

ChipMOS TECHNOLOGIES INC. (The "Company")

Operational Procedures for Acquisition and Disposal of Assets

Article 1.

To establish rules and standards for handling the acquisition or disposal of assets (defined below), this Operational Procedures for Acquisition and Disposal of Assets (this "Operational Procedures") is adopted in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies established by Financial Supervisory Commission (hereinafter "FSC").

Article 2.

The term "assets" used hereunder includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities;
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment;
3. Memberships;
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets;
5. Right-of-use assets;
6. Derivatives;
7. Assets acquired or disposed of in connection with mergers, spin-offs, acquisitions, or transfer of shares in accordance with law;
8. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables);
9. Other major assets.

Article 3. Definitions of Terms

1. "Derivatives": Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, 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 hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, or long-term purchase (sales) contracts.
2. "Assets Acquired or Disposed through Mergers, Spin-offs, Acquisitions, or Transfer of Shares in Accordance with Law": Refers to 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 other Acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

3. "Related Party" or "Subsidiary": As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. "Professional Appraiser": Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. "Date of Occurrence": Refers to the date of contract signing, date of payment, trade date, date of transfer, dates of board of directors (hereinafter "Board") resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. "Mainland China Area Investment": Refers to investments in the mainland China area conducted in accordance with the Ministry of Economic Affairs Investment Commission's provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. "Securities Exchange": "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.
8. "Over-the-counter market" ("OTC Market"): "Domestic OTC Market" refers to a market for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "Foreign OTC market" refers to a market at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 4. Limits of Amounts on Investment in Real Property for Non-operating Purpose and Right-of-use Assets thereof, and Securities

The limits of amounts on acquisition of above assets by the company and subsidiaries are as follows:

1. The total amount of the acquisition of real property and right-of-use assets thereof by the company and subsidiaries for non-operating purpose shall not exceed 20 percent of the company's equity as stated in its latest financial statement. The total amount of acquisition of real property for non-operating purpose and right-of-use assets thereof by each subsidiary of the company shall not exceed 15 percent of this company's equity as stated in its latest financial statement.
2. The total amount of all long/short term security investments by the company and subsidiaries

shall not exceed 80 percent of this company's equity as stated in its latest financial statement. The total amount of all long/short term security investments by each subsidiary of the company shall not exceed 40 percent of this company's equity as stated in its latest financial statement.

3. The amount of investment by the company and subsidiaries in each respective security shall not exceed 80 percent of this company's equity as stated in its latest financial statement. The amount of investment by each subsidiary of the company in each respective security shall not exceed 40 percent of this company's equity as stated in its latest financial statement.

Article 5.

For acquisition or disposal of assets through auction procedures of courts, the appraisal report or certified public accountant's opinion may be replaced by evidentiary documents issued by the courts.

Article 6.

The appraisal reports or certified public accountant's opinions, attorney's opinions, or underwriter's opinions obtained by the company shall meet the following requirements:

1. The matters needing attention of the professional appraisers and their appraisal personnel, certified public accountants, attorneys, or securities underwriters, and the procedures of providing appraisal reports or opinions shall comply with Article 5 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
2. The above persons 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, each of the professional appraisers or appraisal personnel may not be related parties or de facto related parties to each other.

Article 7. The Company's Operational Procedures for the Acquisition or Disposal of Real property, Equipment, and Right-of-use Assets thereof

1. Appraisal Procedures
 - (1) Procedure for acquisition or disposal of real property, equipment, or right-of-use assets thereof shall only be conducted after company's finance and accounting unit or relevant departments has conducted benefit analysis as well as potential risks assessment, and such procedure shall be performed in accordance with the company's authorization and approval regulations respectively.
 - (2) If the company intends to acquire or dispose of real property, publicly announced current value, appraisal value, and the actual transaction price of neighboring real property shall be taken into consideration for decision making. When the company

intends to acquire right-of-use assets of real property, appraisal value or the transaction price under leasing practices of neighboring real property shall be taken into consideration for decision making.

- (3) The acquisition or disposal of equipment or right-of-use assets thereof shall be carried out by one of the following methods: price inquiry, price comparison, price negotiation, or public bidding.
- (4) The company's acquisition or disposal of real property, equipment or right-of-use assets thereof shall follow the company's internal control system or other relevant procedure regulations.

2. Procedure for determination of transaction terms and authorization amount

The department in-charge shall submit assessment results such as the reason for acquisition or disposal, subject matter, trading counterparty, transfer price, payment terms, and price reference with proposed terms and conditions of such transaction to competent department(s) pursuant to the approval authorization levels for approval, and such procedure shall be performed in accordance with the company's authorization and approval regulations respectively.

