the meeting. The minutes of the meeting may be made and distributed by electronic way.

With regard to the distribution of the minutes in the foregoing paragraph, the minutes may be distributed by way of an announcement on the Market Observation Post System, instead of actual distribution of the minutes.

The minutes must faithfully record the meeting's date (year, month, day), place, chairman's name, resolution method, summary of proceedings, and results of resolutions. The minutes of shareholders' meeting shall be preserved for as long as the Company exists.

Article 28

Any matter concerned that is not provided in these Rules shall be handled in accordance with the Company Law and the related laws and regulations, and the relevant provisions of the Articles of Incorporation of the Company.

Article 29

These Rules shall be effective from the date they are approved by the shareholders' meeting. The same applies in the case of amendments.

(English Translation)

Winbond Electronics Corporation (hereinafter the "Company") "Rules Governing Election of Directors "

The Eighth amendment will be submitted to the annual general shareholders meeting of June 14, 2019 for approval

Article 1

The election of directors of the Company shall be handled in accordance with these Rules.

Article 2

The candidate nomination system provided in Article 192-1 of the Company Act and the cumulated voting with single name registered on the ballot will be used for the election of directors. Each share has the number of exercisable votes same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates set forth on the list of candidates of directors. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed an elected director. Independent directors and non-independent directors shall be elected at the same time but the number of the elected independent directors and non-independent directors shall be separately calculated. The attendance card number of the electors may be used on the ballot instead of the name of the electors.

The candidate nomination and election of directors <u>shall be conducted in accordance with the</u> <u>Company Act, Securities and Exchange Act and other relevant laws and rules.</u> The professional qualification, shareholding, restrictions on concurrent serving in other companies and other matters to be complied with by independent directors shall be conducted in accordance with other relevant laws and rules.

Article 3

When the election commences, the chairperson of the meeting shall appoint ballot supervisor(s) from among the shareholders present. Other personnel responsible for counting and announcing the ballots and performing relevant duties shall be appointed by the chairperson of the meeting. The ballot box shall be prepared by the board of directors and examined by the ballot supervisor(s) in public before the voting.

Article 4

The number of directors will be as specified in the Company's articles of incorporation, with votes separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of votes will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, the persons of the same number of votes shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 5

The ballots shall be prepared by the board of directors, numbered according to the attendance card numbers and printed with the number of voting rights of the shareholders.

Article 6

If the candidate is a shareholder of the Company, the electors shall fill in the name and the shareholder's number of such candidate in the column of "Candidate" of the ballot. If the candidate is not a shareholder of the Company, the electors shall fill in such candidate's name and the number of its identification certificate in the same column. If the candidate is a government agency or a legal entity, either the full name of the government agency or the legal entity or the full name of the government agency or the legal entity and the name(s) of their representative(s) should be filled in the column of candidate. If the government-linked shareholder or institutional

shareholder has several representatives, the name of each representative shall be filled in.

When a shareholder fill in the name and the shareholder's number of such candidate and the number of his/its identification certificate, he/it may use his/its seal instead.

In case that the electors cast their votes by electronic transmission, the electors shall check the box of the number of the candidates and fill in the number of votes to be allocated to each candidate. The number of candidates that an elector checked on the ballot shall not exceed the number of persons which should be elected and the aggregate number of votes to be allocated to each candidate shall not exceed the total number of voting rights of such elector.

Article 7

A ballot shall be void and excluded from the votes for any candidate upon any of the following conditions:

- 1. The ballot was not in the form provided in accordance with Article 5 of these Rules.
- 2. The ballot was not cast in the ballot box installed by the board of directors.
- 3. The ballot was blank when cast in the ballot box.
- 4. The ballot was not cast pursuant to Article 6 of these Rules or the handwriting on the ballot was blurred or illegible or has been altered.
- 5. The candidate listed on the same ballot does not appear in the list of candidates and there are two or more than two candidates filled in on the same ballot.
- 6. There are other written characters or symbols in addition to the name, shareholder's number or the number of identification certificate of the candidate on the ballot.
- 7. The name of a candidate filled in on the ballot is same as another shareholder's name but the respective shareholder's numbers or numbers of identification certificates are not indicated to distinguish them; or
- 8. Any violation of laws or regulations or these Rules.

