

Stock code: 5536



ACTER CO., LTD.

**Handbook for the 2013
Annual Meeting of Shareholders**

MEETING TIME: June 19, 13

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I. Meeting Procedure

Acter Co., Ltd.

Procedure for the 2013 Annual Meeting of Shareholders

一、Call the Meeting to Order

二、Chairperson Remarks

三、Chairperson Remarks

四、Proposals and Discussion

五、Questions and Motions

六、Adjournment

II. Agenda of Annual Meeting of Shareholders

Acter Co., Ltd.

Year 2013 Agenda of Annual Meeting of Shareholders

Time : 09:00 a.m on Wednesday, 19 June, 2013

Place : 33F, No.787, Jhongming S. Rd., Taichung (Acter' s office meeting room)

Chairperson : Chairman Liang, Jing-Li

1. Call the Meeting to Order

2. Chairperson Remarks

3. Management Presentations

(1)2012 Business Report

(2)Supervisor's Review Report on the 2012 Financial Statements

(3)Summary of the Company initial adapted IFRS impact on retained earnings and special reserve amounts.

(4)To report amendment to the "Ethical Corporate Management Operating Procedures and Conduct Guide".

(5) The company participated in results reporting via the Taiwan Corporate Governance Association's corporate governance evaluating system.

4. Proposals and Discussion

(1)Adoption of the 2012 Business Report and Financial Statements.

(2)Adoption of the Proposal for Distribution of 2012 Profits.

(3)Amendment to the Rules of Procedure for Shareholder Meetings.

(4)Amendment to the Operational Procedures for 「 Loaning of Company Funds 」 、 「 Endorsements and Guarantees 」 and 「 Acquisition and Disposal of Assets 」 .

5. Questions and Motions

6. Adjournmen

III. Management Presentations

Report No. 1: 2012 Business Report (proposed by the Board of Directors)

Explanation: The 2012 Business Report is attached as pp. [11-29], Attachment 1 and 2.

Report No. 2: Supervisor's Review Report on the 2012 Financial Statements (proposed by the Board of Directors)

Explanation: The 2012 Supervisor's Review Report is attached as pp. [30], Attachment 3.

Report No. 3: Summary of the Company initial adapted IFRS impact on retained earnings and special reserve amounts. (proposed by the Board of Directors)

Explanation: The report made in accordance with Letter Jin-Guan-Zheng-Fa-Zi No. 1010012865 of April 6, 2012 is as follows:

- (1). Because IFRS was employed in its adoption, this company's financial report displays net increase NT\$170,084 (thousand dollar) in retained earnings on January 1, 2012 (conversion date), and cumulative net increase of NT\$153,451(thousand dollar) on January 1, 2013.
- (2). When, in accordance with Letter Jin-Guan-Zheng-Fa-Zi No. 1010012865 of April 6, 2012, this company employed IFRS for the first time in the adoption of its financial report on January 1, 2013, because the waiver items in IFRS number 1 were applied, the unrealized revaluation under the shareholder's equity item and the cumulative adjustment number (profit) were moved to retained earnings, a special reserve of NT\$39,790(thousand dollar) was stated.

Report No.4 : To report amendment to the “Ethical Corporate Management Operating Procedures and Conduct Guide” (proposed by the Board of Directors)

Explanation : This company's "Trustworthy Management Operating Procedures and Conduct Guide" was revised in conjunction with the " Regulations Governing Procedure for Board of Directors Meetings of Public Companies" and this company's "External Donation Management Regulations." The attachment is as Attachment 4 (page 31).

Report No. 5: The company participated in results reporting via the Taiwan Corporate Governance Association's corporate governance evaluating system.

Explanation: This company readily passed assessment via the Taiwan Corporate Governance Association's "CG6007 corporate governance system evaluation system" on June 22, 2012, and this company's President Liang Chin-li received a passing certificate and trophy on behalf of the company at a ceremony on July 4, 2012.

IV. Proposals and Discussion

Proposal 1 : Adoption of the 2012 Business Report and Financial Statements.

Explanation :

- (1). Acter Company’s Financial Statements, including the balance sheet, income statement, statement of changes in shareholders’ equity, and statement of cash flows, were audited by independent auditors, Hhi-Lan Wu and Cheng-Hsueh Chen of KPMG Firm. Also Business Report and Financial Statements have been approved by the Board and examined by the supervisors of Acter Company. ◦
- (2). The 2012 Business Report, independent auditors’ audit report, and the above-mentioned Financial Statements are attached in the Meeting Agenda, pp. [11-29], Attachment 1 and 2.

Resolution :

Proposal 2 : Adoption of the Proposal for Distribution of 2012 Profits.

Explanation :

(A). Please refer to the 2012 Profit Distribution Table as follows:

Acter Co., Ltd.
PROFIT DISTRIBUTION TABLE
Year 2012

| | Unit : NTD |
|---|---------------|
| Beginning retained earnings | 416,230,355 |
| Add: net profit after tax | 709,533,489 |
| Less: 10% legal reserve (2012) | 70,953,349 |
| Distributable net profit | 1,054,810,495 |
| Distributable items: | |
| Cash Dividend to shareholders(10 per share) | 461,358,190 |
| Stock Dividend to shareholders (0 per share) | 0 |
| Unappropriated retained earnings | 593,452,305 |
| Notes: Employee bonus sharing 35,121,907(According to the Articles of Association the employee bonus in the amount not less than 2%) Compensation of directors and supervisors 17,241,664 (According to the Articles of Association the director and supervisor remuneration in the amount not exceeding 3%) | |

(B). Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date, ex-rights date, and other relevant issues.

Resolution :

Proposal 3: Amendment to the Rules of Procedure for Shareholder Meetings. Please proceed to discuss.

Explanation :

1. In order to amendments to related commercial laws, the company hereby proposes to amend the Rules of Procedure for Shareholder Meetings.
2. Please refer to page 32-34 (Attachment 5) for details.

Resolution :

Proposal 4 : Amendment to the Operational Procedures for 「 Loaning of Company Funds 」 、 「 Endorsements and Guarantees 」 and 「 Acquisition and Disposal of Assets 」

Explanation :

1. In order to amendments to related commercial laws and onform to the needs of commercial practice, the company hereby proposes to amend the Operational Procedures for Loaning of Company Funds and Endorsements and Guarantees and Acquisition and Disposal of Assets.
2. Please refer to page 35-39 (Attachment 6-8) for details.

Resolution :

V. Questions and Motions

VI. Adjournment

VII. Attachments

Attachment 1: BUSINESS REPORT

Acter Co., Ltd.

2012 Business Report

1. 2012 Business results

(1). Business plan implementation results

In 2012, factors such as the spreading European debt crisis, China's slowing economic growth, and America's looming fiscal cliff caused the global economy to remain in the depressed state it had entered during the second half of 2011, and overall growth momentum was even weaker than in 2011. In this depressed business environment, and in spite of the fact that unfavorable conditions led to results not as good as expected, Acter nevertheless was able to attain operating revenue exceeding NT\$3.3 billion for the year. This achievement can be attributed to employees' unstinting hard work and all departments' efforts to strengthen the company's constitution, enhance the company's technological level, and continue to cut costs.

Unit : In thousands of New Taiwan Dollars

| Items | 2011 | 2012 | DIF | DIF% |
|-----------------------------------|-----------|-----------|-----------|---------|
| Operating revenue | 3,427,618 | 3,308,493 | - 119,125 | -3.48% |
| Operating cost | 3,023,892 | 2,660,320 | -363,572 | -12.02% |
| Gross profit | 403,726 | 648,173 | 244,447 | 60.55% |
| Operating expenses | 128,897 | 138,146 | 9,249 | 7.18% |
| Operating income | 274,829 | 510,027 | 235,198 | 85.58% |
| Non-Operating income and expenses | 389,066 | 324,181 | -64,885 | -16.68% |
| Income before income taxes | 663,895 | 834,208 | 170,313 | 25.65% |

Acter was able to maintain steady growth in 2012 thanks to the concerted efforts of its directors and supervisors, managers, and all employees. When the European debt crisis caused global economic indicators to plummet at the end of 2011, affecting the markets for Taiwan's industries, and especially high-tech industries, Acter was also impacted to some degree, and suffered some profit fluctuations. However, due to our diversified developmental strategy, active promotion of different products and services, and involvement in different industries, we were able to disperse our risks and weather the crisis

caused by the economic conditions in the electronics and energy industries. Thanks to our fine-tuned risk dispersal strategy, Acter enjoyed operating revenue of NT\$3.308 billion in 2012. Although this represented a slight year-to-year decrease of 3.48%, our superior integrated design and construction service and cost cutting measures such as "value engineering" enabled us to achieve a 60.55% increase in gross operating profit and a 25.96% increase in pre-tax profit compared with 2011. Looking ahead to 2013, we are still awaiting the satisfactory resolution of the European debt crisis and American and Japanese fiscal problems. Although initial global economic data for 2013 has not showed any significant improvement, gradually rebounding economic indicators for various individual industries suggests that a recovery can be expected soon. Apart from steadily growing opportunities in biomedicine and pharmaceuticals, supply chain capacity in high-tech fields such as semiconductors is gradually recovering. As a result, we expect demand in the engineering services market to return to a higher level in 2013. We at Acter plan to work hard and maintain a prudent outlook as we cultivate the engineering services market, and we hold a cautiously optimistic attitude toward our development in 2013.

(2). State of budget implementation

This item is not applicable since Acter has not disclosed any financial forecasts.

(3). Financial structure and profitability

| Items | | 2011 | 2012 | DIF | |
|---------------------|--|------------------|----------|--------|-------|
| Financial structure | Ratio of liabilities to assets (%) | 32.96 | 38.03 | 5.07 | |
| | Ratio of long-term capital to fixed assets (%) | 1,533.42 | 1,660.05 | 126.63 | |
| Solvency | Current ratio (%) | 193.99 | 177.06 | -16.93 | |
| | Quick ratio (%) | 160.81 | 146.01 | -14.80 | |
| Profitability | Return on total assets (%) | 16.16 | 17.56 | 1.40 | |
| | Return on stockholders' equity (%) | 25.59 | 27.31 | 1.72 | |
| | Ratio to issued capital (%) | Operating income | 59.57 | 110.55 | 50.98 |
| | | Pre-tax income | 143.90 | 180.82 | 36.92 |
| | Profit ratio (%) | 16.33 | 21.45 | 5.12 | |
| | Earnings per share (\$) | 13.30 | 15.38 | 2.08 | |

(4). Research and development

Because Acter is an engineering services company, unlike conventional manufacturing and high-tech firms, it has no need to establish a dedicated R&D department or hire a

dedicated R&D team. However, Acter emphasizes high-quality service, and has made the improvement of project quality and construction efficiency a basic service goal. Each department at Acter is responsible for its own duties, and engineering units are in charge of applying technological experience and performing project implementation, monitoring, and overall planning. The design department seeks to meet clients' individualized needs, and bears responsibility for research and development of designs, drawings, and working methods. Responding to our diversified industry portfolio strategy, our biotech department bears responsibility for determining and quickly meeting the requirements of biotech and pharmaceutical firms. Our project department chiefly performs planning and implementation of major industry projects, and maintains close management of turnkey projects. We have also established a dedicated QC department in order to further strengthen our project and service quality. Apart from controlling and improving the quality of existing projects, the QC department is also enhancing biotech plant validation and certification services, which include certification tasks such as process and risk assessment and audits. We are working hard to acquire the project technologies needed by different industries, and perform integrated R&D projects aimed at expanding our project type repertoire. We are also recruiting and training relevant manpower, which allows us to offer integrated TURN-KEY projects services including the aspects of consulting, design, construction, testing, certification, testing, and maintenance.

Our technology is chiefly obtained from our steady contracting work in conjunction with other domestic and foreign engineering companies. We have relied on our experience to develop our own project designs, project management philosophy, and choices of materials. We also monitor differences in project design and construction technique between other domestic and foreign companies and Acter. We are continuously acquiring new materials and improving our project technology and construction planning and management capabilities. Analyzing our strengths and weaknesses enables us to improve our existing strong points and stay abreast of the engineering techniques and materials prevailing in the domestic industry environment, and we continuously apply new techniques and materials to our project designs and construction work. We further rely on the acquisition and improvement of construction techniques, as well as other serious and uncompromising attitude toward each project stage, to continuously improve quality. As a result, our past projects have won the applause of numerous project owners.

(5). State of corporate development

Acter currently seeks to develop into an international business group with operations in

diverse geographical areas, and is now consolidating its Asian market. Acter hopes to transplant its successful experience with clean rooms and turnkey electromechanical projects in Taiwan to a broader international scope. Our most important strategy is to establish a base in the Greater China area, and we have set up subsidiaries and business offices in the Chinese cities of Suzhou, Shenzhen, and Shanghai. As our business grows, we plan to gradually expand into Chengdu, Xiamen, and Tianjin, etc., where we will establish subsidiaries, train and recruit local business and technical teams, and provide extensive, near-at-hand service to project owners. In addition, we have established a strategic alliance with Japan's Sumitomo Co., Ltd. (referred to below as "Sumitomo"), and both our companies have invested in the establishment of the Zhuke Integrated Systems Construction Co., Ltd. (Shanghai), which has entered the Chinese petrochemical project market. During the initial adaptation and planning stage, apart from transplanting Acter's management model, this new company has been training its own on-site elite team. The company's organization and operations are now firmly on track, and is enjoys boundless space in which to grow. Southeast Asia is another focal area in our corporate expansion plans. We first entered the Southeast Asian market in 2010, and chose the resource collection and distribution center of Singapore as our first development site. Our subsidiary Nova Technology Singapore Pte. Ltd. ("NTS") specializes in clean room projects, the precision chemical industry, and petrochemical projects services, and was our first step to entering emerging markets in Southeast Asia. In 2012, we continued to extend our group's presence in this region, selecting Malaysia as the site of another base of operations. We have established a subsidiary in the Malaysian market with our partner Sumitomo, rely on NTS as a support center providing a supply of raw materials, technology, and manpower. The complementary roles of our subsidiaries in Singapore and Malaysia has given us a broader service scope, and we hope to occupy a dominant position in the Southeast Asian engineering services market at an early date.

Apart from our horizontally-integrated business model involving multi-regional development, we have also adopted a three-in-one multi-industry, multi-project type, and multi-talent strategy as our best weapon for fighting today's recessionary conditions. Our revenue derives from three main sources: Apart from the 71% of our revenue derived from our original specialty of high-tech clean rooms, air conditioning systems, and electromechanical engineering projects, we also obtain 13% of our revenue from biotech and biomedical projects and 16% from electromechanical and air-conditioning projects for office and residential buildings. A multi-industry strategy dispersing operating risks lies at

the heart of our marketing efforts. As a result, when any particular industry is affected by the international situation or economic conditions, we can effectively adjust our industry portfolio, and minimize the effect of unfavorable conditions on our operations. Multi-project type, multi-talent, and a high-quality stable supply chain have been integral parts of our management strategy for many years. While our core competence lies in clean room equipment and air-conditioning systems, we are continuously developing outward into such areas as integrated electromechanical and air conditioning systems for high-tech plant buildings, biotech and pharmaceutical plants, and commercial office and residential buildings. We perform piping design, planning of processes and lines of movement, and are continuing to recruit professional manpower in various areas of engineering. We are able to integrate several different types of engineering in individual projects for various industries, and have received high praise from numerous project owners.

We will continue to pursue our three-in-one multi-industry, multi-project type, and multi-talent strategy in 2013, and take utmost advantage of our strengths to overcome the possibly unfavorable economic conditions during the year. We will boldly move forward to achieve our goal of becoming an all-round engineering technology company that can thrive during all stages of the economic cycle.

2. Summary of business plan for 2013

(1). Business strategy

During the more than three decades that have passed since Acter was established in 1979, apart from vigorously pursuing globalization and diversification while upholding our philosophy of prudent operation, we have also adopted the goal of becoming a premier all-round engineering service brand. Apart from effectively realizing our internal control and audit system, our operating strategy and plans for 2013 will include the following major courses of action

- i. We will focus heavily on our core competence, continue to integrate different types of projects, develop new working methods, improve quality, and strive to become the leading brands in clean room projects.
- ii. We will increase our professional services for biotechnology and medical firms, expand the scope of our customers, and promote industrial development by actively assisting customers.
- iii. We will continue to consolidate our market in China, establish new business locations, and develop new customers. We will expand our service scope in Southeast Asia, gradually

expand our geographical scope in Asia, and transform ourselves into a global corporate group.

- iv. We will acquire expertise in gas and chemical supply system engineering, allowing us to develop new-generation project integration technologies.
- v. We will recruit talent in many fields, and actively cultivate a management team consisting of both local talents and personnel stationed overseas.

(2). Expected sales volume and basis for estimates

We will strive to continue our steady growth in 2013, and are confident that we can meet our projected sales volume revenue targets. In spite of the fact that economic conditions remained difficult during 2012, after the European debt crisis toward the end of 2011 triggered a global economic panic, numerous financial institutions forecast that Taiwan will enjoy economic growth in excess of 3% during 2013, and HSBC projects that Taiwan's economic growth may be as high as 5.4%. These growth rates figures suggests that the economy has bottomed out and begun to recover. We therefore foresee that the economy has reached the right side of the U-shaped recovery, and has begun an upward trend. According to seasonally adjusted annualized growth rate data from the Central Bank of China, the economy as a whole has passed its low point and is on the way up. As far as the service market is concerned, apart from the active development of new domestic and foreign markets and provision of multi-industry, multi-area engineering services, this company will also continue to earn the accolades and support of existing customers via excellent service and a high level of project quality. We are confident that, as the economy gradually recovers, we will attain an even higher level of revenue than ever before during 2013.