3. Executing Department: using department, finance and accounting unit, and relevant responsible department.

4. Appraisal report

If the transaction amount of the acquisition or disposal of real property, equipment, or right-of-use assets thereof is greater than or equals to 20 percent of the company's paid-in capital or NT\$300 million, except for transactions with a domestic government agency, engagement with others to build on the company's own land or leased land, or acquisition or disposal of equipment for business use or right-of-use assets thereof, the company shall obtain an appraisal report issued by a professional appraiser prior to the date of occurrence of such event and shall further comply with the following provisions:

- (1) If it is necessary to use a limited price, specified price, or special price as the reference basis for the transaction price under special circumstances, such transaction shall be submitted to the Board for approval in advance, and the same for any later-on changes to the terms and conditions of the transaction.
- (2) If the transaction amount is greater than or equals to NT\$1 billion, appraisal reports from two or more professional appraisers are required.
- (3) If the professional appraiser's appraisal results fall within the scope as follows, unless all the appraisal results for the acquisition of assets are higher than the transaction amount, or all the appraisal results for the disposal of assets are less than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the reasonableness of the transaction price:
 - i. The discrepancy between the appraisal result and the transaction amount is greater than or equals to 20 percent of the transaction amount.

- ii. The discrepancy between the appraisal results of two or more professional appraisers is greater than or equals to 10 percent of the transaction amount.
- (4) No more than three months may elapse between the date which a professional appraiser issues the appraisal report and the effective date of the contract. However, if the publicly announced current value of the real property of the same period is adopted and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.
- 5. The transaction amounts referred to in the preceding paragraph shall be calculated in accordance with paragraph 2 of Article 19, and "within one year" as used therein refers to one year preceding the date of occurrence of the particular transaction. Transactions for which an appraisal report from a professional appraiser or certified public accountant's opinion has been obtained in accordance with this Operational Procedures shall not be counted toward such transaction amounts.

Article 8. Company's Operational Procedures for the Acquisition or Disposal of Securities

1. Appraisal Procedures

- (1) Procedure for acquisition or disposal of long/short term security investments shall only be conducted after the company's finance and accounting unit or relevant departments has conducted benefit analysis as well as potential risks assessment, and such investments shall be conducted within the certain amount set forth in paragraphs 2 and 3 of Article 4 pursuant to the company's authorization and approval regulations respectively.
- (2) For securities acquired or disposed in the centralized securities exchange market or OTC Market, their price shall be determined by the market price.
- (3) For securities not acquired or disposed in the centralized securities exchange market or OTC Market, the price shall be determined by net worth per share, profitability, and potential for future development.
- (4) The company's acquisition or disposal of securities shall follow the investment cycle operational procedures under the company's internal control system.

2. Procedure for deciding trading conditions and authorization amount

The department in-charge shall submit assessment results such as the reason for acquisition or disposal, subject matter, trading counterparty, transfer price, payment terms, and price reference with proposed terms and conditions of such transaction to competent department(s) pursuant to the approval authorization levels for approval, and such procedure shall be performed in accordance with the company's authorization and approval regulations respectively.

- 3. Executing Department: finance and accounting unit and relevant responsible department.
- 4. Expert opinion

Before the date of occurrence of the acquisition or disposal of securities by the company, the latest financial statements of the target company audited or reviewed by certified public accountant shall be acquired for the assessment and reference of transaction price. Shall the transaction price reaches 20 percent of the company's paid-in capital or NT\$300 million, opinions in respect of the reasonableness of transaction price is required to be sought from certified public accountant before the date of occurrence of such transaction. Provided however, these requirements are not applicable if such securities have a public price from an active market or if the FSC require otherwise.

5. The transaction amounts referred to in the preceding paragraph shall be calculated in accordance with paragraph 2 of Article 19, and "within one year" as used therein refers to one year preceding the date of occurrence of the particular transaction. Transactions for which an appraisal report from a professional appraiser or certified public accountant's opinion has been obtained in accordance with this Operational Procedures shall not be counted toward such transaction amounts.

Article 9. Procedures for Transactions with a Related Party

1. When the company engages in any acquisition or disposal of assets from or to a related party, in addition to handling matters such as relevant resolution process and evaluation of the reasonableness of the terms and conditions of the transaction pursuant to the provisions of Article 4, 5, 6, 7, 8, 9 and 10, if the transaction amount reaches 10 percent of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or an opinion by the certified public accountant in accordance with Articles 7, 8 and 10. When determining whether the counterparty of the transaction is a related party, in addition to taking into account legal aspects of the relationship, the substantive relationship shall also be considered.

The transaction amounts referred to in the preceding paragraph shall be calculated in accordance with paragraph 2 of Article 19, and "within one year" as used therein refers to one year preceding the date of occurrence of the particular transaction. Transactions for which an appraisal report from a professional appraiser or certified public accountant's opinion has been obtained in accordance with this Operational Procedures shall not be counted toward such transaction amounts.