For determining invalid ballots in case of voting in writing by shareholders, subparagraphs 1, 3, 4, 5, 6, 7 and 8 of the preceding paragraph shall apply mutatis mutandis. If there are any doubts or disputes, the shareholders agree to authorize the Company's verification unit to make a decision. For determining invalid ballots in case of voting by electronic transmission by shareholders, subparagraph 8 of the preceding paragraph shall apply mutatis mutandis, in addition to compliance with the relevant regulations of the competent authorities.

Article 8

The ballot box shall be opened and the ballots shall be counted on spot under the supervision of the ballot supervisor immediately after the completion of voting, and the result of counting the ballots shall be announced by the chairperson of the meeting.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year; provided, however, that the ballots shall be retained until the conclusion of the litigation if a shareholder files a lawsuit pursuant to Article 189 of the Company Act.

Article 9

Matters not provided in these Rules shall be handled in accordance with the Company Act and relevant laws and regulations, the Articles of Incorporation of the Company and the relevant provisions of the Rules Governing the Procedure of Shareholders Meeting of the Company.

Article 10

These Rules shall be effective upon approval of the shareholders' meeting. The same applies to amendments.

(English Translation)

ARTICLES OF INCORPORATION WINBOND ELECTRONICS CORPORATION

The twenty-ninth amendment will be submitted to the annual general shareholders meeting of June 14, 2019 for approval

Section 1: General Principles

- Article 1: The Company is incorporated as a company limited by shares in accordance with the Company Act (the "Company Act") and it name shall be 華邦電子股份有限公司 in Chinese language and Winbond Electronics Corporation in English language (the "Company").
- Article 2: The business scope of the Company is as follows:

Research and development, ODM, production and manufacture, repair, and sale of the following products:

- (i) Integrated circuits.
- (ii) Semiconductor memory parts and components and their systems products.
- (iii) Semiconductor components and system products for use in computer systems.
- (iv) Semiconductor components and system products for use in digital communications.
- (v) Semiconductor components and system products for use in peripherals.
- (vi)Other semiconductor components.
- (vii)Design of computer software programs and data processing.
- (viii)Import and export trade related to the business of the Company.

Business categories and codes of the aforementioned products are as follows:

- (i) CC01080 Electronic Parts and Components Manufacture
- (ii) CC01110 Computers and Computing Peripherals Manufacture
- (iii) CC01120 Data Storage Media Manufacture and Duplication
- (iv) F401010 International Trade
- (v) I301010 Software Design Services
- (vi) I301020 Data Processing Services
- (vii)I501010 Product Designing
- Article 2-1: The Company may act as a guarantor as required by its business operation.
- Article 2-2: Total investment by the Company shall not be subject to the ceiling of an amount equivalent to 40 percent of its paid-in capital.
- Article 3: The Company has its head-office in Central Taiwan Science-Based Industrial Park. Subject to the approval of the Board of Directors and government authority, the Company may, if necessary, set up branches or business offices within and outside of the Republic of China.
- Article 4: Public notices by the Company shall be made in accordance with Article 28 of the Company Act.

Section 2: Shares

Article 5: The total capital of the Company is sixty-seven billion New Taiwan Dollars (NT\$67,000,000,000) divided into six billion seven hundred million (6,700,000,000) shares,

at ten New Taiwan Dollars per share and may be issued in a series of issuance. The un-issued shares may be issued by a resolution of the Board of Directors if the Board deems necessary.

A maximum of five billion New Taiwan Dollars may be used to be divided into five hundred million shares at ten New Taiwan Dollars per share may be used for issuance, in installments, of stock/subscription warrants, preferred shares with subscription rights, or corporate bonds with subscription rights. The quota each for the issuance of stock/subscription warrants, preferred shares with subscription rights or corporate bonds with subscription rights may be adjusted by the Board of Directors in consideration of factors concerning capital market and operation needs.