(3). Business prospects in 2013

As the economy as a whole gradually improves during 2013, various industries will encounter opportunities for recovery. In addition, the ferment of inter-industry cooperation will continue to breed new opportunities. As the high-tech electronics and biomedical technology industries pursue ceaseless R&D and innovation, firms will have to make the transition to new and higher levels, and this company will inevitably benefit from the ensuing demand for new plants and facility upgrading. Furthermore, this company emphasizes integrated engineering services, and has adopted a multi-regional, multi-industry, diversified strategy, and plans to gradually expand into the biotech, luxury residential, and petrochemical markets. We consequently expect that our revenue and profits have considerable room for growth in 2013.

(4). Major production and sales policies

This company specializes in engineering services, and possesses the attributes of both a service firm and an engineering firm. As a consequence, the market holds our professional technology, engineering experience, reputation for quality, and service record in great esteem. In 2013, we will continue to cooperate with upstream raw material suppliers to ensure that we use only high quality materials from guaranteed sources. We will also maintain our revenue growth by complying closely with customers' needs, maintaining long-term cooperative relationships with customers, and continuing to upgrade our technology and project quality in order to maintain customers' trust and win over new customers. In addition, we will pursue expansion by actively establishing extensive international marketing channels and management resources enabling us to provide individualized service. We will widely recruit outstanding engineering and management manpower. Apart from strengthening the professional training of our engineers and enhancing product technical support and after-sales service standards, we will also cultivate all-round management manpower. Building on the basic framework of our three-in-one strategy, we will establish a full-scale marketing and service system during the coming year. And beyond consolidating our existing share of the domestic market, we will further develop our engineering services market in China, and take advantage of opportunities in the petrochemical market. As we expand into the Southeast Asian engineering services market, we will work to become Asia's leading engineering services brand, and continued to extend the global reach of our organization.

3. Future corporate development strategies

This company's consistent competitive strategy and business philosophy over the past 30 years has been to focus on differentiated engineering service markets and pursue mutual growth with customers through effective, flexible, high-quality, comprehensive service. We continue to thrive in Taiwan's domestic market, and are successfully expanding through the establishment of subsidiaries in China and Southeast Asia. Since the beginning, Acter has been a pioneer in various aspects of industrial upgrading and spatial optimization.

Adapting to the evolving engineering service market, we have pursued a strategy of actively seeking breakthroughs while maintaining down-to-earth service, pursuing innovation while offering ironclad reliability, and employing our accumulated project experience in various industrial fields to enhance our ability to provide highly-sensitive, high quality service. We have found that the accumulation of practical experience is an unsurpassed method of responding to market competition. In order to better provide professional integrated engineering services and actively expand into international markets, we have also sought out partners with

complementary areas of expertise from among multinational firms, and we hope that this strategy will benefit both our brand and our revenue. In view of the fact that the investment environment in Southeast Asia is receiving increasing attention from foreign investors, we have followed our customers by establishing business offices in Vietnam, Singapore, and Malaysia. We expect to enter Indonesia in 2013, and hope to leave our mark on the engineering services market in Southeast Asia.

4. Effect of the external competitive environment, legal and regulatory environment, and overall business environment

As competition between domestic and foreign engineering services firms grows steadily more intense, economies of scale, improved efficiency, and provision of flexible, integrated services are the keys to success. We recruit outstanding manpower locally, and efficiently raise maintenance and operating funds, which are used to promote the company's sustainability and provide a foundation for continued development.

A sound operating constitution and effective use of professional technology are essential means of expanding our project development space and creating new opportunities. Furthermore, in view of the competition in the engineering services industry, being able to quickly secure sources of raw materials and provide customers with fast, flexible, advanced engineering services are key factors ensuring that we can maintain a dominant position in the industry. In view of the circumstances, we will continue to integrate different types of projects, and ceaselessly develop new working methods that can be applied to multiple industries. We are also performing R&D concerning environmental protection and energy conservation issues. The designs of our turnkey projects emphasize compatibility between systems, and we pay close attention to whole-plant systems integration needs and the use of space in a flexible manner in order to meet individualized needs. In order to pursue global expansion and sustainable growth, we do not rule out seeking stock market or over-the-counter listing opportunities in a third location overseas. We hope that pursuing these opportunities will expand this company's local recognition, facilitate recruiting of talented local manpower, and assist in the raising and effective utilization of local funds, enabling us to further our competitive advantage.

With regard to the legal and regulatory environment, we will face many policy, legal, and regulatory changes in 2013, including the formal implementation of IFRS international accounting standards and increased second-generation health insurance premiums. We will regularly review legal changes and the requirements of the competent authority, systematically collect relevant information, and adopt appropriate preparatory measures. We have always maintained an honest, straightforward approach to business, and, in accordance with law, report

and announce relevant corporate information in a timely manner. We have further established an official company website allowing ordinary investors to communicate directly with the company and view relevant information. We have adopted a full-scale corporate governance system, which we have gradually revised in order to protect the environment, protect consumers, and protect investors. We are continuing to make steady efforts to improve in accordance with plans. The long-term prospects of the engineering services market are very favorable, and we are confident that we can continue to increase our profits and maintain our international expansion.

Chairman: Liang, Jing-Li

General Manager: Hsu, Tsong-Chen

Attachment 2: AUDIT COMMITTEE'S REVIEW REPORT

Independent Auditors' Report

The Board of Directors
Acter Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Acter Co., Ltd. (Acter) and subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Acter's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those standards and regulations require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Acter Co., Ltd. and subsidiaries as of December 31, 2012 and 2011, and the results of their consolidated operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

Hsinchu, Taiwan (the Republic of China)
February 26, 2013

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

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

Acter Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
December 31, 2012 and 2011
(In thousands of New Taiwan dollars)

| Assets | 2012 | | 2011 | | Liabilities and Stockholders' Equity | 2012 | | 2011 | |
|---|----------------------------|-------------------|-------------------------|-------------------|---|----------------------------|-------------------|-------------------------|-------------------|
| | Amount | % | Amount | % | | Amount | % | Amount | % |
| Current assets: | | | | | Current liabilities: | | | | |
| Cash and cash equivalents (note 4(a)) | \$ 1,934,995 | 28 | 1,934,358 | 29 | Short-term borrowings (note 4(h) and 6) | \$ 152,160 | 2 | 160,166 | 2 |
| Available-for-sale financial assets – current (note 4(b)) | 248,842 | 4 | 82,143 | 1 | Notes payable | 196,567 | 3 | 397,022 | 6 |
| Notes receivable, net (note 4(c)) | 257,690 | 4 | 280,800 | 4 | Accounts payable | 2,051,389 | 30 | 1,862,435 | 28 |
| Accounts receivable, net (note 4(c)) | 1,718,670 | 25 | 1,672,137 | 25 | Payables to related parties (note 5) | - | - | 10,272 | - |
| Receivables from related parties (note 5) | 6,522 | - | 340,642 | 5 | Income tax payable | 112,817 | 2 | 126,235 | 2 |
| Other receivables from related parties (note 5) | 11,931 | - | - | - | Unearned sales revenue | 702,074 | 10 | 719,605 | 11 |
| Other financial assets – current | 84,799 | 1 | 123,742 | 2 | Billings on construction-in-progress, net of construction-in-progress (note 4(e) and 5) | 560,823 | 8 | 513,689 | 8 |
| Inventories, net (note 4(d)) | 790,922 | 11 | 789,250 | 12 | Deferred income tax liabilities – current (note 4(j)) | 3,288 | - | 660 | - |
| Construction-in-progress, net of billings on construction-in-progress (note 4(e) and 5) | 1,010,787 | 15 | 789,076 | 12 | Accrued expenses and other current liabilities (note 4(k)) | <u>259,080</u> | <u>4</u> | <u>244,738</u> | <u>4</u> |
| Deferred income tax assets – current (note 4(j)) | 52,710 | 1 | 47,594 | 1 | | <u>4,038,198</u> | <u>59</u> | <u>4,034,822</u> | <u>61</u> |
| Restricted assets (note 6) | 17,922 | - | 24,710 | - | Other liabilities | | | | |
| Prepaid for purchases and other current assets | <u>331,499</u> | <u>5</u> | <u>146,337</u> | <u>3</u> | Accrued pension liabilities (note 4(i)) | 15,891 | - | 15,794 | - |
| | <u>6,467,289</u> | <u>94</u> | <u>6,230,789</u> | <u>94</u> | Deposit received | 312 | - | 312 | - |
| Investments: | | | | | Deferred income tax liability – non-current (note 4(j)) | <u>152,913</u> | <u>2</u> | <u>118,393</u> | <u>2</u> |
| Investments accounted for using equity method (note 4(f)) | 3,682 | - | 15,581 | - | | <u>169,116</u> | <u>2</u> | <u>134,499</u> | <u>2</u> |
| Financial assets carried at cost – non-current (note 4(b)) | <u>6,987</u> | <u>-</u> | <u>35,387</u> | <u>1</u> | Total liabilities | <u>4,207,314</u> | <u>61</u> | <u>4,169,321</u> | <u>63</u> |
| | <u>10,669</u> | <u>-</u> | <u>50,968</u> | <u>1</u> | Stockholders' equity (note 4(k)): | | | | |
| Property, plant and equipment (note 5 and 6): | | | | | Common stock | <u>461,359</u> | <u>7</u> | <u>461,359</u> | <u>7</u> |
| Land | 151,631 | 2 | 151,631 | 3 | Capital surplus | <u>896,599</u> | <u>13</u> | <u>896,599</u> | <u>13</u> |
| Buildings | 153,198 | 2 | 87,994 | 1 | Retained earnings: | | | | |
| Other equipment | <u>87,233</u> | <u>1</u> | <u>66,073</u> | <u>1</u> | Legal reserve | 216,384 | 3 | 160,418 | 2 |
| | 392,062 | 5 | 305,698 | 5 | Special reserve | - | - | 11,930 | - |
| Less: accumulated depreciation | (51,611) | (1) | (43,007) | (1) | Unappropriated earnings | <u>1,125,695</u> | <u>16</u> | <u>921,624</u> | <u>14</u> |
| Prepayments for equipment | <u>-</u> | <u>-</u> | <u>4,842</u> | <u>-</u> | | <u>1,342,079</u> | <u>19</u> | <u>1,093,972</u> | <u>16</u> |
| | <u>340,451</u> | <u>4</u> | <u>267,533</u> | <u>4</u> | Other adjustments to stockholders' equity: | | | | |
| Intangible assets | | | | | Cumulative translation adjustments | 11,127 | - | 34,606 | 1 |
| Computer software | 9,041 | - | 8,574 | - | Unrecognized pension costs (note 4(i)) | (2,170) | - | (3,215) | - |
| Deferred pension cost (note 4 (i)) | 10,702 | - | 9,662 | - | Unrealized gains on financial instruments | <u>4,608</u> | <u>-</u> | <u>(1,662)</u> | <u>-</u> |
| Land use rights | <u>36,974</u> | <u>1</u> | <u>38,862</u> | <u>1</u> | | <u>13,565</u> | <u>-</u> | <u>29,729</u> | <u>1</u> |
| | <u>56,717</u> | <u>1</u> | <u>57,098</u> | <u>1</u> | Total stockholders' equity | 2,713,602 | 39 | 2,481,659 | 37 |
| Other assets: | | | | | Commitments and contingencies (note 7) | | | | |
| Lease assets (notes 4(g) and 6) | 31,550 | 1 | 31,895 | - | | | | | |
| Refundable deposit | 8,710 | - | 11,761 | - | | | | | |
| Other assets – other (note 4 (i) and (j)) | <u>5,530</u> | <u>-</u> | <u>936</u> | <u>-</u> | | | | | |
| | <u>45,790</u> | <u>1</u> | <u>44,592</u> | <u>-</u> | | | | | |
| Total assets | \$ <u>6,920,916</u> | <u>100</u> | <u>6,650,980</u> | <u>100</u> | Total liabilities and stockholders' equity | \$ <u>6,920,916</u> | <u>100</u> | <u>6,650,980</u> | <u>100</u> |

See accompanying notes to consolidated financial statements.

Acter Co., Ltd. and Subsidiaries

Consolidated Statements of Operations

Years ended December 31, 2012 and 2011

(In thousands of New Taiwan dollars, except for earnings per common share)

| | 2012 | | 2011 | |
|--|-------------------|--------------|------------------|--------------|
| | Amount | % | Amount | % |
| Operating revenue: | | | | |
| Construction revenue | \$ 7,355,980 | 86 | 7,848,147 | 92 |
| Less: allowances | <u>(1,824)</u> | - | <u>(901)</u> | - |
| Net construction revenue (note 5) | 7,354,156 | 86 | 7,847,246 | 92 |
| Sales | 1,096,735 | 13 | 631,383 | 7 |
| Other operating revenue (note 5) | <u>47,025</u> | <u>1</u> | <u>58,949</u> | <u>1</u> |
| Net operating revenue | <u>8,497,916</u> | <u>100</u> | <u>8,537,578</u> | <u>100</u> |
| Operating cost: | | | | |
| Construction cost (note 5) | 6,182,702 | 73 | 6,907,150 | 81 |
| Cost of goods sold (note 4(d) and 5) | 896,532 | 10 | 510,653 | 6 |
| Other operating cost | <u>8,996</u> | - | <u>8,390</u> | - |
| | <u>7,088,230</u> | <u>83</u> | <u>7,426,193</u> | <u>87</u> |
| Gross profit | <u>1,409,686</u> | <u>17</u> | <u>1,111,385</u> | <u>13</u> |
| Operating expenses (note 5): | | | | |
| Selling | 95,155 | 1 | 92,539 | 1 |
| General and administrative | 310,356 | 4 | 251,321 | 3 |
| Research and development | <u>22,442</u> | - | <u>-</u> | - |
| | <u>427,953</u> | <u>5</u> | <u>343,860</u> | <u>4</u> |
| Operating income | <u>981,733</u> | <u>12</u> | <u>767,525</u> | <u>9</u> |
| Non-operating income and gains: | | | | |
| Interest income | 12,719 | - | 7,141 | - |
| Gain on disposal of investment, net | 5,323 | - | 2,500 | - |
| Foreign exchange gain, net | - | - | 6,251 | - |
| Gain on reversal of bad debts (note 4(c)) | - | - | 14,171 | - |
| Other income (note 5) | <u>12,774</u> | - | <u>11,896</u> | - |
| | <u>30,816</u> | - | <u>41,959</u> | - |
| Non-operating expenses and loss: | | | | |
| Interest expense | 3,795 | - | 4,062 | - |
| Investment loss recognized by equity method (note 4(f)) | 17,265 | - | 2,944 | - |
| Foreign exchange loss, net | 5,209 | - | - | - |
| Impairment loss of financial instruments (note 4 (b)) | 28,659 | 1 | - | - |
| Other loss | <u>2,370</u> | - | <u>2,319</u> | - |
| | <u>57,298</u> | <u>1</u> | <u>9,325</u> | - |
| Income before income taxes | 955,251 | 11 | 800,159 | 9 |
| Income tax expenses (note 4(j)) | <u>245,718</u> | <u>3</u> | <u>240,495</u> | <u>2</u> |
| Net income | <u>\$ 709,533</u> | <u>8</u> | <u>559,664</u> | <u>7</u> |
| | Before | After | Before | After |
| | taxes | taxes | taxes | taxes |
| Earnings per share (NT\$) (note 4(l)): | | | | |
| Basic earnings per share | \$ <u>20.71</u> | <u>15.38</u> | <u>19.01</u> | <u>13.30</u> |
| Diluted earnings per share | \$ <u>20.55</u> | <u>15.26</u> | <u>18.90</u> | <u>13.22</u> |

See accompanying notes to consolidated financial statements.