2. Evaluation Procedures and Operational Procedures

If the company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when the company intends to acquire or dispose of assets other than real property or right-of-use assets from or to a related party and the transaction amount reaches 20 percent of the company's paid-in capital, 10 percent of the company's total assets, or NT\$300 million, except for buying or selling domestic government bonds, bonds under repurchase and resale agreements and subscribing or redeeming money market funds issued

by domestic securities investment trusts, the company may not enter into a transaction contract or issue a payment until the following matters have been approved by more than one half of all members of the audit committee and then submitted to and approved by the Board's resolution. However, for the company or the subsidiary of a domestic non-public company, if the transaction amount reaches 10 percent of the company's total assets, the company may not enter into a transaction contract or issue a payment until the following matters have been approved by the shareholders meeting. But, it is not applicable for the transactions between the company and its parent company, subsidiaries, or their subsidiaries.

- (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (2) The reason for choosing the related party as a transaction counterparty.
- (3) With respect to the acquisition of real property or the right-of-use assets thereof from a related party, the information regarding the evaluation of the reasonableness of the preliminary transaction terms in accordance with paragraph 3 through 7 of this Article.
- (4) The date and price at which the related party originally acquired the real property, the counterparty of the original transaction, and that counterparty's relationship to the company and the related party.
- (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- (6) An appraisal report from a professional appraiser or an opinion by the certified public accountant obtained in compliance with the preceding subparagraph.
- (7) Any restrictive covenants and other material stipulations associated with the particular transaction.

The transaction amounts referred to in the preceding paragraph shall be calculated in accordance with paragraph 2 of Article 19, and "within one year" as used therein refers to one year preceding the date of occurrence of the particular transaction. Transactions that have been approved by the shareholders meeting and the Board and recognized by the Audit Committee in accordance with this Operational Procedures shall not be counted toward such transaction amounts.

If the company and its parent company, subsidiaries, or subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or total capital, engage in the following transactions with each other, the Board may authorize the chairman to a certain amount to handle the matter and report to the Board for ratification on an after-the-event basis in accordance with the provisions of the company's authorization and approval regulations:

- (1) Acquisition or disposal of equipment or right-of-use assets thereof for business use.
- (2) Acquisition or disposal of the right-of-use of real property for business use.

When a matter is submitted to the Board for discussion pursuant to the preceding paragraph, the Board shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, such objection or

reservations shall be recorded in the minutes of the Board meeting.

3. Assessment on Reasonableness of Transaction Costs

When the company acquires real property or right-of-use assets thereof from a related party, the following methods of determining reasonableness of the transaction cost shall be applied (where land and building thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the building may be separately appraised in accordance with either of the means listed as follows):

(1) Transaction price with the related party plus necessary capital interest and cost to be borne by the buyer in accordance with laws. "Necessary capital interest cost" herein shall be calculated according to the weighted average interest rate for the funds borrowed by the company during the year in which the asset is purchased, provided it is not higher than the highest lending rate for non-financial industries published by the Ministry of Finance.

(2) If the related party created a mortgage on the asset for the purpose of borrowing funds from a financial institution, the total value of the loan shall be based on the evaluation by the financial institution of such asset, provided that the accumulated value of the actual loan by the financial institution based on such asset shall be at least 70 percent of the total amount of the evaluation by the financial institution of such asset, and the loan shall have a term of one year or longer. However, this provision shall not be applicable if the financial institution is a related party to either party to the transaction.

4. In addition to the assessment specified in the preceding paragraph, if the company acquires or disposes real property or right-of-use assets thereof from or to a related party, the company shall engage a certified public accountant to verify the result and to express specific opinions.

5. If any of the following circumstances occurs when the company disposes or acquires real property or right-of-use assets thereof to or from a related party, the transaction shall be made in accordance with paragraph 2 of this Article while paragraph 3 and paragraph 4 of this Article shall not be applied:

(1) The related party acquired the real property or right-of-use assets thereof due to succession or bestowal.

(2) More than five years have elapsed since the date when the related party entered into a transaction to obtain the real property or right-of-use asset thereof.

(3) The real state is acquired through a contract for joint construction between the company and a related party, or engaging a related party to build real property, either on the company's own land or on leased land.

(4) The company and its parent company, subsidiaries, or subsidiaries in which it directly or indirectly hold 100 percent of the issued shares or total capital engage in acquisition of right-of-use assets of real property for business operation purpose with each other.