Article 6: (Deleted)

- Article 7: Where the shares issued by the Company are in scripless form and without <u>physical</u> certificates, the Company shall register the shares with the central securities depository institution.
- Article 8: The transfer, registration, loss or destruction of share certificates shall be handled in accordance with the Company Act and relevant regulations.

Section 3: Shareholders Meetings

- Article 9: Shareholders meetings shall be of two types, general meetings and special meetings. General meetings shall be convened by the Board of Directors once a year, within six months from the end of each fiscal year in accordance with law. Special meetings shall be convened in accordance with the law, whenever necessary.
- Article 10: Shareholders may designate a proxy to attend a shareholders meeting with a power of attorney stating the scope of authority in accordance with the Company Act and the "Regulations for the Use of Proxies for the Attendance at Stockholders Meetings of Public Companies," promulgated by the competent governmental authority.
- Article 11: Unless otherwise provided by the laws and regulations, each share has one voting right.
- Article 12: Except otherwise provided by the laws and regulations, a resolution of the shareholders meeting shall be adopted by the majority of the votes represented by the attending shareholders who hold the majority of the Company's issued shares.

Section 4: Directors and Audit Committee

Article 13: The Company shall have nine to eleven directors, among whom there should be not less than three independent directors making up not less than one-fifth of the total number of directors whose term of office is three years. Election of directors shall adopt the candidate nomination system prescribed in Article 192-1 of the Company Act. All of the directors are elected by the shareholders' meeting from the candidate list of directors , and are eligible for re-election. Independent and non-independent directors shall be elected at the same time, but the quota shall be calculated separately.

The method of candidate nomination and election of directors <u>shall conform to the</u> <u>Company Act</u>, the <u>Securities and Exchange Act</u>, and other relevant rules and <u>regulations</u>. The professional qualifications for, requirements relating to shareholdings of, restrictions on concurrent positions held by, and other compliance matters with respect to independent directors shall conform to <u>relevant rules and</u> <u>regulations</u>. The Company shall establish an audit committee and the audit committee or its members shall be responsible for performing the functions and duties of supervisors provided under the Company Act, Securities and Exchange Act and other laws and regulations. The composition, convention, duties and meeting rules of the audit committee shall comply with relevant laws and regulations and the Company's rules. The Board of Directors may additionally establish a compensation committee. The professional qualifications of the members, exercise of their duties, organizational rules and regulations and the Company's rules. The Board of Directors may addition committee shall comply with relevant laws and regulations and the Company's rules. The Board of Directors may also establish other committees with different functions. The organizational rules of those committees shall be stipulated by the Board of Directors.

- Article 13-1: The Company may, after the approval of the Board of Directors, in view of the international and local industry standards, purchase liability insurance for directors with respect to the indemnification liabilities that the directors shall be liable resulting from exercising their duties during their terms of office according to law.
- Article 14: The Board of Directors shall be formed by directors. The directors shall elect a Chairman of the Board of Directors from among themselves by a majority vote at a meeting attended by two-thirds or more of the directors. The Chairman of the Board of Directors represents the Company. A Vice Chairman may also be elected to assist the Chairman.
- Article 14-1:<u>Unless otherwise provided for by law</u>, meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors. When convening a meeting of the Board of Directors, a meeting notice specifying the reasons for convening such meeting shall be sent to each director <u>within the period prescribed by the competent</u> <u>authority in charge of securities law</u>; provided that a meeting may be convened at any time in case of emergency.

The meeting notice set forth in the preceding paragraph may be in writing or by fax or e-mail.

Unless otherwise provided by law, resolutions adopted at a meeting of the Board of Directors must be approved by a majority vote of the directors being present, who shall represent no less than half of the total number of directors.

Directors may designate other directors as their proxies to attend the meetings of the Boards of Directors; provided that each director may act as proxy for one other director only. The Board of Directors shall meet at least once every three months.