Acter Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
Years ended December 31, 2012 and 2011
(In thousands of New Taiwan dollars)

| | <u>Retained earnings</u> | | | | | <u>Other adjustments to stockholders' equity</u> | | | <u>Total stockholders' equity</u> |
|---|--------------------------|------------------------|----------------------|------------------------|--------------------------------|--|-----------------------------------|--|-----------------------------------|
| | <u>Common stock</u> | <u>Capital surplus</u> | <u>Legal reserve</u> | <u>Special reserve</u> | <u>Unappropriated earnings</u> | <u>Cumulative translation adjustments</u> | <u>Unrecognized pension costs</u> | <u>Unrealized gains on financial instruments</u> | |
| Balance at January 1, 2011 | \$ 415,359 | 539,869 | 87,804 | - | 861,862 | (15,067) | (2,711) | 5,848 | 1,892,964 |
| Appropriation of earnings (note 1): | | | | | | | | | |
| Legal reserve | - | - | 72,614 | - | (72,614) | - | - | - | - |
| Special reserve | - | - | - | 11,930 | (11,930) | - | - | - | - |
| Cash dividends | - | - | - | - | (415,358) | - | - | - | (415,358) |
| Issuance of common stock for cash and compensation cost arising from employee subscription rights | 46,000 | 356,730 | - | - | - | - | - | - | 402,730 |
| Unrealized gains on financial instruments | - | - | - | - | - | - | - | (7,510) | (7,510) |
| Unrecognized pension cost | - | - | - | - | - | - | (504) | - | (504) |
| Translation adjustment | - | - | - | - | - | 49,673 | - | - | 49,673 |
| Net income for 2011 | - | - | - | - | 559,664 | - | - | - | 559,664 |
| Balance as of December 31, 2011 | \$ 461,359 | 896,599 | 160,418 | 11,930 | 921,624 | 34,606 | (3,215) | (1,662) | 2,481,659 |
| Appropriation of earnings (note 2): | | | | | | | | | |
| Legal reserve | - | - | 55,966 | - | (55,966) | - | - | - | - |
| Special reserve | - | - | - | (11,930) | 11,930 | - | - | - | - |
| Cash dividends | - | - | - | - | (461,358) | - | - | - | (461,358) |
| Unrealized gains on financial instruments | - | - | - | - | - | - | - | 6,270 | 6,270 |
| Unrecognized pension cost | - | - | - | - | - | - | 1,045 | - | 1,045 |
| Adjustment arising from changes in percentage of ownership in equity method investees | - | - | - | - | (68) | - | - | - | (68) |
| Translation adjustment | - | - | - | - | - | (23,479) | - | - | (23,479) |
| Net income for 2012 | - | - | - | - | 709,533 | - | - | - | 709,533 |
| Balance as of December 31, 2012 | \$ 461,359 | 896,599 | 216,384 | - | 1,125,695 | 11,127 | (2,170) | 4,608 | 2,713,602 |

Note 1: Remuneration to directors and supervisors and employees' bonuses in the amount of \$19,248 and \$14,070, respectively, had been charged against earnings of 2010.

Note 2: Remuneration to directors and supervisors and employees' bonuses in the amount of \$14,428 and \$17,232, respectively, had been charged against earnings of 2011.

See accompanying notes to consolidated financial statements.

Acter Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
Years ended December 31, 2012 and 2011
(In thousands of New Taiwan dollars)

| | <u>2012</u> | <u>2011</u> |
|--|---------------------|---------------------|
| Cash flows from operating activities: | | |
| Net income | \$ 709,533 | 559,664 |
| Adjustments: | | |
| Gain on disposal of investment | (5,323) | (2,500) |
| Provision for (reversal of) bad debt expense | 18,064 | (14,171) |
| Provision for (reversal of) inventory obsolescence | 100 | (2,035) |
| Investment loss recognized by equity method | 17,265 | 2,944 |
| Depreciation and amortization | 20,394 | 14,115 |
| Impairment loss of financial instruments | 28,659 | - |
| Compensation cost recognized of employee subscription rights | - | 4,830 |
| Deferred income tax expense | 36,837 | 19,157 |
| Deferred pension cost | (281) | 1,023 |
| Adjustment for other non-cash-related losses, net | 511 | 21 |
| Net change in operating assets and liabilities: | | |
| Notes receivable and accounts receivable (including related parties) | 293,135 | (883,129) |
| Other receivable from related parties | (11,931) | - |
| Inventories | (1,772) | (476,788) |
| Net construction-in-progress | (174,577) | 117,849 |
| Other financial assets and other current assets | (178,910) | (72,077) |
| Notes payable and accounts payable (including related parties) | (21,773) | 484,820 |
| Income tax payable | (13,418) | 14,790 |
| Unearned sales revenue | (17,531) | 506,703 |
| Accrued expenses and other current liabilities | 14,343 | 55,244 |
| Cash provided by operating activities | <u>713,325</u> | <u>330,460</u> |
| Cash flows from investing activities: | | |
| Disposal (purchase) of available-for-sale financial assets | (155,421) | 535,964 |
| Decrease in restricted assets | 6,788 | 71,704 |
| Increase in investment accounted for using equity method | (5,857) | (17,806) |
| Increase in financial assets carried at cost | - | (24,000) |
| Acquisition of property, plant and equipment | (88,490) | (201,778) |
| Disposal of property, plant and equipment | 61 | 761 |
| Acquisition of computer software | (3,535) | (7,351) |
| Acquisition of land use right | - | (37,015) |
| Decrease in refundable deposit(included construction refundable deposit) | 35,742 | 28,777 |
| Increase in other assets | (7,115) | (947) |
| Cash provided by (used in) investing activities | <u>(217,827)</u> | <u>348,309</u> |
| Cash flows from financing activities: | | |
| Increase (decrease) in short-term borrowings | (8,006) | 139,413 |
| Cash dividends | (461,358) | (415,358) |
| Issuance of common stock for cash | - | 397,900 |
| Net cash provided by (used in) financing activities | <u>(469,364)</u> | <u>121,955</u> |
| Effect of exchange rate changes | <u>(25,497)</u> | <u>51,743</u> |
| Net increase in cash and equivalents | 637 | 852,467 |
| Cash and equivalents at beginning of year | <u>1,934,358</u> | <u>1,081,891</u> |
| Cash and equivalents at end of year | <u>\$ 1,934,995</u> | <u>\$ 1,934,358</u> |
| Supplemental disclosure of cash flow information: | | |
| Interest paid | <u>\$ 4,064</u> | <u>4,062</u> |
| Income tax paid | <u>\$ 221,710</u> | <u>218,043</u> |

See accompanying notes to consolidated financial statements.

English Translation of Audit Report Originally Issued in Chinese
Independent Auditors' Report

The Board of Directors
Acter Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Acter Co., Ltd. (Acter) and subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Acter's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those standards and regulations require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Acter Co., Ltd. and subsidiaries as of December 31, 2012 and 2011, and the results of their consolidated operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

We have also audited the financial statements of Acter as of and for the years ended December 31, 2012 and 2011, and have expressed an unqualified opinion on such financial statements.

KPMG Certified Public Accountants

Hsinchu, Taiwan (Republic of China)

February 26, 2013

See accompanying notes to consolidated financial statements.

Acter Co., Ltd.
Balance Sheets
December 31, 2012 and 2011
(In thousands of New Taiwan dollars)

| Assets | 2012 | | 2011 | | Liabilities and Stockholders' Equity | 2012 | | 2011 | |
|---|---------------------|------------|------------------|------------|---|---------------------|------------|------------------|------------|
| | Amount | % | Amount | % | | Amount | % | Amount | % |
| Current assets: | | | | | Current liabilities: | | | | |
| Cash and cash equivalents (note 4(a)) | \$ 1,036,362 | 24 | 856,745 | 23 | Notes payable | \$ 31,954 | 1 | 75,743 | 2 |
| Available-for-sale financial assets – current (note 4(b)) | 201,286 | 5 | 40,089 | 1 | Accounts payable | 1,053,216 | 24 | 639,771 | 17 |
| Notes receivable, net (note 4(c)) | 122,535 | 3 | 199,077 | 6 | Payables to related parties (note 5) | 5,314 | - | 2,009 | - |
| Accounts receivable, net (note 4(c)) | 628,394 | 14 | 380,616 | 10 | Income tax payable | 62,365 | 2 | 33,007 | 1 |
| Receivables from related parties (note 5) | 175,403 | 4 | 239,411 | 7 | Billings on construction-in-progress, net of construction-in-progress (note 4(d) and 5) | 224,617 | 5 | 205,380 | 6 |
| Other receivables from related parties (note 5) | 12,949 | - | 16,633 | - | Accrued expenses and other current liabilities (note 4(i)) | 144,351 | 3 | 146,412 | 4 |
| Other financial assets – current | 13,297 | - | 12,726 | - | | <u>1,521,817</u> | <u>35</u> | <u>1,102,322</u> | <u>30</u> |
| Construction-in-progress, net of billings on construction-in-progress (note 4(d) and 5) | 442,488 | 10 | 343,226 | 10 | Other liabilities | | | | |
| Deferred income tax assets – current (note 4(h)) | 6,258 | - | 7,800 | - | Accrued pension liabilities (note 4(g)) | 9,786 | - | 11,466 | - |
| Restricted assets (note 6) | 1,200 | - | 6,244 | - | Deposit received | 312 | - | 312 | - |
| Other current assets | 54,359 | 2 | 35,816 | 1 | Deferred income tax liability – non-current (note 4(h)) | 133,075 | 3 | 105,766 | 3 |
| | <u>2,694,531</u> | <u>62</u> | <u>2,138,383</u> | <u>58</u> | | <u>143,173</u> | <u>3</u> | <u>117,544</u> | <u>3</u> |
| Investments: | | | | | Total liabilities | <u>1,664,990</u> | <u>38</u> | <u>1,219,866</u> | <u>33</u> |
| Investments accounted for using equity method (note 4(e)) | 1,466,706 | 34 | 1,317,389 | 36 | Stockholders' equity (note 4(i)): | | | | |
| Financial assets carried at cost – non-current (note 4(b)) | 6,987 | - | 35,387 | 1 | Common stock | 461,359 | 11 | 461,359 | 12 |
| | <u>1,473,693</u> | <u>34</u> | <u>1,352,776</u> | <u>37</u> | Capital surplus | 896,599 | 20 | 896,599 | 24 |
| Property, plant and equipment (note 5 and 6): | | | | | Retained earnings: | | | | |
| Land | 107,113 | 2 | 107,113 | 3 | Legal reserve | 216,384 | 5 | 160,418 | 5 |
| Buildings | 47,852 | 1 | 47,852 | 1 | Special reserve | - | - | 11,930 | - |
| Other equipment | 18,610 | - | 11,875 | - | Unappropriated earnings | 1,125,695 | 26 | 921,624 | 25 |
| | 173,575 | 3 | 166,840 | 4 | | <u>1,342,079</u> | <u>31</u> | <u>1,093,972</u> | <u>30</u> |
| Less: accumulated depreciation | (10,110) | - | (8,500) | - | Other adjustments to stockholders' equity: | | | | |
| Prepayments for equipment | - | - | 3,498 | - | Cumulative translation adjustments | 11,127 | - | 34,606 | 1 |
| | <u>163,465</u> | <u>3</u> | <u>161,838</u> | <u>4</u> | Unrecognized pension costs (note 4(g)) | (2,170) | - | (3,215) | - |
| Intangible assets | | | | | Unrealized gains on financial instruments | 4,608 | - | (1,662) | - |
| Computer software | 5,953 | - | 5,839 | - | | <u>13,565</u> | <u>-</u> | <u>29,729</u> | <u>1</u> |
| Deferred pension cost (note 4 (g)) | 6,430 | - | 6,769 | - | Total stockholders' equity | 2,713,602 | 62 | 2,481,659 | 67 |
| | 12,383 | - | 12,608 | - | Commitments and contingencies (note 5 and not 7) | | | | |
| Other assets: | | | | | | | | | |
| Lease assets (notes 4(f) and 6) | 31,550 | 1 | 31,895 | 1 | | | | | |
| Refundable deposit | 2,970 | - | 4,025 | - | | | | | |
| | 34,520 | 1 | 35,920 | 1 | | | | | |
| Total assets | <u>\$ 4,378,592</u> | <u>100</u> | <u>3,701,525</u> | <u>100</u> | Total liabilities and stockholders' equity | <u>\$ 4,378,592</u> | <u>100</u> | <u>3,701,525</u> | <u>100</u> |

See accompanying notes to financial statements.

Acter Co., Ltd.

Statements of Operations

Years ended December 31, 2012 and 2011

(In thousands of New Taiwan dollars, except for earnings per common share)

| | 2012 | | 2011 | |
|--|-------------------|--------------|---------------------|--------------------|
| | Amount | % | Amount | % |
| Operating revenue: | | | | |
| Construction revenue | \$ 3,310,316 | 100 | 3,427,994 | 100 |
| Less: allowances | (1,823) | - | (376) | - |
| Net operating revenue(note 5) | <u>3,308,493</u> | <u>100</u> | <u>3,427,618</u> | <u>100</u> |
| Operating cost(note 5) | <u>2,660,320</u> | <u>80</u> | <u>3,023,892</u> | <u>88</u> |
| Gross profit | <u>648,173</u> | <u>20</u> | <u>403,726</u> | <u>12</u> |
| Operating expenses: | | | | |
| Selling | 17,367 | 1 | 27,231 | 1 |
| General and administrative | 120,779 | 4 | 101,666 | 3 |
| | <u>138,146</u> | <u>5</u> | <u>128,897</u> | <u>4</u> |
| Operating income | <u>510,027</u> | <u>15</u> | <u>274,829</u> | <u>8</u> |
| Non-operating income and gains: | | | | |
| Interest income (note 5) | 7,651 | - | 2,249 | - |
| Investment gain recognized by equity method (note 4(e)) | 338,299 | 11 | 382,057 | 11 |
| Gain on disposal of investment, net | 2,746 | - | 1,903 | - |
| Other income (note 4(k)and note5) | 6,462 | - | 4,203 | - |
| | <u>355,158</u> | <u>11</u> | <u>390,412</u> | <u>11</u> |
| Non-operating expenses and loss: | | | | |
| Foreign exchange loss, net | 1,670 | - | 679 | - |
| Impairment loss of financial instruments (note 4 (b)) | 28,594 | 1 | - | - |
| Other loss (note 4(k)) | 713 | - | 667 | - |
| | <u>30,977</u> | <u>1</u> | <u>1,346</u> | <u>-</u> |
| Income before income taxes | <u>834,208</u> | <u>25</u> | <u>663,895</u> | <u>19</u> |
| Income tax expenses (note 4(h)) | <u>124,675</u> | <u>4</u> | <u>104,231</u> | <u>3</u> |
| Net income | <u>\$ 709,533</u> | <u>21</u> | <u>559,664</u> | <u>16</u> |
| | | | Before taxes | After taxes |
| Earnings per share (NT\$) (note 4(j)): | | | | |
| Basic earnings per share | \$ <u>18.08</u> | <u>15.38</u> | <u>15.77</u> | <u>13.30</u> |
| Diluted earnings per share | \$ <u>17.94</u> | <u>15.26</u> | <u>15.68</u> | <u>13.22</u> |

See accompanying notes to financial statements.

Acter Co., Ltd.

Statements of Changes in Stockholders' Equity

Years ended December 31, 2012 and 2011
(In thousands of New Taiwan dollars)

| | Retained earnings | | | | | Other adjustments to stockholders' equity | | | Total stockholders' equity |
|---|-------------------|-----------------|----------------|-----------------|-------------------------|---|----------------------------|---|----------------------------|
| | Common stock | Capital surplus | Legal reserve | Special reserve | Unappropriated earnings | Cumulative translation adjustments | Unrecognized pension costs | Unrealized gains on financial instruments | |
| Balance at January 1, 2011 | \$ 415,359 | 539,869 | 87,804 | - | 861,862 | (15,067) | (2,711) | 5,848 | 1,892,964 |
| Appropriation of earnings (note 1): | | | | | | | | | |
| Legal reserve | - | - | 72,614 | - | (72,614) | - | - | - | - |
| Special reserve | - | - | - | 11,930 | (11,930) | - | - | - | - |
| Cash dividends | - | - | - | - | (415,358) | - | - | - | (415,358) |
| Issuance of common stock for cash and compensation cost arising from employee subscription rights | 46,000 | 356,730 | - | - | - | - | - | - | 402,730 |
| Unrealized gains on financial instruments | - | - | - | - | - | - | - | (3,098) | (3,098) |
| Unrealized gains on financial instruments adjustment by equity method | - | - | - | - | - | - | - | (4,412) | (4,412) |
| Unrecognized pension cost | - | - | - | - | - | - | (504) | - | (504) |
| Translation adjustment | - | - | - | - | - | 49,673 | - | - | 49,673 |
| Net income for 2011 | - | - | - | - | 559,664 | - | - | - | 559,664 |
| Balance as of December 31, 2011 | <u>\$ 461,359</u> | <u>896,599</u> | <u>160,418</u> | <u>11,930</u> | <u>921,624</u> | <u>34,606</u> | <u>(3,215)</u> | <u>(1,662)</u> | <u>2,481,659</u> |
| Appropriation of earnings (note 2): | | | | | | | | | |
| Legal reserve | - | - | 55,966 | - | (55,966) | - | - | - | - |
| Special reserve | - | - | - | (11,930) | 11,930 | - | - | - | - |
| Cash dividends | - | - | - | - | (461,358) | - | - | - | (461,358) |
| Unrealized gains on financial instruments | - | - | - | - | - | - | - | 3,708 | 3,708 |
| Unrealized gains on financial instruments adjustment by equity method | - | - | - | - | - | - | - | 2,562 | 2,562 |
| Unrecognized pension cost | - | - | - | - | - | - | 1,428 | - | 1,428 |
| Unrecognized pension cost adjustment by equity method | - | - | - | - | - | - | (383) | - | (383) |
| Adjustment arising from changes in percentage of ownership in equity method investees | - | - | - | - | (68) | - | - | - | (68) |
| Translation adjustment | - | - | - | - | - | (23,479) | - | - | (23,479) |
| Net income for 2012 | - | - | - | - | 709,533 | - | - | - | 709,533 |
| Balance as of December 31, 2012 | <u>\$ 461,359</u> | <u>896,599</u> | <u>216,384</u> | <u>-</u> | <u>1,125,695</u> | <u>11,127</u> | <u>(2,170)</u> | <u>4,608</u> | <u>2,713,602</u> |

Note 1: Remuneration to directors and supervisors and employees' bonuses in the amount of \$19,248 and \$14,070, respectively, had been charged against earnings of 2010.