6. If the company acquires real property or right-of-use assets thereof from a related party, and the results of appraisals conducted in accordance with paragraph 3 of this Article are lower

than the transaction cost, the transaction shall be handled in accordance with paragraph 7 of this Article, unless objective evidence is submitted and the specific opinions on reasonableness have been obtained from a real property professional appraiser and a certified public accountant under any of the following circumstances:

- (1) The related party acquired undeveloped land or leased land for re-construction and evidence is submitted to prove that one of the following conditions is satisfied:
 - i. The total amount of ① the appraisal result of undeveloped land appraised in accordance with the means in the preceding Article and ② appraisal result of buildings appraised according to the related party's construction cost plus reasonable construction profit exceeds of the actual transaction price. "Reasonable construction profit" refers to the average operational gross profit margin of the related party's construction department for the past three years or the latest gross profit margin for the construction industry announced by the Ministry of Finance, whichever is lower.
 - ii. After reasonable price discrepancies in different floor or land area prices are evaluated in accordance with standard property market sale or leasing practices, the land area and transaction terms of a completed transaction by unrelated parties within the preceding year involving other floors of the same real property or real property in neighboring areas are considered commensurate with the particular transaction with related party.
 - (2) Evidence is submitted to prove that the transaction conditions of the purchase for real property or lease for right-of-use assets of real property from a related party are commensurate with transaction conditions of a completed transaction with an unrelated party within the preceding year of an asset with similar area in vicinity.
 - (3) The term "in vicinity" refers to completed transaction of real property within the same or neighboring block and within the diameter of five hundred meters from the object of transaction or with similar publicly announced current value. In principle, "similar area" means the land area or the floor area of the completed transaction with unrelated party is at least fifty percent of the land area or floor area of the object of transaction. "Within one year" refers to one year preceding the date of occurrence of the acquisition of real property or right-of-use assets thereof .
7. If the results of appraisals conducted in accordance with this Operational Procedures are uniformly lower than the transaction price, the following steps shall be taken:
- (1) A special profit reserve shall be set aside in accordance relevant regulations against the difference between the transaction price for real property or right-of-use assets thereof and the appraised cost and such special profit reserve may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in this company, a special profit reserve shall also be set aside pro rata according to the public company's shareholding ratio in the

company for the amount of aforesaid special profit reserve.

- (2) The independent directors of the audit committee shall proceed in accordance with Article 218 of the Company Act.
- (3) The outcome of the procedures under preceding subsections 1 and 2 shall be reported to the Shareholders meeting and the details of the transaction shall be disclosed in the annual report and prospectus.

The special reserve so set aside according to the preceding paragraph may only be utilized until this company has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or such assets have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that the transaction was not unreasonable, and consent from the FSC has been obtained.

When the company acquires real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

Article 10. Procedures for Acquiring or Disposing of Memberships or Intangible Assets or the Right-of-Use Assets thereof

1. Appraisal Procedures

- (1) To acquire or dispose of the memberships, fair market price shall be referred to for determination of transaction terms and transaction price.
- (2) To acquire or dispose of intangible assets or right-of-use assets thereof, expert assessment report or fair market price shall be referred to for determination of transaction terms and transaction prices.

2. Procedure for determination of transaction terms and authorization amount

The department in-charge shall submit assessment results such as the reason for acquisition or disposal, subject matter, trading counterparty, transfer price, payment terms, and price reference with proposed terms and conditions of such transaction to competent department(s) pursuant to the approval authorization levels for approval, and such procedure shall be performed in accordance with the company's authorization and approval regulations respectively.

3. Executing Department: the using department, the finance and accounting unit and relevant responsible departments.

4. Expert opinion

If the company's acquisition or disposal of memberships or intangible assets or right-of-use assets thereof is greater than or equals to 20 percent of company's paid-in capital or NT\$300 million, except for transactions with a domestic government agency, a certified public accountant shall be engaged to provide opinions regarding the reasonableness of transaction

price prior to the date of the occurrence.

5. The transaction amounts referred to in the preceding paragraph shall be calculated in accordance with paragraph 2 of Article 19, and "within one year" as used therein refers to one year preceding the date of occurrence of the particular transaction. Transactions for which an appraisal report from a professional appraiser or certified public accountant's opinion has been obtained in accordance with this Operational Procedures shall not be counted toward such transaction amounts.

Article 11. Procedure for Acquiring or Disposing of Financial Institutions' Claims

In principle, the company does not engage in transactions for acquiring or disposing of financial institutions' claims. If the company desires to engage in the transaction for acquiring or disposing of financial institutions' claims afterwards, the company shall report to the Board for approval and stipulate the assessment and operating procedures for such transactions after approval by the Board.

Article 12. Operation Procedures for Mergers, Spin-Offs, Acquisitions and Share Transfers

1. When the company performs a merger, spin-off, acquisition or share transfer, prior to convening the Board to resolve on the matter, certified public accountant, attorney or securities underwriter shall be engaged to provide opinions about the reasonableness of the share exchange proportion, acquisition price or cash or other property distributed to the shareholders, and such opinions shall be submitted to the Board for discussion and approval. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.
2. If the company engages in a merger, spin-off, acquisition or transfer of shares, provisions of important agreements and related matters shall be included into public documents to the attention of shareholders prior to the shareholders meeting. Such documents shall be submitted to the shareholders together with the expert opinions referred to in the preceding paragraph and the shareholders meeting notice as reference for deciding whether such proposed merger, spin-off or acquisition shall be approved. However, this provision shall not be applicable if other laws allow the merger, spin-off or acquisition to be conducted without resolution by the shareholders meeting.