- Article 15: In the case where the Chairman of the Board is on leave or otherwise unable to perform his/her duties, matters conducted on behalf of the Chairman shall be handled in accordance with Article 208 of the Company Act.
- Article 16: Remuneration of directors shall be decided by the Board of Directors based on their contribution and involvement in the operations of the Company and by reference to remuneration for similar roles at comparable companies domestically and internationally.
- Article 17: The functions and responsibilities of the Board of Directors shall be as follows:
 - 1. Review operating policies and short- and long- term development plans;
 - 2. Review annual business plans and supervise its implementation;
 - 3. Approve budget and review the results at year-end;
 - 4. Propose capital increase or decrease;
 - 5. Propose profit distribution or loss make-up plans;
 - 6. Review, approve, amend and terminate material contracts and contracts relating to procurement, transfer, licensing of important technology and

patents and of important technical cooperation;

- 7. Propose and review plans in connection with using transfer as security, sale, lease, pledge, mortgage, or other disposal of all or a substantial portion of assets of the Company;
- 8. Propose and review amendments to the Articles of Incorporation;
- 9. Approve organizational by-laws and important operation rules;
- 10. Decide the establishment, reorganization, or removal of branches or business offices;
- 11. Approve major capital expenditures of NT\$500 Million or more (capital expenditures not exceeding the above amount shall be approved by the Chairman of the Board of Directors);
- 12. Appoint or remove corporate officials at the level of vice presidents and higher;
- 13. Convene shareholders meetings and make business reports;
- 14. Examine and approve investment in other enterprises and purchase/sale of stocks of NT\$ 500 Million or more (The Chairman is authorized to approve the investment or purchase/sale if the transaction amount is less than NT\$500 Million);
- 15. Appoint or dismiss auditing certified public accountant of the Company;
- 16. Examine and approve the application to financial institutions or third parties for financing, guarantees, providing acceptance of commercial paper, any other extension of credit, and credit lines for derivatives products in an amount of NT\$500 Million or more. The Chairman of the Board of Directors is authorized to approve any of the above applications that is in an amount no more than NT\$500 Million.
- 17. Examine and approve the amount of endorsements, guarantees, and acceptance of commercial paper to be made in the name of the Company;
- 18. Examine and approve major business transactions between related parties (including affiliated enterprises);
- 19. Perform such other duties and responsibilities prescribed by law or authorized by shareholders meetings.

Where it is necessary and legally permissible, actions listed above may first be approved or conducted by the Chairman of the Board of Directors and later reported to the Board of Directors for recognition. Actions covered by items 11, 14 and 16 above intending for the same purpose shall not be separately contracted, applied for or spent without prior approval.

Article 18: (Deleted)

Section 5: Management

Article 19: The Company may have chief executive officer, vice executive officer, president and several vice presidents according to the resolution of the Board of Directors. Appointment, removal, and remuneration of the chief executive officer, vice executive officer, president and vice presidents shall be handled in accordance with Article 29 of the Company Act. The Board of Directors is authorized to determine the duties and function of the said managers or the Board of Directors may authorize the Chairman of the Board of Directors to determine the duties and functions of the said managers.

Section 6: Accounting

- Article 20: The Company's fiscal year shall be from January 1 to December 31 of each calendar year. Final accounting shall be prepared after the end of each fiscal year.
- Article 20-1: (Deleted)

- Article 21: After the end of each fiscal year, the Board of Directors shall have the following documents prepared: (1) the business report; (2) the financial statements; and (3) the proposal for distribution of earnings or making up loss, and submit the same for recognition at the annual general shareholders' meeting in accordance with statutory procedures.
- Article 22: From the pre-tax net profit of the current year, before deducting remuneration of employees and remuneration of directors, no more than 1% shall be allocated as remuneration of directors and no less than 1% as remuneration of employees. The remuneration of employees may be distributed in stock or cash upon resolution of the Board of Directors. The distribution of employee and director remuneration shall be reported to the shareholders' meeting. However, if the Company has accumulated losses, the Company shall first set aside an amount for making up losses and then allocate remuneration of employees and

amount for making up losses, and then allocate remuneration of employees and remuneration of directors according to the percentage set forth in the preceding paragraph.

The Company purchases its stock for transferring such treasury shares, issues employee options, provides pre-emptive right for employees' subscription upon issuing new shares, issues new restricted employee shares, and distributes employee remuneration, to employees of the Company's <u>controlling or</u> subordinated companies who meet certain criteria, which shall be determined and resolved by the Board of Directors.