Note 2: Remuneration to directors and supervisors and employees' bonuses in the amount of \$14,428 and \$17,232, respectively, had been charged against earnings of 2011.

See accompanying notes to financial statements.

Acter Co., Ltd.
Statements of Cash Flows
Years ended December 31, 2012 and 2011
(In thousands of New Taiwan dollars)

| | <u>2012</u> | <u>2011</u> |
|---|---------------------|-----------------|
| Cash flows from operating activities: | | |
| Net income | \$ 709,533 | 559,664 |
| Adjustments: | | |
| Gain on disposal of investment | (2,746) | (1,903) |
| Provision for (reversal of) bad debt expense | 3,632 | 5,548 |
| Investment gain recognized by equity method | (338,299) | (382,057) |
| Cash dividend received from investments accounted for under equity method | 168,467 | 53,396 |
| Depreciation and amortization | 6,502 | 3,684 |
| Deferred income tax expense | 33,660 | 29,398 |
| Impairment loss of financial instruments | 28,594 | - |
| Compensation cost recognized of employee subscription rights | - | 4,830 |
| Deferred pension cost | (252) | 4,584 |
| Adjustment for other non-cash-related losses, net | 362 | 104 |
| Net change in operating assets and liabilities: | | |
| Notes receivable and accounts receivable (including related parties) | (110,860) | (7,763) |
| Net construction-in-progress | (80,025) | 138,604 |
| Other financial assets and other current assets | (18,450) | (5,505) |
| Notes payable and accounts payable (including related parties) | 372,961 | (110,528) |
| Income tax payable | 29,358 | (48,870) |
| Accrued expenses and other current liabilities | <u>(2,060)</u> | <u>24,125</u> |
| Cash provided by operating activities | <u>800,377</u> | <u>267,311</u> |
| Cash flows from investing activities: | | |
| Disposal (purchase) of available-for-sale financial assets | (154,743) | 376,146 |
| Increase Other receivable from related parties | 3,684 | (16,543) |
| Decrease in restricted assets | 5,044 | 11,446 |
| Increase in investment accounted for using equity method | (5,857) | (120,317) |
| Increase in financial assets carried at cost | - | (24,000) |
| Acquisition of property, plant and equipment | (5,992) | (121,251) |
| Acquisition of computer software | (2,268) | (1,830) |
| Decrease in refundable deposit(included construction refundable deposit) | <u>730</u> | <u>14,502</u> |
| Cash provided by (used in) investing activities | <u>(159,402)</u> | <u>118,153</u> |
| Cash flows from financing activities: | | |
| Cash dividends | (461,358) | (415,358) |
| Issuance of common stock for cash | <u>-</u> | <u>397,900</u> |
| Net cash provided by (used in) financing activities | <u>(469,358)</u> | <u>(17,458)</u> |
| Net increase in cash and equivalents | 179,617 | 368,006 |
| Cash and equivalents at beginning of year | <u>856,745</u> | <u>488,739</u> |
| Cash and equivalents at end of year | <u>\$ 1,036,362</u> | <u>856,745</u> |
| Supplemental disclosure of cash flow information: | | |
| Interest paid | <u>\$ 6</u> | <u>4</u> |
| Income tax paid | <u>\$ 60,177</u> | <u>123,704</u> |

See accompanying notes to financial statements.

Attachment 3: SUPERVISOR'S REVIEW REPORT

Acter Co., Ltd. Supervisor's Review Report

This company's 2012 business report, financial statement, and earnings distribution proposal have been prepared and issued by the board of directors. Of these, the financial statement has been audited by the KPMG under commission to the board, and the auditor has issued an audit report giving an unqualified opinion. The foregoing operating report, financial statement, and earnings distribution proposal have been reviewed by the supervisors, who have found them to comply with relevant requirements of the Company Act. The foregoing report has been prepared in accordance with Article 219 of the Company Act.

2013 shareholders meeting of Acter Co., Ltd.

Acter Co., Ltd.

Supervisor: Wu, Bi-Huei

Supervisor: Yeh, Huei-Sing

Supervisor: Wang, Yun- Chun

February 26, 2013

**Attachment 4: COMPARISON TABLE FOR THE ETHICAL CORPORATE
MANAGEMENT OPERATING PROCEDURES AND CONDUCT GUIDE**

| ARTICLE | AFTER THE REVISION | BEFORE THE REVISION |
|---|--|--|
| Article 11: Handling procedures for charitable donations and sponsorships | <p>When a charitable donation or sponsorship is provided by this company, it shall be handled in accordance with the following rules, shall be reported to the CEO and the responsible unit of this company, and must be reported to the board of directors for approval when the amount exceeds <u>the standard amount specified in the "External Donation Guidelines."</u>NT\$500,000.</p> <ol style="list-style-type: none"> 1. Shall meet local regulations of the place of business. 2. Written records shall be kept of relevant decisions. 3. The recipient of a charitable donation must be a charitable organization, and the donation may not be used as a disguise for a bribe. 4. Because the gain from a sponsorship should be clear and reasonable, the receiver may not be involved in business with this company or may not have conflict of interest with the employees of this company. 5. After a charitable donation or sponsorship has been made, this company shall confirm the use of the money is consistent with the purpose of the donation. | <p>When a charitable donation or sponsorship is provided by this company, it shall be handled in accordance with the following rules, shall be reported to the CEO and the responsible unit of this company, and must be reported to the board of directors for approval when the amount exceeds NT\$500,000.</p> <ol style="list-style-type: none"> 1. Shall meet local regulations of the place of business. 2. Written records shall be kept of relevant decisions. 3. The recipient of a charitable donation must be a charitable organization, and the donation may not be used as a disguise for a bribe. 4. Because the gain from a sponsorship should be clear and reasonable, the receiver may not be involved in business with this company or may not have conflict of interest with the employees of this company. 5. After a charitable donation or sponsorship has been made, this company shall confirm the use of the money is consistent with the purpose of the donation. |
| Article 26: Drafting and revision dates | <p>This <u>operating procedure and conduct guide</u> was drafted on December 6, 2011. <u>This operating procedure and conduct guide was revised on February 26, 2013.</u></p> | <p>This procedure was drafted on December 6, 2011.</p> |

**Attachment 5: COMPARISON TABLE FOR THE RULES OF PROCEDURE FOR
SHAREHOLDER MEETINGS**

| Article | AFTER THE REVISION | BEFORE THE REVISION |
|-----------|---|---|
| Article 8 | <p>1.This company must explicitly state the shareholders' registration period, registration location, and other necessary information in the meeting notice.</p> <p>2.The registration period in the foregoing paragraph must be at least 30 min. before the meeting begins. The registration location must be clearly marked, and competent personnel must be assigned to manage relevant details.</p> <p>3..Shareholders or shareholders' proxies (termed "shareholders" below) may attend the shareholders meeting after presenting attendance passes, attendance sign-in cards, or other documents permitting attendance. Persons seeking letters of authorization should also bring personal identification documents to facilitate checking.</p> <p><u>4</u>.This Corporation shall furnish the attending shareholders or their proxies (collectively, "shareholders"), with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.</p> <p><u>5</u>.This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.</p> <p>3. Shareholders shall attend a shareholder meeting by presentation of the attendance cards, signing on the attendance sheet or other attendance justifications. In the event of a proxy solicitor, identification papers should be brought for verification.</p> <p><u>6</u>.4.When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it</p> | <p>1.This Corporation shall furnish the attending shareholders or their proxies (collectively, "shareholders"), with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.</p> <p>2.This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.</p> <p>3. Shareholders shall attend a shareholder meeting by presentation of the attendance cards, signing on the attendance sheet or other attendance justifications. In the event of a proxy solicitor, identification papers should be brought for verification..</p> |

| Article | AFTER THE REVISION | BEFORE THE REVISION |
|-----------|--|--|
| | in the meeting. | |
| Articl 9 | <p>1.If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.</p> <p>2.In the foregoing paragraph, a standing director or director may serve as the chairman; a standing director or director who has held that position for at least six months and understands the company's financial affairs may act as chairman. Likewise when the chairman is the representative of a juridical person director.</p> <p><u>3.2.</u> It is advisable that shareholders meetings convened by the board of directors be attended by a majority of the directors.</p> | <p>1. If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair</p> <p>2. It is advisable that shareholders meetings convened by the board of directors be attended by a majority of the directors.</p> |
| Articl 15 | <p>10.Vote counting shall be done in public in the place where the shareholder meeting is held. <u>conducted in public at the place of the shareholders meeting.</u> The results of <u>and</u> voting results shall be reported on-site immediately and recorded in writing.</p> | <p>10.Vote counting shall be done in public in the place where the shareholder meeting is held. The results of voting shall be reported on site and recorded.</p> |
| Articl 16 | <p>The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately. <u>Include the list elected the director and supervisor.</u></p> | <p>The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately.</p> |

| Article | AFTER THE REVISION | BEFORE THE REVISION |
|------------|---|--|
| Article 22 | <p>These rules were established on 3 May 2005.</p> <p>...</p> <p>These rules were amended on 18 June 2012.</p> <p>These rules were amended on 19 June 2013.</p> | <p>These rules were established on 3 May 2005.</p> <p>...</p> <p>These rules were amended on 18 June 2012.</p> |

Attachment 6: COMPARISON TABLE FOR THE PROCEDURE FOR OPERATIONAL PROCEDURES FOR LOANING OF COMPANY FUNDS

| Article | AFTER THE REVISION | BEFORE THE REVISION |
|-----------|--|--|
| Article 1 | <p>The company established this procedure in accordance with Article 36-1 of the Securities Transactions Act and the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” by the Securities and Futures Bureau of the Financial Supervisory Commission—of the Executive Yuan”. Any funds lending by the company to any person shall be done in accordance with this procedure.</p> | <p>The company established this procedure in accordance with Article 36-1 of the Securities Transactions Act and the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” by the Securities and Futures Bureau of the Financial Supervisory Commission of the Executive Yuan”. Any funds lending by the company to any person shall be done in accordance with this procedure.</p> |
| Article 3 | <p>Loaning of company funds may be conducted between among companies whose 100% voting shares are directly or indirectly held by the company. Subsidiary and parent company referred to shall be determined in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers Financial Accounting Standards 5 and 7 published by the Accounting Research and Development Foundation of the R.O.C. "net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> | <p>Loaning of company funds may be conducted between among companies whose 100% voting shares are directly or indirectly held by the company. Subsidiary and parent company referred to shall be determined in accordance with Financial Accounting Standards 5 and 7 published by the Accounting Research and Development Foundation of the R.O.C.</p> |
| Article 4 | <p>4、Loaning of company funds among overseas companies whose 100% voting shares are directly or indirectly held by the company is not subject to the restrictions under the previous three sections. The aggregate amount of loans and the maximum amount permitted to a single borrower shall each be prescribed separately for business transactions and for short-term</p> | <p>4、Loaning of company funds among overseas companies whose 100% voting shares are directly or indirectly held by the company is not subject to the restrictions under the previous three sections</p> |

| Article | AFTER THE REVISION | BEFORE THE REVISION |
|------------|---|--|
| Article 15 | <p>financing respectively.</p> <p>2、The company shall evaluate the funds lending situation based on generally accepted accounting rules and make appropriate bad debt provision. Relevant information shall also be disclosed in the financial reports. Relevant information shall be provided to the certifying accountant to perform the necessary audit procedure.</p> | <p>2、The company shall evaluate the funds lending situation based on generally accepted accounting rules and make appropriate bad debt provision. Relevant information shall also be disclosed in the financial reports. Relevant information shall be provided to the certifying accountant to perform the necessary audit procedure.</p> |
| Article 16 | <p>For publicly traded companies, if the balance of funds lending reaches any of the following thresholds, a public announcement shall be made within 2 days commencing immediately from the date of occurrence: “Date of occurrence” in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.</p> | <p>2.For publicly traded companies, if the balance of funds lending reaches any of the following thresholds, a public announcement shall be made within 2 days from the date of occurrence:</p> |
| Article 23 | <p>This procedure was established on 3 May 2005. The first amendment to this procedure was made on 16 June 2009. The second amendment to this procedure was made on 10 June 2010. The third amendment to this procedure was made on 15 June 2011 The fourth amendment to this procedure was made on 19 June 20121</p> | <p>This procedure was established on 3 May 2005. The first amendment to this procedure was made on 16 June 2009. The second amendment to this procedure was made on 10 June 2010. The third amendment to this procedure was made on 15 June 2011.</p> |

Attachment 7: COMPARISON TABLE FOR THE PROCEDURE FOR ENDORSEMENTS AND GUARANTEES

| Article | AFTER THE REVISION | BEFORE THE REVISION |
|-----------|--|---|
| Article 1 | <p>This procedure is established in accordance with Article 36-1 of the Securities Transaction Act and the “Guidelines for Funds Lending, Endorsement and Guarantee by Publicly Traded Companies” by the Securities and Futures Bureau of the Financial Supervisory Commission of the Executive Yuan by order (91) Tai-Cai-Zhen (6) Zhi No. 0910161919 for the purpose of ensuring shareholder interest, sound financial management and reduction of operational risk. Any endorsement or guarantee by the company shall be done in accordance with this procedure.</p> | <p>This procedure is established in accordance with Article 36-1 of the Securities Transaction Act and the “Guidelines for Funds Lending, Endorsement and Guarantee by Publicly Traded Companies” by the Securities and Futures Bureau of the Financial Supervisory Commission of the Executive Yuan by order (91) Tai-Cai-Zhen (6) Zhi No. 0910161919 for the purpose of ensuring shareholder interest, sound financial management and reduction of operational risk. Any endorsement or guarantee by the company shall be done in accordance with this procedure.</p> |
| Article 4 | <p>Parent and subsidiary shall be determined in accordance with <u>in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u> provisions under Financial Accounting Standards 5 and 7.</p> <p><u>"net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p> | <p>Parent and subsidiary shall be determined in accordance with provisions under Financial Accounting Standards 5 and 7.</p> |
| Article 5 | <p>Any <u>single</u> endorsement and guarantee between parent companies and subsidiaries below NT\$1 Billion (inclusive) may be executed by the chairman first with the authorization from the board of directors and then submitted to the board of directors for ratification.</p> | <p>Any endorsement and guarantee between parent companies and subsidiaries below NT\$1 Billion (inclusive) may be executed by the chairman first with the authorization from the board of directors and then submitted to the board of directors for ratification.</p> |
| Article 9 | <p>2. After the company becomes a publicly traded company, when the balance amount of endorsement and guarantee reaches one of the following thresholds, a public announcement shall be made within 2 days <u>commencing immediately</u> from the date of occurrence.</p> <p>(3) Balance amount of any endorsement and guarantee by the company and its subsidiaries to any single enterprise reaches NT\$10 Million and the combined balance amount of endorsement and guarantee, long term investment and funds lending to such enterprise reaches 30% of the net value on</p> | <p>2. After the company becomes a publicly traded company, when the balance amount of endorsement and guarantee reaches one of the following thresholds, a public announcement shall be made within 2 days from the date of occurrence.</p> <p>(3) Balance amount of any endorsement and guarantee by the company and its subsidiaries to any single enterprise reaches NT\$10 Million and the combined balance amount of endorsement and guarantee, long term investment and funds lending to such enterprise reaches 30% of the net value on the company’s latest financial statements.</p> |

| Article | AFTER THE REVISION | BEFORE THE REVISION |
|------------|---|--|
| | <p>the company's latest financial statements.</p> <p>...</p> <p><u>5. "Date of occurrence" in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.</u></p> | |
| Article 11 | <p>The subsidiary shall prepare an endorsement and guarantee detail table by the 8th day of each month and such table shall be submitted to the company <u>according to Regulations on the Management of subsidiary.</u></p> | <p>The subsidiary shall prepare an endorsement and guarantee detail table by the 8th day of each month and such table shall be submitted to the company.</p> |
| Article 13 | <p>2.The finance department shall prepare a detailed table about the guarantee matters that occurred or cancelled during each month to facilitate control, follow-up and public announcements. In addition, probable loss from the endorsement and guarantee shall be evaluated or recognized, and the endorsement and guarantee information shall be properly disclosed in the financial reports in accordance with Financial Accounting Standard No. 9 and relevant information shall be provided to the certifying accountant to execute necessary audit procedure.</p> <p>5.If the beneficiary of the endorsement and guarantee is a subsidiary with net value that is less than 1/2 of the paid-in funds, the subsequent relevant control measures shall be specified and the control measures shall be reported to the following board of directors.</p> <p><u>In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under subparagraph 11 of the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.</u></p> | <p>2.The finance department shall prepare a detailed table about the guarantee matters that occurred or cancelled during each month to facilitate control, follow-up and public announcements. In addition, probable loss from the endorsement and guarantee shall be evaluated or recognized, and the endorsement and guarantee information shall be properly disclosed in the financial reports in accordance with Financial Accounting Standard No. 9 and relevant information shall be provided to the certifying accountant to execute necessary audit procedure.</p> <p>5.If the beneficiary of the endorsement and guarantee is a subsidiary with net value that is less than 1/2 of the paid-in capital, the subsequent relevant control measures shall be specified and the control measures shall be reported to the following board of directors.</p> |
| Article 16 | <p>This procedure was made on 3 May 2005.... The third amendment to this procedure was made on 10 June 2010.<u>The fourth amendment to this procedure was made on 19 June 2013.</u></p> | <p>This procedure was made on 3 May 2005.... The third amendment to this procedure was made on 10 June 2010.</p> |

Attachment 8: COMPARISON TABLE FOR THE PROCEDURE FOR ACQUISITION AND DISPOSAL OF ASSETS

| Article | AFTER THE REVISION | BEFORE THE REVISION |
|------------|--|---|
| Article 6 | <p>4. Authorized Amount and Level Any investment in subsidiaries or disposal of shareholding thereof for operational purpose <u>single transaction amount reaching NT\$30 Million or above shall be submitted to the board of directors for approval. The chairman is authorized to approval transactions less than NT\$30 Million. Transactions amount exceeding NT\$30 Million shall be ratified at the next the board of directors meeting.</u> shall be submitted to the board of directors for approval</p> | <p>4. Authorized Amount and Level Any investment in subsidiaries or disposal of shareholding thereof for operational purpose shall be submitted to the board of directors for approval</p> |
| Article 19 | <p>This procedure was established on 3 May 2005.... <u>This procedure was amended on 19 June 2013.</u></p> | <p>This procedure was established on 3 May 2005....</p> |

VIII. Appendices

Appendix 1: Company's Corporate Charter

Company's Corporate Charter of Acter Co., Ltd.