If the shareholders meeting of any party participating in the merger, spin-off or acquisition cannot be convened, resolution cannot be reached or the proposal is denied by the shareholders meeting due to the reasons attributable to the number of attendees, insufficient voting rights or other legal restrictions, the company participating in the merger, spin-off or

acquisition shall immediately make a public announcement to state the reasons for such events, plans for handling the matter and the expected date for convening the shareholders meeting.

3. Unless otherwise provided by law or a prior approval by the FSC is obtained for a special reason, companies participating in any merger, spin-off or acquisition shall convene the Board meeting and the shareholders meeting on the same day to resolve matters of the merger, spin-off or acquisition.

Unless otherwise provided by law or a prior approval by the FSC is obtained for a special reason, company participating in any transfer of shares shall convene the board meeting on the same day.

When participating in a merger, spin-off, acquisition, or transfer of another company's shares, a company that is listed on a securities exchange or has its shares traded on an OTC Market shall prepare a full written record of the following information and retain it for 5 years for reference:

- (1) Basic Information of Participants: including persons who participated in the project of merger, spin-off, acquisition or transfer of shares or who executed the project prior to the announcement of the news, including their titles, names, ID numbers (passport numbers in case of foreign nationals).
- (2) Dates of Material Matters: including the dates on which the letter of intent or memorandum of understanding is signed, financial or legal advisors are engaged, a contract is signed and Board meetings are held, etc.
- (3) Material Documents and Meeting Minutes: including documents such as mergers, spin-offs, acquisitions or share transfer plans, letters of intent or memorandum of understanding, material contracts and meeting minutes of the Board, etc.

When participating in a merger, spin-off, acquisition or transfer of another company's shares, a company that is listed on an securities exchange or has its shares traded on an OTC Market shall, within 2 days commencing immediately from the date of passage of a resolution by the Board, report (in the prescribed format and via the internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for archival purpose.

If any company participating in the merger, spin-off, acquisition or transfer of shares is not listed on a securities exchange or has its shares traded on an OTC Market, the company that is listed on a securities exchange or has its shares traded on an OTC Market shall enter into an agreement with such company and handle relevant matters in accordance with the previous 2 paragraphs.

4. All persons who participate in or have knowledge of the merger, spin-off, acquisition or share transfer plan of the company shall submit a written confidentiality undertaking, and shall not disclose the contents of the project, nor sell or purchase any share or other securities with shareholding entitlement of any company with respect to such merger, spin-off, acquisition or

- share transfer plan either in his/her own name or in the name of any other person, prior to public announcement of such transaction.
5. Unless any of the following events occurs, the share exchange ratio or acquisition price for any merger, spin-off, acquisition or transfer of shares participated by the company shall not be changed, and the circumstances permitting alteration shall be stipulated in the contract for the merger, spin-off, acquisition, or transfer of shares:
 - (1) Capital increase in cash, issuance of convertible corporate bonds, issuance of shares without consideration, issuance of corporate bonds with warrants attached, special shares with warrants attached, share subscription warrants and other securities with the nature of shareholding entitlement.
 - (2) Any action that have impacts on the finance and business of the company such as disposal of significant assets of the company, etc.
 - (3) Occurrence of any significant disaster or significant change of technology that impacts the shareholders interest or price of the securities.
 - (4) An adjustment where any of the companies participating in the merger, spin-off, acquisition, or transfer of shares from another company, buys back treasury stock according to laws.
 - (5) Change of participatory bodies, or increase or decrease of the number of entities participating in the merger, spin-off, acquisition or transfer of shares.
 - (6) Other terms that may be altered under the contract and have been publicly disclosed.
 6. When the company participates in any merger, spin-off, acquisition or transfer of shares, the contract shall specify the rights and obligations of the participating companies with respect to the transaction, and shall state the following matters:
 - (1) Remedies for breach of contract.
 - (2) Principles for handling equity-type securities previously issued or treasury stocks previously bought back by the extinguished or spun-off company.
 - (3) The amount of treasury stock that participating companies are permitted to buy back under laws after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 - (4) The method for handling the changes of the number of participating entities or participatory bodies.
 - (5) Preliminary progress schedule for plan execution, and anticipated completion date.
 - (6) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
 7. After public announcement of the information of the merger, spin-off, acquisition or share transfer, if any company participating in the merger, spin-off, acquisition, or share transfer intends further to carry out a merger, spin-off, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the previous merger, spin-off, acquisition,

or share transfer; 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.

