

(Translation)
Winbond Electronics Corporation (the "Company")
Procedures of Acquisition or Disposal of Assets¹

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) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, trade secrets and other intangible assets.
5. Right-of-use assets.
6. Derivatives.
7. Assets acquired or disposed of through mergers, spin-offs, acquisitions or assignments of shares in accordance with law.
8. 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

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

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: The "securities exchange" referred to in these Procedures: "domestic securities 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.

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.

- 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 specified interest rates, financial instrument prices, commodity prices, foreign exchange rates, indexes of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. 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 shall meet the following requirements:

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 self-regulation guidelines of their respective trade associations and 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 appropriateness 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 appropriate and reasonable, 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 assets may not exceed 10% of the net value of such Subsidiary; the amount for such

Subsidiary 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.

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 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.

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 12-1: If a subsidiary of the Company, that is not itself a domestic public company, enters into any related party transactions and the transaction amount reaches 10 percent or more of total assets of the subsidiary's direct parent company, this subsidiary of the Company may not proceed with execution of a transaction contract or making any payment unless and until the information provided in Sub-paragraphs 1 to 7 of Paragraph 4 of Article 15 has been submitted to its direct parent company's shareholders' meeting and the transaction has been approved by such shareholders' meeting. The above restriction shall not apply to the transactions between a subsidiary on the one hand and its parent company and its subsidiary on the other hand, or transactions between two subsidiaries of such subsidiary.

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. 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 domestic 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 put forward the purpose or use, the basis of determination of transaction price and transaction method for the acquisition or disposal and handle the acquisition or disposal in accordance with the Company's Rules for Managing Fixed Assets or the Company's Lease Operating Procedures. 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 or its right-of-use assets where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or above, unless transacting with a domestic 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: provided that, if the amount of a related transaction between the Company and its Related Party reaches 10 percent or more of the Company's total assets, the Company may not proceed with execution of a transaction contract or making any payment unless and until the information set forth in Subparagraphs 1 through 7 of this paragraph has been submitted to the shareholders' meeting and the approval of the shareholders' meeting has been obtained. The above restriction shall not apply to the transactions between the Company and its subsidiaries or between two of the Company's subsidiaries.
 - (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 or its right-of-use assets, 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 shareholders' meeting or 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 or its right-of-use assets, 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 or leased 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 or its right-of-use assets from a Related Party and appraises the cost of the real property or its right-of-use 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 or its right-of-use assets 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 or its right-of-use assets through inheritance or as a gift.
 - (ii) More than five years have elapsed from the time the Related Party signed the contract to obtain the real property or its right-of-use assets 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:
 - (i) 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 involving 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 conducted by 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 or its right-of-use assets.

Article 16: Where the Company acquires real property or its right-of-use assets 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 or leased at a premium, or the assets have been disposed of, or the lease contract has been terminated, 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 or its right-of-use assets 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 domestic government agency or acquisition or disposal of the equipment or its right-of-use assets 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 or its right-of-use assets 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 or its right-of-use assets 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 assets 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 the same shall apply to any subsequent changes, if any, 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 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 head-in-charge 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 domestic 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 is required prior to the Date of Occurrence of the transaction, and the Company shall engage a certified public accountant to provide an opinion on the reasonableness of the transaction price.
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 or their right-of-use assets 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 their right-of-use assets 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 domestic 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 self-assessment report of its Subsidiaries. If any of its Subsidiaries does not intend to engage 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 so.

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.
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 or its right-of-use assets from or to a Related Party, or acquisition or disposal of assets other than real property or its right-of-use assets 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 domestic 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 or its right-of-use assets 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 domestic government bonds or foreign government bonds having credit ratings not lower than the ROC's sovereign credit rating.
 - (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 or its right-of-use assets 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 by an individual, such individual may be suspended from duties, subject to the approval of the head-in-charge.
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.