Chapter 1 General

Article 1. The company is organized and incorporated as a company limited by stock in accordance with the Company Law and is named Acter Co., Ltd.

Article 2. The company operates the following businesses:

1. E501011 Water Pipe Construction
2. E599010 Pipe Lines Construction
3. E601010 Electric Appliance Construction
4. E601020 Electric Appliance Installation
5. E602011 Frozen and Air-conditioning Engineering
6. E603010 Cables Construction
7. E603040 Fire Fighting Equipments Construction
8. E603050 Cybernation Equipments Construction
9. E603090 Illumination Equipments Construction
10. E603100 Electric Welding Construction
11. E801010 Building Maintenance and Upholstery
12. E801020 Doors and Windows Construction
13. E801030 Interior Light Rigid Frame Construction
14. EZ05010 Apparatus Installation Construction
15. EZ09010 Static Electricity Protecting and Clearing Construction
16. EZ15010 Warming and Cooling Maintenance Construction
17. J101050 Sanitary and Pollution Controlling Services
18. J101060 Wastewater (Sewage) Treatment
19. IG03010 Energy Technical Services
20. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3. The company may provide guarantees to other persons and is not restricted by Article 16 of the Company Law. The rules for endorsement and guarantee shall be implemented following approval by the shareholder meeting. The same procedures shall be applicable to any amendment thereof.

Article 4. The total amount of investment made by the company in other invested companies shall not be restricted by Section 1, Article 13 of the Company Law. The board of directors is authorized to make such investment.

Article 5. The company's headquarters is located in Taichung City, Taiwan. As required, the board of directors may pass a resolution to establish domestic and overseas branch offices following approval by the competent authority.

Article 6. The company shall make public announcements in accordance with the Company Law and other relevant laws and regulations.

Chapter 2 Shares

Article 7. The company's total capital is fixed at NT\$720,000,000, divided into 72 million shares, at NT\$10 per share, to be issued in several batches. The board of directors may pass resolutions to issue the unissued shares in accordance with actual needs.

Article 8. The company may issue shares without share certificates, provided that a securities depository institution shall be engaged for registration.

Article 9. Matters related to the shares of the company shall be handled in accordance with relevant legislations and rules of the competent authority.

Chapter 3 Shareholder Meetings

Article 10. Shareholder meetings are divided into regular meetings and special meetings. Regular meetings shall be convened once a year within 6 months from the end of each accounting year. Special meetings shall be convened in accordance with the law as required. The rules for convening shareholder meetings shall be in accordance with relevant legislations.

Article 11. Any shareholder who cannot attend a shareholder meeting may issue a proxy to designate a representative to attend the meeting on its behalf in accordance with Article 177 of the Company Law.

Article 12. The chairman shall serve as the chairman of shareholder meetings. If the chairman is absent, the chairman will designate one director to serve such duty. If no designation is made, one person shall be elected from among the directors to serve the duty.

Article 13. Shareholders of the company enjoy one vote per share, provided that no voting right shall be enjoyed under the circumstances as provided in Article 179 of the Company Law.

Article 14. Unless otherwise provided by law, shareholder resolutions shall be passed by the majority of shareholder voting rights in a meeting that is attended by shareholders representing the majority of total outstanding shares.

Article 15. Resolutions made in shareholder meetings shall be recorded in the minutes and signed and affixed thereon by the chairman. The minutes shall be sent to all shareholders within 20 days after the meeting. The minutes shall summarize the proceedings, and the results of the discussions shall be kept permanently. The shareholder attendance sheets and proxies shall be kept for at least one year.

This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

Article 15-1 Any proposal to cancel and publicly issue company shares shall be made to the shareholder meeting for resolution. This provision shall not be modified during the period when the company's shares are listed in the OTC market or stock exchange (Gre-Tai market).

Chapter 4 Directors and Supervisors

Article 16. The company has 5 to 9 directors and 2 to 3 supervisors, all to be elected from among persons with legal capacities by the shareholder meeting for terms of 3 years. The same person may be elected again upon expiry of the term.

The directors and supervisors of the company shall be elected by single selection, registered and accumulated election method. Each share is entitled to the same number of voting rights as the number of directors or supervisors to be elected. The votes may be cast to one single candidate or be distributed among several candidates. The candidates receiving more votes shall be elected directors or supervisors. If this method requires amendment, it shall be carried out in accordance with Article 172 of the Company Law and a table of comparison for such method shall be included in the agenda for convening the meeting.

The total number of registered shares of the company that may be held by all directors and supervisors shall be determined by the standard established in accordance with the "Guidelines for Shareholding Percentage by Directors and Supervisors of Publicly Traded Companies and Audit Practice" promulgated by the Financial Supervisory Commission of the Executive Yuan.

Article 16-1. The company may purchase liability insurance during the terms of directors and supervisors to cover the liability for compensation borne by them in accordance with the law within the scope of their duties.

Article 16-2. The company may have 2 to 4 independent directors among the above-mentioned number of directors and supervisors in accordance with Article 14-2 of the Securities Transaction Act. They shall be elected under the candidate nomination system under Article 192-1 of the Company Law. The professional qualifications, shareholding, restrictions on serving other functions, determination of independence and other compliance matters with regard to independent directors shall be in accordance with relevant rules of the securities competent authority.

Article 17. If one-third or more of the director's seats are vacant, or if all independent directors or all supervisors are dismissed, the board of directors shall convene a special shareholder meeting within 60 days to fill the vacancies.

Article 18. The directors shall organize the board of directors. A chairman shall be elected from among the directors by majority of the directors attending a meeting that is attended by 2/3 or more of the directors to execute all matters of the company .

Article 18-1. The chairman of the board of directors shall internally preside the shareholders' meeting, the meeting of the board of directors, and the meeting of the managing directors; and shall externally represent the company. The chairman is authorized to handle all significant matter of the company, but chairman right still restrict by Company's Corporate Charter,resolution of shareholder's meeting and director meeting.

Article 19. Unless otherwise provided by Company Law, board meetings shall be convened by the chairman. If the chairman is on leave or cannot perform the duty due to any reason, the representative shall be in accordance with Article 208 of the Company Law.

Article 19-1. The agenda of the board meeting shall be included in the convening notice and sent to all directors and supervisors 7 days in advance. However, a meeting may be convened at any time in case of an emergency. The notice may be sent in writing, by email or fax.

Article 20. Unless otherwise provided by law, board resolutions shall be approved by the majority of directors attending a meeting that is attended by the majority of directors. Any director who cannot attend a meeting may issue a proxy to designate another director as a representative to attend the meeting on his behalf. The proxy shall indicate the scope of authorization. Each proxy holder shall represent no more than one person. Board meetings may be held by video conference. Directors participating in meetings through

video conference shall be deemed to have participated in these meetings in person.

Article 21. Board meetings shall be recorded in the minutes and signed with a seal affixed by the chairman. The minutes shall be distributed to all directors within 20 days after the meeting. Minutes shall summarize the proceedings and results of the meeting and shall be kept permanently together with the attendance sheets and proxies by attending directors.

Article 22. Supervisors may exercise supervision right independently in accordance with law and may participate in board meetings and suggestion. However, supervisors shall not participate in any voting.

Article 23. The expenses entailed through exercising their duties by the directors and supervisors of the company shall be determined by the board of directors based on the common standard of the industry. The remuneration of all directors and supervisors shall be in accordance with Article 27 of the company's articles of association.

Chapter 5 Managers and Staff

Article 24. The company may have managers, whose hiring, dismissal and remuneration shall be in accordance with Article 29 of the Company Law.

Article 25. The company may hire consultants or important staff by board resolution.

Chapter 6 Closing

Article 26. The board of directors shall prepare the following statements at the end of the company's accounting year, submit them to the supervisors for inspection 30 days prior to the general shareholder meeting and then submit them to the general shareholder meeting for recognition:

(1) Business report, (2) financial statements, (3) profit distribution or loss compensation proposal.

Article 27. The company's profit following annual closing, if any, shall be distributed in the following order:

1. Remit tax;
2. Compensate loss;
3. 10% legal reserve, unless the amount of legal reserve has reached the total capital amount;
4. Special reserve in accordance with law and the competent authority.
5. Director and supervisor remuneration in the amount not exceeding 3% of the balance following reserves under subsections 1 to 4 above;
6. Employee bonus in the amount not less than 2% of the balance following reserves under subsections 1 to 4 above; employee stock bonus may also be distributed to employees of subsidiaries;
7. Certain parts of the balance shall be included into accumulated undistributed profit from previous year based on the company's current environment, growth stage and long term financial planning. The board of directors will distribute the remaining amount as shareholder dividend based on the capital situation and economic development of the current year. Cash dividend shall account for 10% or more of the total shareholder dividend and shall be proposed by the board of directors and submitted to the shareholder meeting for resolution.

Chapter 7 Miscellaneous

Article 28. The enforcement rules of the company's articles of association shall be further determined by the board of directors.

Article 29. Any matter not provided for under these articles of association shall be in accordance with the Company Law or other legislations.

Article 30. These articles of association were established on 10 February 1979.

First amendment was made on 23 July 1981.

Second amendment was made on 7 February 1983.

Third amendment was made on 8 September 1994.

Fourth amendment was made on 29 July 1991.

Fifth amendment was made on 15 December 1993.

Sixth amendment was made on 21 January 1994.

Seventh amendment was made on 27 July 1995.

Eighth amendment was made on 28 March 1997.

Ninth amendment was made on 15 November 1999.

Tenth amendment was made on 1 December 2001.

Eleventh amendment was made on 12 March 2002.

Twelfth amendment was made on 5 April 2002.

Thirteenth amendment was made on 20 June 2002.

Fourteenth amendment was made on 3 May 2004.

Fifteenth amendment was made on 29 October 2004.

Sixteenth amendment was made on 3 May 2005.

Seventeenth amendment was made on 28 November 2008.

Eighteenth amendment was made on 16 June 2009.

Nineteenth amendment was made on 4 November 2009.

Twentieth amendment was made on 10 June 2010.

Twenty first amendment was made on 15 June 2011.

Twenty second amendment was made on 18 June 2012.

Acter Co., Ltd.

Chairman: Liang, Jing-Li

Appendix 2: Ethical Corporate Management Operating Procedures and Conduct Guide< Before the revision >

Ethical Corporate Management Operating Procedures and Conduct Guide

Article 1: Goal

Based on the principles of fairness, honesty, credibility and transparency in business activities, in order to implement an ethical corporate management policy and actively take precautions against unethical conduct, this company has therefore drafted this operating procedure and conduct guide in accordance with the "Ethical Corporate Management Best Practice Principles for TSE/GTSM Listed Companies" so as to provide specific guidelines for business operations carried out by the employees of this company.

Article 2: Scope

This operating procedure and conduct guide shall be applicable to this company's subsidiaries, financial groups who have directly or indirectly donated over 50% of accumulated funds, other organizations that possess actual controlling power, and legal persons including business groups and organizations.

Article 3: Applicable targets

The employees of this company mentioned in this operating procedure and conduct guide refer to this company, business groups, and the organization's directors, supervisors, managers, employees, and persons who possess actual controlling power.

Any money, gifts, presents, commissions, positions, services, preferential treatment, sales commissions, facilitating payments, entertainment, hospitality, or other benefits that are provided, promised, requested, or received by the employees of this company by means of a third party are presumed to be actions carried out by the employees of this company.

Article 4: Unethical conduct

The unethical conduct mentioned in this operating procedure and conduct guide refer to cases in which the employees of this company, in order to obtain or maintain benefit during the course of work, directly or indirectly provide, receive, promise, or request any improper benefit, or engage in conduct that violates integrity, breaches contract responsibilities, or is unlawful.

The targets of the above conduct include public servants, political candidates, political parties or persons who hold a party post, any public/private enterprises or organizations and their directors, supervisors, managers, employees, persons who possess actual controlling power, and other related parties.

Article 5: Types of benefit

The benefits mentioned in this operating procedure and conduct guide shall refer to money, gifts, presents, commissions, positions, services, preferential treatment, sales commissions, facilitating payments, entertainment, hospitality, and other things of value in any form or name.

Article 6: Responsible unit

The general manager's office and management department of this company shall serve as the responsible joint unit (referred to below as "the responsible unit of this company"), and shall handle

revision, implementation, explanation and consulting matters in connection with this operating procedure and conduct guide, and shall enter and file reports, monitor compliance, and report to the board of directors on a regular basis.

Article 7: Prohibition of providing or receiving improper benefit

Except for the following situations, the employees of this company shall follow the "Ethical Corporate Management Best Practice Principles for TSE/GTSM Listed Companies" and the regulations of this operating procedure and conduct guide, and shall handle matters in accordance with relevant procedures prior to directly or indirectly providing, receiving, promising or requesting any money, gifts, presents, commissions, positions, services, preferential treatment, sales commissions, facilitating payments, entertainment, hospitality, or other benefit.

1. Compliance with the requirements of local law.
2. Compliance with local etiquette, practices and customs due to business needs when visiting at home or abroad, receiving overseas guests, promoting business and performing communication/coordination.
3. Participation in or invitation of others to normal social activities that are based on normal social etiquette, for business purposes and promotion of relationship.
4. Invitation of clients to or participation at invitation in certain business activities and factory visits motivated by business needs, and in which, the payment method, number of participants, hotel grade and activity period is clearly specified.
5. Participation in folk celebration activities that are held publicly and are open to the public.
6. Incentives, relief, consolation and appreciation payments from an executive.
7. Money, property or other benefit is provided to or received from people other than family members or close friends, and the market value is under NT\$10,000; or properties gifted to numerous employees of this company by a third party, and the total market value is under NT\$10,000. However, when gifted properties come from the same source or are provided to the same person in the same year, the total market value shall not exceed NT\$50,000.
8. A gifted property received as a result of engagement, wedding, birth, moving, employment, promotion, retirement, resignation, loss of a job, injury/illness, or death of the recipient, spouse or immediate family member, where the market value is under NT\$100,000.
9. Other circumstances that comply with the regulations of this company.

When the market value of a received property exceeds the company's limitation, the company shall make a concession for the case if there is a legitimate reason, and internal discussion, approval and documentation have been performed by the company.

Article 8: Handling procedures for cases in which improper benefit has been received

Except for the situations mentioned above, such matters shall be handled in accordance with the following procedures when the employees of this company find themselves provided or promised money, gifts, presents, commissions, positions, services, preferential treatment, sales commissions, facilitating payments, entertainment, hospitality, and other benefits from a third party:

1. When the provider or promiser does not have a professional conflict of interest with the receiver, the latter shall report to his/her direct supervisor or department supervisor, and, when

necessary, report the case to the responsible unit of this company within three days of receiving the gift.

2. When the provider or promiser does have a professional conflict of interest with the receiver, the latter shall return or refuse the gift, and report to his/her direct supervisor or department supervisor, and report to the responsible unit of this company. When the receiver cannot return the gift, he/she shall entrust the matter to the responsible unit of this company within three days of receiving the gift.

The above-mentioned professional conflict of interest with the receiver shall refer to one of the following situations:

1. A relationship involving business dealings, supervision or granting of awards or subsidies.
2. The party is currently seeking or establishing or has already established a contractual relationship involving contracting, sales, or other matters.
3. Other situations involving the company's decisions, actions or inaction, or resulting from favorable or unfavorable conditions.

Based on the nature and value of the property in paragraph 1, the responsible unit of this company shall propose either to return or pay for the gift, make the gift a public possession, donate the gift to a charity or other appropriate suggestion, and then proceed after reporting to the CEO for approval.

Article 9: Prohibition of facilitating payments and handling procedures

This company shall not provide or promise any facilitating payments.

When a facilitating payment is provided or promised as a result of a threat or an intimidation, the employees of this company shall record the course of the matter and report to the direct supervisor or department supervisor, and also notify the responsible unit of this company.