8. If any company participating in the merger, spin-off acquisition or share transfer is not a publicly listed company, the company shall sign an agreement with such company and proceed in accordance with paragraph 3, 4, and 7 of this Article.

Article 13. Principles and Guidelines for Derivatives Transactions

1. Types of Transactions

(1) As a principle, the company shall choose reasonable and lawful transaction methods. The types of derivatives transaction in which the company may engage include: forwards, options, futures, interest or foreign exchange rate swaps and compound contracts combining any of the above products.

(2) The foreign exchange transactions under this Operational Procedures, depending on different purposes, can be divided into hedging transactions (which are not for the purpose of transaction) and financial transactions (which are for the purpose of transaction).

2. Operation and Hedging Strategy

Transactions in derivatives shall be conducted for the purpose of hedging. The products to be transacted shall be selected for mitigating the risk incurred in the operations of the company. In addition, to the extent possible, the selected transaction counterparties shall be financial institutions that have business dealings with the company in order to avoid credit risk. The type of transaction shall be clearly defined as a hedging transaction or a financial transaction prior to engaging in foreign exchange transactions as the basis for accounting.

3. Division of Responsibilities

(1) Transaction-Executing Personnel:

Transaction-executing personnel are responsible for executing the company's transactions of derivatives and are responsible for the compiling of information and regulations relevant to derivatives, the drafting of transaction strategies and the disclosure of transaction risk. Before executing the a transaction, such personnel shall understand the management policies and values of the company, assess market trends and risks, prepare reports for suggested positions and hedging methods based on trading strategies of the company, and proceed in accordance with the company's authorization and approval regulations respectively.

(2) Transaction-Confirming Personnel:

Transaction-confirming personnel are responsible for confirmation with corresponding banks for the correctness of transactions, affixing transaction confirmation documents

with chops and mailing back such transaction confirmation documents.

(3) Transaction-Settlement Personnel:

Transaction-settlement personnel are responsible for the settlement of derivatives transactions, and the regular review of cash flow status to ensure that transaction contracts can be settled by the agreed date.

(4) Accounting Personnel:

Accounting personnel are responsible for reporting transactions and their profits or losses in the financial reports correctly and fairly in accordance with applicable regulations (financial/accounting reporting standards, etc.)

(5) Audit Personnel:

Audit personnel are responsible for conducting regular or irregular audits.

4. Transaction Amount Limit

(1) Hedging Transactions

Hedging transactions shall not exceed 75 percent of the net risk position of foreign-exchange (demand for foreign currency incurred by import and export operations) per month.

(2) Financial Transactions

Financial transactions shall not exceed 25 percent of the amount of Foreign Exchange Position of each foreign currency. Prior to execution, the Transaction-Executing Personnel shall submit an analysis report of foreign exchange, including analyses of financial markets trends and suggested trading strategies, and shall only proceed upon approval by competent supervisor(s).

5. Performance Evaluation

(1) Hedging Transactions:

The performance of a hedging transaction shall be evaluated in accordance with predetermined hedging strategies. For an example, for a hedging transaction involving a foreign exchange position for foreign currency, the Transaction-Executing Personnel shall set a target exchange rate based on the foreign exchange position size for such currency, and shall submit a weekly performance evaluation report to the chief authorized supervisor for its reference management.

(2) Financial Transactions:

Transaction-Executing Personnel shall regularly evaluate profits and losses of the executed financial transactions, and shall submit a weekly profits and losses report to the chief authorized supervisor for evaluation.

6. Limits of Loss:

(1) Limits of loss are as follows:

Limit of loss amount	All Contracts	Single Contract
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Hedging transaction	15%	20%
Financial transaction	10%	5%

- (2) If the limit of loss of all contracts or a single contract is reached, such event shall be reported to the first-level supervisor of finance and accounting unit and the chief supervisor authorized by the Board for discussion of counterstrategies, and relevant information shall be submitted to the Board when necessary.

Article 14. Risk Management Measures for Derivatives Transactions

1. Credit Risk Consideration:

In principle, the selected transaction counterparties shall be financial institutions and future trading brokers who frequently deals with the company and have the capability to provide professional information.

2. Market Risk Consideration:

Transactions shall generally be conducted in a lawful public market. Since market prices of derivatives frequently fluctuate and may result in losses, a stop loss point shall be set in accordance with the purpose of the transaction after positions are established.

3. Liquidity Risk Consideration:

In order to ensure sufficient liquidity, the financial institutions with which the company transacts shall have sufficient equipment, information, and trading capability to perform transactions in any market.

4. Cash Settlement Risk Consideration:

Transaction-Settlement Personnel shall review cash flow status regularly to ensure the transaction contracts can be settled by the agreed date.