Article 23: If the Company has pre-tax profits at the end of the current fiscal year, after paying all taxes and covering all accumulated losses, the Company shall set aside 10% of said earnings as legal reserve. However, legal reserve need not be made when the accumulated legal reserve equals the paid-in capital of the Company. After setting aside or reversing special reserve pursuant to applicable laws and regulations and orders of competent authorities or based on the business needs of the Company, if there is any balance, the Board of Directors may submit a proposal for allocation of the remaining balance and the accumulated undistributed earnings to the shareholders meeting for resolution of distributing bonus and dividends to shareholders.

The Board of Directors shall be authorized to distribute the profit, the legal reserve and the capital reserve mentioned in the preceding paragraph in cash upon resolution by a majority vote at a board meeting attended by two-thirds or more of the directors, and shall report the same to the shareholders' meeting.

The Company's dividend distribution policy is made in accordance with the Company Act and the Articles of Incorporation in consideration of factors including capital and financial structure, operating status, retained earnings, industry characteristics and economic cycle. The dividends shall be distributed in a steady manner. With respect to distribution of dividends, in consideration of future operation scale and cash flow needs, no less than <u>30%</u> of the remaining amount of the net profit after tax of the current year, after covering the accumulative losses and setting aside the legal reserve and the special reserve, shall be distributed to shareholders as dividends, which may be distributed in stock dividend or cash dividend, and the distribution of cash dividend shall not be less than 50% of total dividends, so as to maintain continuous growth.

Article 24:The Company may distribute its profit or make up its losses at the end of each half of a
fiscal year. The statements and proposals set forth in Article 21 hereof shall be
prepared by and then resolved by the Board of Directors.
The Company, in distributing its profit according to the preceding paragraph, shall
estimate and reserve employee and director remuneration and any taxes payable as
well as cover any losses and set aside the legal reserve in accordance with to law;
provided, however, that where the legal reserve amounts to the total paid-in capital, the
legal reserve needs not setting aside. Where the Company distributes the profit in cash,
such distribution shall be resolved by the Board of Directors, but where the profit is
distributed in the form of newly issued share, such distribution shall be resolved by the

shareholders' meeting.

Section 7: Supplementary Regulations

- Article 25: In case of any matters not covered herein, the Company Act shall govern.
- <u>Article 26:</u> The organizational rules of the Company shall be separately stipulated.
- These Articles of Incorporation were enacted on September 1, 1987, and were first Article 27: amended on November 20, 1987. The second amendment was made on May 23, 1988; the third amendment was made on August 23, 1988; the fourth amendment was made on May 5, 1989; the fifth amendment was made on October 21, 1989; the sixth amendment was made on March 30, 1990; the seventh amendment was made on April 30, 1991; the eighth amendment was made on March 26, 1992; the ninth amendment was made on March 25, 1993; the tenth amendment was made on March 30, 1994; the eleventh amendment was made on March 17, 1995; the twelfth amendment was made on April 9; the thirteenth amendment was made on April 22, 1997; the fourteenth amendment was made on 17 April, 1998; the fifteenth amendment was made on April 23, 1999; the sixteenth amendment was made on April 27, 2000; the seventeenth amendment was made on April 16, 2001; the eighteenth amendment was made on May 17, 2002; the nineteenth amendment was made on May 6, 2003; the twentieth amendment was made on June 10, 2005; the twenty-first amendment on June 9, 2006; the twenty-second amendment was made on April 30, 2008; the twenty-third amendment was made on June 18, 2010. The twenty-fourth amendment was made on June 22, 2011; and the twenty-fifth amendment was made on June 19, 2013; and the twenty-sixth amendment was made on June 16, 2016; the twenty-seventh amendment was made on June 13 2017; the twenty-eighth amendment was made on June 11, 2018 and the twenty-ninth amendment was made on June 14, 2019 and shall become effective after approval by a resolution of the shareholders meeting. Any subsequent amendments to these Articles of Incorporation shall follow the same procedure.