The responsible unit of this company shall immediately handle the matter after receiving the foregoing notification, and shall investigate relevant matters to reduce the risk of reoccurrence, and shall immediately notify a judicial agency when unlawful matters and behavior are involved.

Article 10: Handling procedures for political contributions

The following regulations shall be followed when this company provides political contributions. Such political contributions shall not be released until the matter is reported to the CEO for approval, and the responsible unit of this company shall be notified as well; when the amount exceeds NT\$500,000, it shall be reported to the board of directors for approval:

1. Make sure the political contribution meets the relevant political contribution regulations of the contribution receiver's country, including limits and requirements governing the form of political contributions.
2. Written records shall be kept of relevant decisions.
3. Political contributions shall be entered in accounts in accordance with legal regulations and relevant accounting procedures.
4. When providing a political contribution, business dealings, application for permission, and handling of matters that involve the company's interests with a government unit shall be avoided.

Article 11: Handling procedures for charitable donations and sponsorships

When a charitable donation or sponsorship is provided by this company, it shall be handled in accordance with the following rules, shall be reported to the CEO and the responsible unit of this company, and must be reported to the board of directors for approval when the amount exceeds the standard amount specified in the "External Donation Guidelines."

1. Shall meet local regulations of the place of business.
2. Written records shall be kept of relevant decisions.

3. The recipient of a charitable donation must be a charitable organization, and the donation may not be used as a disguise for a bribe.
4. Because the gain from a sponsorship should be clear and reasonable, the receiver may not be involved in business with this company or may not have conflict of interest with the employees of this company.
5. After a charitable donation or sponsorship has been made, this company shall confirm the use of the money is consistent with the purpose of the donation.

Article 12: Recusal

The directors of this company must have a high degree of self-restraint. If a director has any conflict of interest with any board resolution involving either the director personally or the juridical person represented by that director, and this conflict of interest may be injurious to the company's interests, the director present his/her views and ask questions, but may not otherwise engage in discussion or voting, and must recuse himself/herself from discussion and voting. Such a director absolutely may not exercise his/her voting rights on behalf of another director. The directors must maintain self-restraint, and may not support each other for improper purposes.

If an employee of this company's discovers a conflict of interest involving either the employee personally or the juridical person represented by that employee while performing work on behalf of the company, or may cause his/her self, spouse, parent, child, or other interested party to obtain improper benefit, that employee shall report the matter to his/her supervisor and the responsible unit of this company, and the person's direct supervisor shall provide appropriate guidance.

The employees of this company shall not use the company's resources in business activities outside of the company, and the employees' working performance shall not be affected due to participation of business activities outside of the company.

Article 13: Organization and responsibilities of confidentiality mechanisms

This company shall establish a responsible unit to handle business secrets. This unit shall be responsible for drafting and implementing operating procedures governing the management, preservation and confidentiality of the company's business secrets, and shall regularly examine implementation results to ensure the continued effectiveness of such operating procedures.

Article 14: Prohibition of disclosure of business secrets

The employees of this company must strictly follow operating regulations governing the company's business secrets, may not disclose known business secrets of the company to others, and may not inquire or gather the company's business secrets that are unrelated to their positions.

Article 15: Prohibition of insider trading

The employees of this company shall follow the regulations of the Securities and Exchange Act, and shall not use known but undisclosed information in insider trading, and, to prevent others from using undisclosed information for insider trading, shall not disclose such information to others.

Article 16: Nondisclosure agreement

Organizations or personnel who participate in this company's merger, split, acquisition, assignation of shares, important memorandum, strategic alliance, other business cooperation plan or important contract shall sign a nondisclosure agreement with this company, pledging that it/he/she will not disclose known business secrets or other important information of this company to others, and will not use this information without the permission of this company.

Article 17: External announcement of the ethical corporate management policy

This company shall disclose its ethical corporate management policy in its internal regulations, annual report, company website and other publicity materials, and shall declare the policy at external activities, such as product meetings and investor conferences, to ensure that the suppliers, customers and other related business organizations and personnel clearly understand the company's ethical corporate management philosophy and regulations.

Article 18: Ethical corporate management assessment prior to the establishment of a business relationship

This company must assess the legitimacy and ethical corporate management policy of agents, suppliers, customers and others who have a business relationship with the company, and check any records of unethical conduct, to ensure that the business operating methods of such parties is fair and transparent, and that the parties will not request, provide or receive bribes.

When conducting the above assessment, this company may employ appropriate examination procedures to investigate a company's business partners based on the following items in order to know the state of that party's ethical corporate management:

1. The country, location of the business operations, organizational structure, management policy and payment location.
2. Has an ethical corporate management policy been drafted? What is the policy's state of implementation?
3. Is the location of this company's business operations in a high corruption risk country?
4. Is the business of this company classified as a high corruption risk business?
5. The long-term operating situation and goodwill of this company.
6. Ask the business partners of this company about their opinions concerning the company.
7. Has this company been involved in any unethical conduct, such as bribery or illegal political contributions?

Article 19: Explanation of the ethical corporate management policy to business partners

During any business actions, the employees of this company must explain the company's ethical corporate management policy and relevant regulations to business partners, and shall explicitly refuse improper benefits that are directly or indirectly provided, promised, requested or received, including brokerages, commissions, facilitating payments and improper benefits that are provided or received through other channels.

Article 20: Avoidance of business transactions with unethical enterprises

This company shall avoid conducting business with unethical agents, suppliers, customers and other business partners, and shall immediately terminate a business relationship when it is found that a business/cooperating partner has unethical conduct, in which case the company shall be listed as a refused customer/partner in order to ensure this company's realization of its ethical corporate management policy.

Article 21: The ethical corporate management policy shall be specified in contacts

When signing a contract, this company shall fully grasp the other party's ethical corporate management situation, and shall include the compliance of the ethical corporate management in the contract; the following items shall be specified in contracts:

1. When either party becomes aware that personnel have violated contractual terms prohibiting commissions, facilitating payments, or other benefits, that party shall immediately truthfully report the identity of the employee, the method of provision, promise, requirement, or receipt, and the amount or other benefit to the other party, and shall provide relevant evidence and cooperate with the other party's investigation. If either party suffers damage because of this, that

- party may request a certain percentage of the contract amount from the other party as compensation for damages, and may deduct such an amount from the payable contract price.
2. When one party is involved in unethical conduct while engaging in business activities, the other party may unconditionally terminate or cancel the contract at any time.
 3. Explicit and reasonable payment details, including payment location, method, and relevant tax regulations that shall be complied with, must be drafted.

Article 22: Handling of company employees' unethical conduct

When any unethical conduct by a company employee is discovered or reported, the company shall immediately investigate the facts of the matter. When it has been proved that relevant regulations or this company's ethical corporate management policy and regulations have been violated, the company shall immediately demand the perpetrator to cease relevant actions, and shall implement appropriate measures. In order to maintain the company's reputation and rights, the company may, when necessary, demand compensation through legal procedures.

In dealing with unethical conduct that has already taken place, the company shall instruct the relevant unit to evaluate relevant internal control system and operating procedures, and propose improvement measures to prevent the recurrence such conduct.

The responsible unit of this company shall report the unethical conduct, handling method and follow-up evaluation and improvement measures to the board of directors.

Article 23: Handling of a third party's unethical conduct involving the company

When the employees of this company discover a third party engaging in unethical conduct involving the company and this conduct constitutes illegal matters or actions, the company shall notify the judicial/prosecutorial authority about the facts of the matter. When a civil service agency or civil servant is involved in the unethical conduct, the company shall immediately notify and government ethics agency.

Article 24: Establishment of rewards/punishments and complaint system and disciplinary measures

This company shall include the ethical corporate management in its employee performance evaluations and human resources policy, and shall establish an explicit and effective rewards/punishments and complaint system.

When an employee of this company is involved in a serious violation of ethical conduct, the company shall dismiss or lay off this employee in accordance with relevant regulations or the company's personnel regulations.

This company shall disclose information, such as the position and name of the employee who violates ethical conduct, violation date, violation content and handling procedures in the company's internal website.

Article 25: Implementation

This operating procedure and conduct guide shall be implemented after the resolution and approval of the board of directors, and shall be sent to each supervisor and be presented to the shareholders' meeting, and the same shall apply to revisions.

Article 26: Drafting and revision dates

This operating procedure and conduct guide was drafted on December 6, 2011.

This operating procedure and conduct guide was revised on February 26, 2013.

Appendix 3: Rules of Procedure for Shareholder Meetings < Before the revision >

Rules of Procedure for Shareholder Meetings

Article 1. Basis and Purpose of Establishment

These rules are established in accordance with Article 5 of the Practical Rules for Governance of Publicly Traded Companies in order to establish good governance system for the company's shareholder meetings, complete supervising functions and reinforce management functions.

Article 2. Scope

The company's shareholder meetings shall be carried out in accordance with these rules.

Article 3. Definition

Shareholders referred to in these rules mean the shareholders themselves and the holders of proxies issued by shareholders.

Article 4. Unless otherwise provided by law or the articles of association, the rules of the company's shareholder meetings shall be in accordance with these rules.

Article 5. Convening Shareholder Meetings and Meeting Notices

1. Unless otherwise provided by law, the company's shareholder meetings shall be convened by the board of directors.
2. A meeting brochure shall be prepared for convening regular shareholder meetings and each shareholder shall be notified 30 days in advance. Shareholders holding less than one thousand registered shares may be notified by public announcement on the Market Observation Post System 30 days in advance. To convene a special shareholder meeting, shareholders should be notified 15 days in advance. Shareholders holding less than one thousand registered shares may be notified by public announcement on the Market Observation Post System 15 days in advance.
3. The notice and public announcement should provide the agenda for the meeting.
4. Election or dismissal of director or supervisor, amendment to articles of association, liquidation, merger or split of company or any matter under any item, Section 1, Article 185 of the Company Law, Articles 26-1 and Article 43-6 of the Securities Transaction Act must be included in the agenda and may not be proposed by motion during the meeting.
5. Any shareholder holding 1% or more of the total outstanding shares may propose an agenda for the general shareholder meeting in writing to the company, provided that it shall be limited to one proposal. Any agenda including more than one proposal shall not be included. If the shareholder's proposal has any of the events under Section 4, Article 172-1 of the Company Law, the board of directors may exclude it from the agenda.
6. The company shall make public announcements about the possibility for shareholders to propose an agenda, the place where the proposals will be accepted and the acceptance period before the share transfer blackout date before the regular shareholder meeting is convened. The acceptance period shall be no shorter than 10 days. Shareholder proposals shall not exceed 300 words. Any proposal exceeding 300 words will not be included in the agenda. The proposing shareholder shall attend the regular shareholder meeting in person or by proxy and participate in the discussion of the proposal.
7. The company shall inform the proposing shareholder about the result of the handling before the

date of notice for convening the shareholder meeting and shall include proposals that are consistent with this Article to the notice for meeting. For shareholder proposals that are not included in the agenda, the board of directors shall explain the reasons why it is not included in the shareholder meeting.

Article 6. Attending Shareholder Meetings by Proxy and Authorization

1. Shareholders may issue proxies printed by the company for each shareholder meeting, specifying the scope of authorization and designate a proxy holder to attend the shareholder meeting.
2. Each shareholder shall issue no more than one proxy and designate no more than one representative. The proxy shall be delivered to the company 5 days prior to the shareholder meeting. In case of duplicate proxies, the one that is first delivered shall prevail, except if there is a declaration to withdraw the previous designation.
3. After a proxy has been delivered to the company, if the shareholder wishes to attend the shareholder meeting in person, it shall withdraw the proxy in writing to the company at least two day prior to the shareholder meeting. If the withdrawal is delayed, the voting right exercised by the proxy holder shall prevail.

Article 7. Principles for Shareholder Meetings Location and Time

The location of the shareholder meeting shall be where the company is located or a location that is convenient for shareholders to attend, and appropriate for convening a shareholder meeting. The meeting shall not start earlier than 9:00 a.m. or later than 3:00 p.m. The opinions of the independent directors shall be fully taken into consideration about the location and time to convene the meeting.

Article 8. Preparation of Documents such as Attendance Sheet

1. The company shall have an attendance sheet for signatures by the attending shareholders or proxy holders (hereinafter the “shareholders”). Attending shareholders may submit attendance cards in lieu of signatures on the attendance sheet.
2. The company should deliver the meeting brochure, annual report, attendance badge, speaking notes, voting slips and other meeting information to the shareholders attending the shareholder meeting. If directors and supervisors are to be elected, the voting ballots shall also be provided.
3. Shareholders shall attend a shareholder meeting by presentation of the attendance cards, signing on the attendance sheet or other attendance justifications. In the event of a proxy solicitor, identification papers should be brought for verification.
4. In the event of any government or institutional shareholder, more than one representative may attend the shareholder meeting. When an institutional shareholder attends a shareholder meeting as a proxy holder, only one person may attend as the representative.

Article 9. Chairman and Attendees of Shareholder Meeting

1. If the shareholder meeting is convened by the board of directors, the chairman shall serve as the chairman of the meeting. If the chairman is on leave or cannot perform the duty for any reason, the vice chairman shall serve the duty. If there is no vice chairman or if the vice chairman is also on leave or cannot perform the duty for any reason, one managing director appointed by the chairman will serve the duty. If there is no managing director, one director will be appointed to serve the duty. If the chairman did not appoint a representative, one person shall be elected from among the managing directors or directors to serve the duty.
2. Shareholder meetings convened by the board of directors shall be attended by the majority of the members of the board of directors.

3. If the shareholder meeting is convened by another person entitled to convene the meeting other than the board of directors, the person exercising the right to convene the meeting shall serve as chairman of the meeting. If there are two or more persons who convened the meeting, one person shall be elected from among themselves to serve as chairman.
4. The company may appoint lawyers, accountants or relevant staff to be present at shareholder meetings.

Article 10. Audio or Video Recording of Shareholder Meetings Proceedings

The company shall make full audio or video recordings of the shareholder meetings and maintain them for at least one year. However, if any litigation is filed by any shareholder in accordance with Article 189 of the Company Law, the recordings shall be maintained until the litigation is over.

Article 11. Calculation of Shares Represented in Shareholder Meeting and Proceeding with the Meeting

1. Attendance to shareholder meetings shall be calculated based on shares. The number of shares represented in a meeting shall be calculated based on the attendance sheet or the attendance cards submitted.
2. The chairman shall announce the beginning of the meeting upon arrival of the time of the meeting. However, if less than the shareholders representing the majority of all outstanding shares attended the meeting, the chairman may announce that the meeting will be postponed. There shall be no more than two postponements and the meeting shall be postponed for no more than one hour on accumulated basis. If less than the shareholders representing 1/3 of the total outstanding shares are present after two postponements, the chairman shall announce that the meeting is cancelled.
3. If the quorum required is not satisfied after two postponements as provided under the previous paragraph and if shareholders representing 1/3 of the total outstanding shares are present, a provisional resolution may be made in accordance with Section 1, Article 175 of the Company Law. The provisional resolution shall be notified to each shareholder and a shareholder meeting shall be convened again within one month.
4. Before the end of a meeting, if the number of shares represented by shareholders attending the meeting reaches the majority of all outstanding shares, the chairman may submit the provisional resolution made to the shareholder meeting again for voting in accordance with Article 174 of the Company Law.

Article 12. Discussions of Proposals

1. If the shareholder meeting is convened by the board of directors, the agenda shall be determined by the board of directors and the meeting shall proceed in accordance with such agenda. No change to the agenda shall be made without a shareholder resolution.
2. If the shareholder meeting is convened by another person entitled to convene the meeting other than the board of directors, the previous paragraph shall apply *mutatis mutandis*.
3. Before the items under the agenda determined under the previous two paragraphs are completed, the chairman may not close the meeting without a resolution. If the chairman closes the meeting in violation of the meeting rules, other members of the board of directors shall swiftly assist the attending shareholders in accordance with the legal procedure. One person shall be elected by the majority of the voting rights held by the attending shareholders to serve as the chairman and continue the meeting.
4. The chairman shall provide explanations and opportunities for discussion for the agenda items and amendments or motions proposed by the shareholders. When the chairman determines that it is time for voting to take place, the chairman may announce that discussion has ended then

submit the matter for voting.

Article 13. Shareholder Opinions

1. Before any attending shareholder speaks, he shall first complete a speaking note and specify the main points of the opinion, shareholder registration number (or number of attendance card) and registered name. The chairman shall decide the order of speaking.
2. If any attending shareholder submits a speaking note but does not speak, it shall be deemed that the shareholder has not spoken. If the verbal statement is inconsistent with what is specified in the speaking note, the verbal statement shall prevail.
3. Each shareholder shall speak no more than once for each proposal unless agreed by the chairman. Each statement shall be no more than 5 minutes. If any shareholder statement is against the rules or exceeds the scope of the issue, the chairman may stop the shareholder from speaking.
4. When an attending shareholder speaks, other shareholders may not interfere by speaking unless with the consent by the chairman and the speaking shareholder. The chairman shall stop any person who violates this rule.
5. If any institutional shareholder is represented by two persons to attend the shareholder meeting, only one person shall be chosen to speak on each issue.
6. After an attending shareholder speaks, the chairman may provide feedback in person or appoint the relevant person to do so.