5. Operation Risk Consideration:

The authorization amount and operation procedures shall be strictly complied with in order to mitigate operation risks.

6. Legal Risk Consideration:

Any contract to be signed with a financial institution shall be reviewed by legal staff before execution, in order to mitigate legal risks.

7. Product Risk Consideration:

Transaction-Executing Personnel and financial institutions serving as counterparties of transactions shall be equipped with complete and correct professional knowledge, and shall request banks to disclose risks sufficiently, in order to avoid loss from misuse of derivatives.

Article 15. Operational Procedures of Execution of Derivatives Transactions

1. Authorization Amount and Authorizing Person

The approval authority and authorization amount for derivatives transactions is set forth

below and shall be implemented in accordance with the company's authorization and approval regulations respectively.

Authorizing Person	Authorization amount per transaction
Chairman	No more than US\$10 million or its equivalent - NT\$300 million.
First-level supervisor of finance and accounting unit	No more than US\$3 million.

The amount of each transaction shall be approved by the qualified authorizing authority. After execution of such transaction, the amount of such transaction shall be internally approved in writing pursuant to the approval authorization levels and then submitted to the Board ex post for recognition. If a transaction exceeds the authorization amount in the above table, such transaction shall be executed only after obtaining the approval by the Board.

To ensure proper authorization with the relevant bank, if there are any changes to the personnel executing or confirming a transaction, the company shall notify the bank immediately, and shall request such bank to continue to perform existing agreements entered into by and between the company and such bank.

2. Executing Department:

All derivatives transactions shall be handled and managed by personnel of the treasury planning department, while confirmation and settlement matters shall be handled by different personnel.

Article 16. Accounting Methods for Derivatives Transactions

The accounting methods applied by this company to derivatives transactions shall comply with applicable regulations issued by competent authorities and the ARDF. In addition, relevant information shall be disclosed in the periodic financial statements (e.g., annual, semi-annual, and quarterly financial statements and consolidated statements) according to the FSC's requirements.

Article 17. Internal Control on Engaging in Derivatives Transaction

1. Personnel engaged in derivatives transaction shall not serve concurrently in other operations such as confirmation or settlement. Risk assessment, monitoring, and control personnel shall be assigned to different departments. The personnel mentioned above shall report to the chief authorized supervisor, and the chief authorized supervisor shall report to the Board.
2. The positions held in derivatives transaction shall be evaluated at least once per week, while the hedging transactions made for business purposes shall be evaluated at least twice per month, and the evaluation reports shall be submitted to chief supervisor authorized by the Board.
3. The Board shall supervise and manage in accordance with the following guidelines:

- (1) The assigned chief authorized supervisor shall oversee the supervision and the control of the risk of derivatives transaction at all times.
 - (2) Periodic evaluation shall be conducted to determine whether the performance of the derivatives transaction conforms to the formulated operational policies and whether the risk thereby assumed is within the acceptable threshold of the company.
4. The chief supervisor authorized by the Board shall manage the transaction of derivatives in accordance with the following guidelines:
 - (1) Periodic evaluation shall be conducted to determine whether the risk management procedures currently being adopted are appropriate and whether such procedures conform to this Operational Procedures.
 - (2) When irregular circumstances are discovered in the course of supervising transaction and profit-loss situations, necessary countermeasures shall be taken and such irregular situations shall be immediately reported to the Board. If there are independent director(s), the independent director(s) shall attend the board meeting and provide his/her/their opinions.
5. The company engaging in derivatives transaction shall establish a memorandum book, in which types and amounts of derivatives transaction engaged in, the approval dates of Board, and the matters required under paragraph 2, subparagraph 2 of paragraph 3, and subparagraph 1 of paragraph 4 of this Article shall be recorded in detail.

Article 18. Internal Audit of Derivatives Transaction

The internal audit personnel shall periodically check the suitability of internal controls on derivatives transaction, inspect monthly the compliance of the derivatives transaction department with the procedures of engaging in derivatives transaction, and analyze the trading cycles in order to make an auditing report. If any material violation is discovered, the Audit Committee shall be notified in writing.

Article 19. Public Announcement and Declaration of Acquisition or Disposal of Asset

1. Under any of the following circumstances, when acquiring or disposing of assets, the company shall publicly announce and report to the website designated by the FSC in the appropriate format as prescribed by the regulations within two days from the date of occurrence of the event:
 - (1) Acquisition or disposal of real property or right-of-use asset thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use asset thereof from or to a related party, where the transaction amount reaches 20 percent or more of the company's paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, however, that this shall not apply to trading of

domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.

