

To propose the issuance plan of private placement for common shares, ADR/GDR or CB/ECB, including Secured or Unsecured Corporate Bonds. The amount of shares issued or convertible is proposed to be no more than 10% of registered capital.

- 1) To provide the flexibility to engage in a semiconductor technology cooperation or alliance with major companies, and meanwhile to supplement operating capital for future needs, the Company proposed to engage with strategic investors through private placement of issuing either single or combo instruments such as common shares, DRs (including but not limited to ADS), or Euro/Domestic convertible bonds (including secured or unsecured corporate bonds) in one or separated times, based on market condition and the Company needs. The amount of shares issued or convertible is proposed to be no more than 10% of total shares issued (i.e., no more than 1,269,208,166 shares), and it is proposed to authorize the Company's Board to determine the amount of actual shares issued based on the status of capital markets.
- 2) The instructions from item 6, Article 43-6, Security and Exchange Act are:
 - A. The rationality to determine the price of private placement:
 - (a) The price of private placement and the price of privately placed common shares shall be set by no less than the reference price. The reference price shall be the higher of the following two calculations:(a) The simple average closing price of the common shares of the company for either the one, three, or five business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction. (b) The simple average closing price of the common shares of the company for the thirty business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.
 - (b) The issuance price of convertible corporate bonds shall be set by no less than the theoretical price. The theoretical price shall be calculated based on selected pricing models that encompass, and include the concurrent consideration of, the various rights included in the terms of issuance.
 - (c) The determination of pricing date, actual reference price, theoretical price and issuance price will be authorized to the Board considering the regulations foresaid, market status, environment conditions and the specific parties. Considering that Security and Exchange Act has set a no-trading period of 3 years on private placement securities, the price determination above shall be reasonable.
 - B. The method to determine specific parties: The strategic investors have the priority to be considered as specific parties for private placement if they, (i) Are qualified for the rules in item 1, Article 43-6, Security and Exchange Act, (ii) Can meet the Company's needs on technology cooperation, improve product quality, lower operating costs, increase

efficiency and expand markets, (iii) Recognize the Company's operation strategy. It is proposed to authorize the Company's Board to determine the specific parties for private placement.

C. The necessity of private placement:

(a) The reasons for not taking a public offering: Considering the capital market status, effectiveness, feasibility and costs to raise capital, and the no-trading period of 3 years, it is better to maintain a long term relationship with strategic partners by such security issuance of private placement. As such, the Company proposed to raise capital through private placement, rather than public offering.

(b) The amount of shares issued or convertible is proposed to be no more than 10% of total share issued (i.e., no more than 1,269,208,166 shares)

(c) The capital usage plan and projected benefits of private placement: The Company plan to issue private placement in one or separate (no more than 3) times based on feedbacks from market and specific parties. The capital raised will be fully used as operation capital. The private placement shall provide the benefits to strengthen competitiveness, raise operating efficiency, and strengthen financial structure, and also improve the Company's shareholders' equity.

3) It is proposed to authorize the Company's Board to determine, proceed or revise the issuance plan of private placement through instruments such as common shares, DRs (including but not limited to ADS), or Euro/Domestic convertible bonds (including secured or unsecured corporate bonds), including issue price, shares, terms and conditions, plan items, amount, record date, projected progresses and benefits, and any other item related to the issuance plan, based on market conditions. It is also proposed to authorize the Company's Board to revise the issuance plan based on operation evaluation, environment changes or if receiving instructions from government authorities.

4) The limitations with regard to private placement are based on Article 43-8, Security and Exchange Act and other letters from government authorities

5) It is proposed to authorize Chairman or person assigned by Chairman to represent the Company to negotiate and sign any document and contract with regard to a private placement plan. For matters regarding private placement but not included above, it is proposed to authorize the Chairman to handle, according to related laws and regulations

6) Do the independent directors have any objection to the proposal? No.

7) If there is a significant change in managerial control within the one year period immediately preceding the day on which the board of directors resolves on the private placement, or if there will be a significant change in managerial control after the introduction of strategic investor through private placement? No.

8) Based on item 6, Article 43-6, Security and Exchange Act, with regard to the details of private placement proposal, please refer to the MOPS website (<http://mops.twse.com.tw>).