Article 14. Calculation of Voting Shares and System of Avoidance

1. Votes in shareholder meetings shall be calculated based on shares.
2. For any shareholder resolution, the number of shares held by shareholders who have no voting right shall be excluded from the number of total outstanding shares.
3. If any shareholder is interested in any issue during the meeting that may jeopardize the interest of the company, such shareholder shall not participate in the voting and shall not exercise the voting right on behalf of any other shareholder.
4. The number of shares for which no voting right may be exercised under the previous paragraph shall be excluded from the number of voting rights held by the attending shareholders.
5. Other than trust business or share affair agency institutions approved by the securities competent authority, if the same person is appointed to represent two or more shareholders, the voting rights exercised under proxy shall not exceed 3% of the voting rights of all outstanding shares. The part of the voting rights exceeding such limit shall be excluded from the calculation.

Article 15. Voting of Resolution, Voting Supervision and Vote Counting

1. Each shareholder shall have one vote for each share, unless there is restricted or no voting right.
2. Unless otherwise provided under the Company Law or the company's articles of association, resolutions shall be passed by the majority of voting rights held by attending shareholders. During voting, the number of voting rights represented by attending shareholders shall be announced by the chairman or the person appointed by the chairman.
3. If the chairman consults all attending shareholders about an item and if there is no objection, the resolution shall be deemed as passed with the same effect as if it has been approved by voting. If there is any objection, voting shall take place in accordance with the previous paragraph.
4. Other than items listed in the agenda, any other proposal made by the shareholders or any amendment or alternative proposal to the original proposal shall be seconded by other

shareholders. The shareholding represented by the shareholder making and seconding the proposal shall be 5% or more of the total voting rights of the outstanding shares.

5. If any proposal is amended or replaced by an alternative proposal, the chairman shall decide the voting order together with the original proposal. If one of the proposals has already been passed, the other proposals shall be deemed denied and no further voting shall be necessary.
6. The persons to supervise and calculate votes during voting of a proposal shall be appointed by the chairman, provided that the person supervising the voting shall be a shareholder. Vote counting shall be done in public in the place where the shareholder meeting is held. The results of voting shall be reported on site and recorded.

Article 16.Election Matters

1. If any director or supervisor is to be elected in a shareholder meeting, it shall be done in accordance with relevant election rules established by the company and the results of election shall be announced on site.
2. Where re-election of all directors is effected, by a resolution adopted by a shareholders' meeting, prior to the expiration of the term of office of existing directors, and in the absence of a resolution that existing directors will not be discharged until the expiry of their present term of office, all existing directors shall be deemed discharged in advance. The aforesaid resolution of re-election shall be attended by shareholders who represent more than one-half of the total number of issued and outstanding shares
3. The voting ballots for the election matters under the previous paragraph shall be sealed and signed by the voting supervisor and shall be properly maintained for at least one year. However, if any shareholder files any litigation in accordance with Article 189 of the Company Law, the ballots shall be maintained until the litigation ends.

Article 17.Meeting Records and Signature Matters

1. Matters resolved in shareholder meetings shall be recorded in the minutes and signed by the chairman with a seal affixed thereto. The minutes shall be distributed to each shareholder within 20 days after the meeting. The minutes may be prepared and distributed by electronic means.
2. The company may distribute the minutes under the previous paragraph by making public announcements on the Market Observation Post System.
3. The minutes shall specify the correct year, month, date, location, chairman's name, resolution manner and summary proceedings of the meeting and the results and shall be maintained permanently during the existence of the company.

Article 18.Public Announcement

1. The number of shares solicited by a solicitor and the number of shares represented by proxies shall be specified in the statistics table prepared by the company on the date of the shareholder meeting in accordance with the fixed format and displayed clearly in the location of the meeting.
2. If the shareholder resolution involves important information under the provisions of law or rules of the Taiwan Stock Exchange Corporation (Gre-Tai Securities Market), the company shall upload the information to the Market Observation Post System within the prescribed deadline.

Article 19.Maintenance of Meeting Order

1. Working staff in a shareholder meeting should wear badges or arm badges.

2. The chairman may direct order keepers or securities staff to assist with the maintenance of the meeting order. Order keepers or security staff shall wear arm badges or badges with “Order Keeper” when assisting with order in the meeting location.
3. If the meeting location is equipped with a loudspeaker, is a shareholder speaks with any equipment not installed by the company, the chairman may stop the shareholder.
4. If any shareholder violates the meeting rules and refuses to follow the chairman’s correction, interferes with the proceedings of the meeting and refuses to stop following request, the chairman may request the order keepers or the security staff to evict the shareholder from the meeting.

Article 20. Recess and Continuation

1. During the proceeding of the meeting, the chairman may announce a recess at an appropriate time. If any event that cannot be avoided occurs, the chairman may make the decision to suspend the meeting and announce the time to resume the meeting based on the situation.
2. If the meeting location cannot continue to be used before the agenda scheduled for the shareholder meeting is not yet completed, the shareholders may resolve to continue the meeting in a different location.
3. Shareholder meetings may resolve to postpone or resume the meeting within 5 days in accordance with Article 182 of the Company Law.
4. When a shareholder meeting is ended, no shareholder shall elect another chairman to continue the meeting either in the same location or in a different location.

Article 21. Implementation

These rules shall be implemented following approval by the shareholder meeting. The same procedure shall be applicable to any amendment hereof.

Article 22. Establishment and Amendment Dates

These rules were established on 3 May 2005.

These rules were amended on 16 June 2009.

These rules were amended on 15 June 2011.

Appendix 4: Procedures for Loaning of Company Funds

Procedures for Loaning of Company Funds

Article 1. Purpose and Legal Basis

The company established this procedure in accordance with Article 36-1 of the Securities Transactions Act and the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” by the Securities and Futures Bureau of the Financial Supervisory Commission of the Executive Yuan”. Any capital lending by the company to any person shall be done in accordance with this procedure.

Article 2. Funds Borrower

1. Company or enterprise that has business transactions with the company (hereinafter the “borrower”).
2. Company requiring short term financing as recognized by the board of directors (hereinafter the “borrower”).

Article 3. Funds Lending Evaluation Standard

1. Any Funds lending by the company to any other company or enterprise under business relationship shall be in accordance with Subsection 2, Section 1, Article 4.
2. Funds lending to meet short term financing requirements as recognized by the board of directors shall be limited to the following:
 - (1) Company with parent and subsidiary relationship with the company that requires short term financing due to business needs.
 - (2) Company or enterprise invested by the company under the equity method that requires short term financing due to procurement of materials or operations.
 - (3) Funds lending may be conducted between among companies whose 100% voting shares are directly or indirectly held by the company.
Subsidiary and parent company referred to shall be determined in accordance with Financial Accounting Standards 5 and 7 published by the Accounting Research and Development Foundation of the R.O.C.

Article 4. Total Funds Lending Amount and Individual Amount Limit

1. The total amount of funds lending by the company shall not exceed 10% of the company’s net value.
2. For lending due to business dealings, the individual lending amount shall not exceed the amount of the business dealing. Amount of business dealing means the amount of product purchase or product sale, whichever is higher.
3. For lending of short term financing, the individual lending amount shall not exceed 10% of the company’s net value. The amount of short term financing means the accumulated balance of short term lending amount by the company.
“Net value” is as provided under the latest financial statements certified or audited by accountant.
4. Capital lending among overseas companies whose 100% voting shares are directly or indirectly held by the company is not subject to the restrictions under the previous three sections.

Article 5. Term and Interest Calculation of Capital Financing

1. Short term financing requirement with the company means a term that is one year or one business cycle (whichever is longer) according to the above letter of interpretation by the Ministry of Economic Affairs.
2. The company may waive interest for funds lending to any company whose 100% voting shares are held directly or indirectly by the company. For other lending to companies or enterprises approved by the company, interest shall accrue at the basic lending rate of the Bank of Taiwan for the current month plus 2%. If the borrower fails to perform the financing contract, monthly interest shall accrue at the original interest rate times 1.1 starting from the date of violation of the financing contract.
3. In case of any special situation and subject to the approval of the board of directors, lending may be extended upon expiry based on the actual situation.

Article 6. Decision Level

1. When the company contemplates to lend funds, a resolution by the board of directors shall be required. No other person shall be authorized to make the decision.
2. For funds lending between the company and its parent or subsidiary or among the company's subsidiaries, the board of directors may authorize the chairman to approve several drawdowns or revolving drawdowns by the same borrower within a period of one year within a certain amount resolved by the board of directors. Other than overseas companies whose 100% voting shares are directly or indirectly held by the company, the authorized amount of funds lending from the company or the subsidiary to any single enterprise shall not exceed 10% of the net value on the company's latest financial statements.
3. When this procedure is submitted to the board of directors for discussion in accordance with the previous section, opinions of independent directors shall be fully taken into consideration and their specific opinions for approval or objection and the reasons for objection shall be included in the minutes of the board meeting.

Article 7. Application and Review Procedure

The relevant procedure for the company's funds lending shall be undertaken by the finance department. For funds lending within the amount limit under Article 4, the borrower shall complete an application form. The processing department shall prepare a substantial review and evaluation report and process following submission to and resolution by the board of directors. The evaluation report shall include the following:

1. Necessity and reasonableness of funds lending.
2. Credit and risk evaluation of the borrower.
3. Impact on the company's operational risk, financial status and shareholder interest.
4. Whether collateral should be obtained and evaluation of the collateral's value.

Article 8. Warranty and Guarantee

When the company performs funds lending, if the board of directors deems it necessary, the borrower shall be required to provide collateral equivalent to the lending amount and to carry out a pledge or mortgage creation procedure to ensure the company's creditor's right. If the borrower provides a guarantee from an individual or company with equivalent financial status or credit in lieu of collateral, the board of directors may proceed in reference to the opinion of the finance department. If a corporate guarantee is provided, the corporate guarantor shall have provisions about the guarantee in its articles of association and the minutes showing relevant resolutions by the

shareholder meeting or board of directors shall be submitted.

Article 9. Insurance

1. Other than land and securities, collateral shall be covered by fire insurance and other accident insurance. Boats and vehicles shall be covered by full risk insurance. The insurance amount shall not be lower than the collateral value in principle. The insurance policy shall specify the company as the beneficiary. The name, quantity, location of the object, insurance condition and insurance approval notes under the insurance policy shall be consistent with the conditions of lending originally approved by the company. If a building does not have a street number at the time of creation of collateral, the address shall be indicated by the land section and land number where it is located.
2. The insurance period shall cover the funds lending period. If approval is obtained to extend the lending period, the processing staff shall duly inform the borrower to continue the insurance prior to the expiry of the insurance period.

Article 10. Credit Verification

1. For first time borrowers, the borrower shall provide basic information and financial information so that the responsible department can carry out credit verification.
2. For any extended borrowing, in principle, the finance department shall perform credit verification once every year. In significant cases, credit verification shall be performed once every six months based on actual requirements.
3. For any extended borrowing, if the company has a sound financial system and good track records of repayment, and if the annual financial statements have been certified by an accountant, the financial reports between the past one to two years may continue to be used and lending may be approved following accountant's audit report.
4. If the borrower is a subsidiary whose 100% voting shares are held directly or indirectly by the company, the credit verification may be waived and the restriction under section 3 is not applicable.

Article 11. Loan Approval

1. Following credit verification or verification, if the lending will not be released because the borrower has bad credit or if the purpose for the loan is inappropriate, the processing staff shall seek approval for the reason for decline and inform the borrower timely.
2. Following review and evaluation, for cases with good credit, appropriate lending purpose and no negative impact on the company's finance, business and shareholder interest, the processing staff shall prepare the credit verification and evaluation report together with the contemplated lending amount, duration and interest rate for the responsible department's confirmation about feasibility and submit the information to the board of directors for decision.
3. After a lending case is approved, the processing staff shall inform the borrower by letter or telephone as soon as possible, detailing the company's lending conditions, including the amount, duration, interest rate, collateral, insurance and guarantor and require the borrower to sign a contract and carry out a collateral pledge and guarantor procedure within a deadline.

Article 12. Contract Signing and Guarantor

1. For any lending case, the processing staff shall draft the contract provisions for review and approval by the supervisor of the responsible department. If required, the provisions shall be submitted to the legal consultant for an opinion. The procedure for contract signing shall then be carried out.

2. The provisions of the contract shall be consistent with the lending conditions. Following signatures by the borrower and the joint liability guarantor on the contract, the processing staff shall carry out the guarantee procedure.

Article 13.Advance

After a lending proposal is approved, the finance department shall only release the amount after the borrower has signed the contract, submitted promissory note and completed registration of mortgage (pledge) creation on the collateral, with all procedures verified and confirmed by the responsible department.

Article 14.Subsequent Control Measures for Amount Advanced

1. After lending is advanced, the financial, business and credit situation of the borrower and the guarantor shall be monitored. Verifications shall be made as to whether the value of collateral (pledge) has been changed. Any significant change shall be immediately reported to the chairman and handled in accordance with the chairman's instructions.
2. Before the advance is due, the borrower shall be notified to repay the principal and interest when due or to carry out extension procedure.
3. When the borrower repays the loan on or before the due date, interest payable shall first be calculated and paid together with the principal. Then the promissory note shall be cancelled and returned to the borrower or the pledge shall be cancelled.
4. If the borrower wishes to extend the borrowing before the due date, a new application shall be filed in accordance with this procedure.
5. Every month, the processing staff shall prepare a funds lending details table for the previous month and submit it to the persons with due authority for review and approval.

Article 15.Overdue Debt

1. The borrower shall repay the principal and interest when the lending is due. If the borrower cannot repay and needs an extension, it shall file a request in advance for approval by the board of directors. Each extension of repayment shall not exceed one year and there shall be no more than one extension. In case of any violation, the company shall carry out disposal and claim in accordance with law on the collateral provided or against the guarantor.
2. The company shall evaluate the funds lending situation based on generally accepted accounting rules and make appropriate bad debt provision. Relevant information shall also be disclosed in the financial reports. Relevant information shall be provided to the certifying accountant to perform the necessary audit procedure.

Article 16.Public Announcement

1. After the company becomes a publicly traded company, a public announcement shall be made by the 10th day of each month about the balance of funds lending by the company and its subsidiaries for the previous month.
2. For publicly traded companies, if the balance of funds lending reaches any of the following thresholds, a public announcement shall be made within 2 days from the date of occurrence:
 - (1) The balance of funds lending by the company and its subsidiaries exceeds 20% of the net value based on the company's latest financial statements.
 - (2) The balance of funds lending by the company and its subsidiaries to any single enterprise reaches 10% of the net value based on the company's latest financial statements.
 - (3) The amount of new funds lending by the company or its subsidiaries exceeds NT\$10 Million and reaches 2% of the net value based on the company's latest financial

statements.

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3. If any subsidiary of the company that is not a domestic publicly traded company has any matter that is subject to public announcement in accordance with the previous section, the company shall make a public announcement on behalf of the subsidiary.
4. The percentage of the subsidiary's funds lending balance over the net value shall be calculated based on the subsidiary's funds lending balance as a percentage to the company's net value.

Article 17. Control Procedure for Funds Lending by Subsidiary

1. When the subsidiary of the company contemplates to lend funds, the company shall ensure that the subsidiary performs in accordance with the funds lending procedure established in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" by the Securities and Futures Bureau, provided that the net value shall be calculated based on the net value of the company.
2. Any subsidiary of the company that contemplates to carry out funds lending shall only do so after reporting to and approval from the company. The company's finance department shall perform substantial evaluation of the necessity, reasonableness and risk of such funds lending, as well as its impact on the operations risk, financial status and shareholder interest of the parent company and the subsidiary, and submit such evaluation to the chairman for approval.
3. The finance department shall obtain the funds lending balance details table from each subsidiary in the beginning of each month.
4. The company's internal audit staff shall perform regular audit on the compliance by each subsidiary to its "Funds Lending Procedure" and make audit reports. The discoveries and suggestions of the audit report shall be explained and notified to each audited subsidiary for improvement. Regular follow-up reports shall be made to ensure that appropriate improvement measures have been undertaken in time.
5. The finance department of the company shall regularly evaluate whether the follow-up control measures over amount advanced and procedure for handling overdue debt of the subsidiary are appropriate.

Article 18. Establishment of Reference Book

The company shall establish a reference book for carrying out funds lending matters, recording in detail for future reference the funds borrower, amount, date of board approval, date of funds lending and matters requiring careful evaluation in accordance with Article 7.

Article 19. Other Matters

1. The management activities under this procedure shall be included in the internal control system and duly implemented. The internal audit shall perform at least quarterly inspection and evaluation of the performance of the above provisions and written records shall be prepared. In case of any significant violation, all supervisors shall be notified in writing.
2. If the company exceeds the limit of lending balance due to any change of circumstances, a correction plan shall be established and sent to each supervisor.

Article 20. Penalty

If any manager and responsible staff of the company violates the "Guidelines for Funds Lending and Endorsement and Guarantee Procedure for Publicly Traded Companies of the Securities and Futures Bureau" or the "Funds Lending Procedure" of the company, a sanction shall be imposed based on the gravity of the matter in accordance with the company's human resource management

rules and work rules, with regular report and audit.

Article 21.Relevant Legislations

Any matter that is not fully provided for hereunder shall be handled in accordance with relevant legislations.