- (2) Merger, spin-off, acquisition, or transfer of shares.
 - (3) Losses from derivatives transaction reaching the limits on aggregate losses or losses on individual contracts set forth in this Operational Procedures.
 - (4) Where the type of assets acquired or disposed of is equipment or right-of-use asset thereof for the company's own business use and where the counterparty is not a related party, and the transaction amount meets one of the following criteria:
 - i. The amount of transaction with a public company with a paid-in capital of less than NT\$10 billion reaches NT\$500 million or more.
 - ii. The amount of transaction with a public company with a paid-in capital of NT\$10 billion or more reaches NT\$1 billion or more.
 - (5) Land is acquired under an arrangement engaging others to build on the company's own land, engaging others to build on leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sales of housing units, where the counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million or more.
 - (6) Where the amount of an asset transaction other than any of those referred to in the preceding five subparagraphs or a Mainland China Area Investment reaches or exceeds 20 percent of the paid-in capital of the company or NT\$300 million; provided, however, that this shall not apply in the following circumstances:
 - i. Trading of domestic government bonds or foreign bonds with a credit rating not lower than our country's sovereign rating.
 - ii. Trading of bonds under repurchase/resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.
2. The amounts of transactions in the preceding paragraph 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 asset with the same trading counterparty within the preceding year.
 - (3) The cumulative transaction amount of acquisitions and disposals of real property or the right-of-use asset thereof (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
 - (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
3. "Within the preceding year" used in paragraph 2 of this Article refers to the year preceding the date of occurrence of the current transaction. Transactions duly announced in accordance

- with this Operational Procedures shall not be counted toward such transaction amount.
4. The company shall compile monthly reports on the status of derivatives transaction engaged in until the end of the preceding month by itself and by any subsidiaries that are not domestic public companies, and shall enter such information using the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
 5. In the event that the public announcement made by the company in accordance with Article 19 is found to be defective or erroneous and requires correction, the company shall make a new and complete public announcement and declaration within two days from the date of knowing of such defects or errors.
 6. For assets acquired or disposed of by the company, the relevant contracts, meeting minutes, memorandum book, appraisal reports, and expert opinions issued by the certified public accountant, the attorney or security underwriters shall be kept by the company for a minimum of five years, unless otherwise provided for in other related laws and regulations.
 7. Where any of the following circumstances occurs with respect to a transaction that the company has already publicly announced and declared in accordance with Article 19, another public announcement and declaration of relevant information shall be made on the information reporting website designated by the FSC within two days from the date of occurrence of the event:
 - (1) Change, termination, or rescission of a contract relevant to the original transaction.
 - (2) The merger, spin off, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - (3) Change to the original publicly announced and declared information.

Article 20. Procedures to Control Acquisition or Disposal of Assets by Subsidiaries

1. The company's subsidiaries shall duly stipulate "Procedures for Acquisition or Disposal of Assets" in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by the FSC, which shall take effect after being submitted to the Board of the subsidiaries for resolution and approved by the Shareholders' meeting thereof, the same procedures shall be followed in any amendments thereto.
2. In the event where the subsidiary is a domestic non-public company, and where the amount of its acquisition or disposal of assets has reached the announcement threshold, the subsidiary shall notify the company on the date of occurrence of the event. The company shall announce and report on the designated website in accordance with the regulation. In determining the announcement threshold of the subsidiary, the paid-in capital or the total assets shall be based on the paid-in capital or total assets in the company's most recent parent company only financial statement or individual financial reports.

Article 21. Penalty

Managers and personnel in charge in violation of this Operational Procedures shall be given appropriate penalties in accordance with the severity of the violation.

Article 22. Implementation and amendment

This Operational Procedures and any amendments thereto shall become effective with the consent of more than one-half of all members of the audit committee and after being submitted to the Board for resolution and approved by shareholders in a Shareholders' meeting. The company shall notify the subsidiary of the compliance with this Operational Procedure and any amendments thereto. If any director expresses dissent and such dissent is mentioned in the meeting minutes or a written statement, the company shall submit the director's dissenting opinion to the Audit Committee.

When this Operational Procedures governing the acquisition and disposal of Assets are submitted for discussion by the Board, the Board shall take into full consideration each independent director's opinions. If any independent director objects to or expresses reservations about any matter, such objection or reservations shall be recorded in the minutes of the Board meeting.

If the above-mentioned matter is not approved by more than one-half of all members of the audit committee, it may be approved instead by more than two-thirds of all members of the Board. The resolution by the audit committee shall be specified in the minutes of the board meeting as well.

The numbers of members of the audit committee and Board shall be calculated based on the number of members who are currently incumbent.

Article 23.

This Operational Procedures were enacted on June 26, 2003. The first amendment thereto was made on June 28, 2007. The second amendment thereto was made on June 22, 2012. The third amendment thereto was made on June 12, 2014. The fourth amendment thereto was made on May 26, 2017. The fifth amendment thereto was made on June 10, 2019. The sixth amendment thereto was made on May 26, 2022.