Article 22.Implementation and Amendment

1. This procedure shall be implemented after it is approved by the board of directors, sent to each supervisor and submitted to the shareholder meeting for approval. If any director voices any objection by recording or written statement, the company shall submit the objection to the supervisors and shareholder meeting for discussion. The same procedure shall be applicable to any amendment hereof.
2. When the funds lending procedure is submitted to the board of directors for discussion in accordance with the previous section, opinions of independent directors shall be fully taken into consideration and their clear opinions for approval or objection and the reasons for objection shall be included in the minutes of the board meeting.
3. This procedure was approved by the shareholder meeting on 3 May 2005.

Article 23.Date of Establishment and Amendment

This procedure was established on 3 May 2005.

The first amendment to this procedure was made on 16 June 2009.

The second amendment to this procedure was made on 10 June 2010.

The third amendment to this procedure was made on 15 June 2011.

Appendix 5: Endorsements and Guarantees < Before the revision >

Endorsement and Guarantee Procedure

Article 1. Purpose and Legal Basis

This procedure is established in accordance with Article 36-1 of the Securities Transaction Act and the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” by the Securities and Futures Bureau of the Financial Supervisory Commission of the Executive Yuan by order (91) Tai-Cai-Zhen (6) Zhi No. 0910161919 for the purpose of ensuring shareholder interest, sound financial management and reduction of operational risk. Any endorsement or guarantee by the company shall be done in accordance with this procedure.

Article 2. Scope of Application

Endorsement and guarantee referred to in this procedure include:

1. Financing endorsement and guarantee include:
 - (1) Client voucher factoring financing.
 - (2) Endorsement or guarantee for the purpose of obtaining financing for another company.
 - (3) Issuance of instrument to a non-financial institution as guarantee by the company for financing purpose.
2. Customs endorsement and guarantee mean endorsement and guarantee performed for customs-related matters of the company or another company.
3. Other endorsement and guarantee mean endorsement or guarantee that cannot be categorized under the previous two sections.
4. Any chattel or real estate provided by the company with pledge or mortgage created as guarantee for borrowing by another company shall be done in accordance with this procedure.

Article 3. Applicable Entities

The company may only provide endorsement and guarantee to the following companies, except reciprocal guarantee in accordance with contract among companies of the same industry or co-constructors due to project contracting requirements or endorsement and guarantee undertaken by investing shareholders to their invested company in accordance with their shareholding ratios.

- (1) Companies with business dealings with the company.
- (2) Companies of which 50% or more voting shares are directly or indirectly held by the company.
- (3) Companies directly or indirectly holding 50% or more voting shares of the company.

Companies of which 90% or more voting shares are directly or indirectly held by the company may provide endorsement and guarantee for each other.

Article 4. Amount Limit and Evaluation Standard of Endorsement and Guarantee

1. The total amount of liability, standard of amount limit and amount for the company’s external endorsement and guarantee are as follows:
 - (1) The total amount of a reciprocal guarantee among companies of the same industry in accordance with contract for project contracting requirement shall not exceed 5 times the net value of the company. The amount of endorsement and guarantee to any single enterprise shall not exceed 3 times the company’s net value.
 - (2) Other than a guarantee for project contracting, the accumulated amount of liability under external endorsement and guarantee shall not exceed 20% of the net value of the company. The amount of endorsement and guarantee for any single enterprise shall not

exceed 10% of the company's net value.

- (3) The amount of an endorsement and guarantee for companies of which 50% or more of the shares are held directly or indirectly by the company shall not be subject to the restrictions under the previous two subsections.
 - (4) The amount of an endorsement and guarantee among companies of which 90% or more voting shares are held directly or indirectly by the company shall not exceed 10% of the net value of the company.
 - (5) The endorsement and guarantee by the company for companies whose 100% voting shares are directly or indirectly held by the company are not limited to the restriction of the previous subsection.
 - (6) The amount of an endorsement and guarantee provided for business dealings shall not exceed the amount of such business dealings. Amount of business dealing means the amount of product purchase or product sale between the companies during one year, whichever is higher, based on the latest accountant certified financial statements.
2. The total amount of liability, amount limit standard and amount for external endorsement and guarantee by the company and its subsidiaries are as follows:
 - (1) For a reciprocal guarantee in accordance with a contract by the company and its subsidiaries based on project contracting requirements, and endorsement and guarantee among the company and its parent and subsidiaries or among companies whose 100% voting shares are held directly or indirectly held by the company, the total amount shall not exceed 8 times the net value of the company. The amount of an endorsement and guarantee to any single enterprise shall not exceed 5 times the company's net value.
 - (2) Other than the endorsement and guarantee under the previous subsection, the accumulated total amount of liability under external endorsement and guarantee shall not exceed 50% of the net value of the company. The amount of endorsement and guarantee to any single enterprise shall not exceed 20% of the company's net value.
 3. The above company net value shall be based on the latest accountant certified or audited financial statements.
Parent and subsidiary shall be determined in accordance with provisions under Financial Accounting Standards 5 and 7.

Article 5. Decision and Authorization Level

1. When the company provides an endorsement and guarantee, approval procedures shall be carried out in accordance with Article 6 of this procedure and the endorsement and guarantee shall only be provided after board resolution. However, to meet timing requirements, execution may be done in accordance with the following rules:
 - (1) Any endorsement and guarantee for project contracting with total amount below NT\$600 Million (inclusive) may be executed by the chairman first with the authorization from the board of directors and then submitted to the board of directors for ratification.
 - (2) Any endorsement and guarantee between parent companies and subsidiaries below NT\$1 Billion (inclusive) may be executed by the chairman first with the authorization from the board of directors and then submitted to the board of directors for ratification.
 - (3) Any endorsement and guarantee other than the previous two subsections within the total endorsement and guarantee amount below NT\$200 Million (inclusive) may be executed by the chairman first with the authorization from the board of directors and then submitted to the board of directors for ratification.
2. Any subsidiary of which 90% or more voting shares are directly or indirectly held by the company can only provide endorsement and guarantee in accordance with Section 2, Article 3 after submission to and resolution by the board of directors of the company, except endorsement and guarantee among companies whose 100% voting shares are directly or indirectly held by the company.

3. If the company provides any endorsement and guarantee exceeding the amount limit provided under the previous article due to business requirements and if the conditions under the endorsement and guarantee procedure of the company are complied with, approval from the board of directors shall be required and the majority of directors shall provide a joint guarantee for the loss that may arise out of the company's exceeding the limit. This procedure shall also be amended and submitted to the shareholder meeting for ratification. If the shareholder meeting does not approve, a plan shall be established with a certain deadline to remove the exceeding portion.
4. When this procedure is submitted to the board of directors for discussion in accordance with the previous section, opinions of each independent directors shall be fully taken into consideration and their specific opinions for approval or objection and the reasons for objection shall be included in the minutes of the board meeting.

Article 6. Procedure for Endorsement and Guarantee

1. In processing an endorsement and guarantee, the relevant department shall submit an endorsement and guarantee application form, specifying the beneficiary of the endorsement and guarantee, type, reason and amount. The application shall be filed with the finance department of the company.
The finance department shall review the application under the endorsement and guarantee application form item by item and make records.
The following shall be included:
 - i. Necessity and reasonableness of the endorsement and guarantee.
 - ii. Credit and risk evaluation of the beneficiary of endorsement and guarantee.
 - iii. Impact on the company's operational risk financial status and shareholder interest.
 - iv. Whether collateral should be required and the evaluation value of the collateral.
2. The finance department shall submit the endorsement and guarantee application stating the relevant scope of endorsement and guarantee, reason and risk evaluation to the chairman for approval. Then a board resolution shall be required. If the proposal is within the authorized amount, the chairman may decide based on the credit level and financial status of the beneficiary of the endorsement and guarantee.

Article 7. Establishment of Reference Book

The finance department shall establish a reference book for endorsement and guarantee matters. After the endorsement and guarantee are approved by the board of directors or decided by the chairman, in addition to filing a request for use of seal, the beneficiary and amount of the endorsement and guarantee, the date of board approval or chairman's decision and the date of the endorsement and guarantee shall be recorded in detail for future reference.

Article 8. Procedure for Use and Custody of Sample Seal

1. The company shall use the company seal registered with the Ministry of Economic Affairs to be the dedicated seal for endorsements and guarantees. Such seal and relevant instruments shall be kept by dedicated staff designated by the chairman under the authorization of the board of directors. Any change of seal safe-keeper shall be reported to and approved by the board of directors and the seal under the custody shall be handed over. The seal may only be used and an instrument may only be signed and issued in accordance with the seal management rules established by the company.
2. If the company provides any guarantee for any overseas company, the guarantee letter issued shall be signed by the chairman under the authorization of the board of directors.

Article 9.Procedure for Public Announcement

1. After the company becomes a publicly traded company, the company shall make a public announcement about the balance amount of endorsement and guarantee by the company and its subsidiaries for the previous month within the 10th day of every month.
2. After the company becomes a publicly traded company, when the balance amount of endorsement and guarantee reaches one of the following thresholds, a public announcement shall be made within 2 days from the date of occurrence:
 - (1) Balance amount of any endorsement and guarantee by the company and its subsidiaries reaches 50% or more of the net value based on the latest financial statements of the company.
 - (2) Balance amount of any endorsement and guarantee by the company and its subsidiaries for any single enterprise reaches 20% or more of the net value based on the latest financial statements of the company.
Balance amount of any endorsement and guarantee by the company and its subsidiaries to any single enterprise reaches NT\$10 Million and the combined balance amount of endorsement and guarantee, long term investment and funds lending to such enterprise reaches 30% of the net value on the company's latest financial statements.
 - (3) The amount of new endorsements and guarantees by the company and its subsidiaries reaches NT\$30 Million and 5% of the net value on the company's latest financial statements.
3. If any subsidiary of the company is not a domestic publicly traded company and if such subsidiary has any matter subject to public announcement under any subsection Section 2 of this article, the company shall make a public announcement.
4. The percentage of balance amount of an endorsement and guarantee by the subsidiary under the previous section as a percentage of the net value shall be calculated as the balance amount of the endorsement and guarantee of such subsidiary as a percentage to the net value of the company.

Article 10.Internal Audit

The internal audit staff of the company shall perform at least quarterly audit on the procedure of endorsements and guarantees and the execution. Written records shall be made. If any significant violation is discovered, each supervisor shall be informed in writing immediately.

Article 11.Control Procedure for Endorsement and Guarantee by Subsidiary

1. If any subsidiary of the company contemplates to provide an endorsement or guarantee for any other person, the company shall ensure that such subsidiary proceed in accordance with the endorsement and guarantee procedure established in accordance with the "Guidelines for Funds Lending and Endorsement and Guarantee by Publicly Traded Company" by the Securities and Futures Bureau, provided that the net value shall be calculated based on the net value of the subsidiary.
2. Any subsidiary of the company that contemplates to provide any endorsement or guarantee for any other person shall only do so following report to and approval from the company. The finance department of the company shall make a substantial evaluation of the necessity, reasonableness and risk of such endorsement and guarantee and the impact on the operational risk, financial status and shareholder interest of the parent and subsidiary. A report shall be filed with the chairman for approval.
3. The subsidiary shall prepare an endorsement and guarantee detail table by the 8th day of each month and such table shall be submitted to the company.
4. The internal audit staff of the company shall perform regular audit on its subsidiaries about the

compliance with their “Endorsement and Guarantee Procedure”. After the discoveries and suggestions of the audit report are submitted for approval, the audited subsidiary shall be informed for improvement. Regular follow-up reports shall also be prepared in order to ensure that appropriate and timely improvement measures have been undertaken.

Article 12. Penalty

If any manager or responsible staff of the company carrying out any endorsement or guarantee violates the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” of the Securities and Futures Bureau or the “Endorsement and Guarantee Procedure” of the company, sanctions shall be imposed based on the gravity of the matter in accordance with the company’s human resource management rules and work rules and regular audit reports shall be filed.

Article 13. Other Matters

1. If the beneficiary of the company’s endorsement and guarantee is consistent with this procedure but subsequently becomes inconsistent, or if the amount of endorsement and guarantee exceeds the regulated amount due to change of amount limit calculation basis, an improvement plan shall be established for the amount of the endorsement and guarantee for such beneficiary or the portion exceeding the limit to eliminate the inconsistencies. The relevant improvement plan shall be sent to each supervisor.
2. The finance department shall prepare a detailed table about the guarantee matters that occurred or cancelled during each month to facilitate control, follow-up and public announcements. In addition, probable loss from the endorsement and guarantee shall be evaluated or recognized, and the endorsement and guarantee information shall be properly disclosed in the financial reports in accordance with Financial Accounting Standard No. 9 and relevant information shall be provided to the certifying accountant to execute necessary audit procedure.
3. Prior to the expiry date of the endorsement and guarantee, the finance department shall take the initiative to inform the beneficiary enterprise of the guarantee to take back guarantee notes left with the bank or the creditor institution and cancel instruments related to the endorsement and guarantee.
4. Endorsements and guarantees undertaken by the company and its subsidiaries and related matters during each operational year shall be reported to the following year’s shareholder meeting for reference.
5. If the beneficiary of the endorsement and guarantee is a subsidiary with net value that is less than 1/2 of the paid-in capital, the subsequent relevant control measures shall be specified and the control measures shall be reported to the following board of directors.

Article 14. Relevant Legislation

Any matter that is not fully provided for hereunder shall be handled in accordance with relevant legislation.

Article 15. Implementation and Amendment

1. This procedure shall be implemented following approval by the board of directors, distribution to each supervisor and submission to the shareholder meeting for approval. If any director voices any objection by recording or written statement, the company shall also submit the objection to each supervisor and shareholder meeting for discussion. The procedure shall be applicable to any amendment hereof.
2. When the endorsement and guarantee procedure is submitted to the board of directors for

discussion in accordance with the previous section, opinions from each independent director shall be fully taken into consideration and the specific opinions of approval or objection and the reasons for objection shall be included in the minutes of the board meeting.

3. This procedure is implemented after approval by the shareholder meeting on 3 May 2005.

Article 16. Date of Establishment and Amendment

This procedure was made on 3 May 2005. The first amendment to this procedure was made on 4 October 2005. The second amendment to this procedure was made on 16 June 2009. The third amendment to this procedure was made on 10 June 2010.

Appendix 6: Acquisition and Disposal of Assets < Before the revision >

Procedure for Acquisition or Disposal of Assets

Article 1. Purpose and Legislative Basis

The company has established this procedure in accordance with Article 36-1 of the Securities Transaction Act and the “Guidelines for Acquisition and Disposal of Assets by Publicly Traded Companies” for the purpose of reinforcing asset management, protecting investment and executing information disclosure. Any matter related to the acquisition or disposal of assets by the company shall be in accordance with this procedure.

Article 2. Scope of Assets

Assets referred to under this procedure means:

1. Investment in stocks, government bonds, corporate bonds, financial bonds, fund securities, depository certificates, options, beneficiary securities and asset based securities.
2. Real estate property (including inventory of construction business) and other fixed assets.
3. Memberships.
4. Intangible assets such as patent right, copyright, trademark right and concession right.
5. Creditor’s right against financial institutions (including amounts receivable, foreign exchange factoring and lending and collection amounts).
6. Derivative products.
7. Assets received or disposed of from merger, division, acquisition or share transfer in accordance with law.
8. Other important assets.

Article 3. Definitions of Relevant Terms

1. Derivative product: Means a forward contract, options contract, futures contract, leveraged deposit contract, exchange contract and contract combining the above products which value derive from products such as asset, interest rate, exchange rate, index or other interest. A forward contract does not include insurance contract, performance contract, after sale services contract, long term lease contract and long term product purchase (sale) contract.
2. Assets received or disposed of from merger, division, acquisition or share transfer in accordance with law: Means an asset acquired or disposed of through merger, division or acquisition in accordance with the Enterprise Merger Act, Financial Controlling Company Act, Financial Institution Merger Act or other laws or shares of other companies received through new share issuance in accordance with Section 6, Article 156 of the Company Law (hereinafter “Share Received”).
3. Related party: As defined by the Financial Accounting Standards published by the Accounting Research and Development Foundation in Taiwan (hereinafter the “Accounting Research and Development Foundation”).
4. Subsidiary: As defined under Financial Accounting Standards 5 and 7 published by the Accounting Research and Development Foundation.
5. Professional price appraiser: Means a real estate price appraiser or other person who may engage in price appraisal business for real estate and other fixed assets in accordance with law.
6. Date of occurrence: Means the transaction contract signature date, payment date, authorized closing date, transfer date, board resolution date or other date on which the transaction counterparty and the transaction amount can be determined, whichever is earlier. However, for

investments requiring approval by the competent authority, it shall mean the above date or the date on which the approval from the competent authority is received, whichever is earlier.

7. Investment in Mainland China: Means investment in Mainland China engaged in accordance with the Rules for Approval of Investment or Technical Cooperation in the Mainland Area by the Investment Committee of the Ministry of Economic Affairs.
8. Latest financial statements: Means the financial statements publicly certified or audited by accountants in accordance with law before the company's acquisition or disposal of asset.

Article 4. For any price appraisal report or opinion from accountant, attorney or securities underwriter obtained by the company, the professional price appraiser and its appraisers, accountants, attorneys or securities underwriters shall not be related parties of the company.

Article 5. Amount Limit for Acquisition of Non-Operational Real Estate or Securities

1. The company's acquisition of non-operational real estate or securities is limited to the following amount limits:
 - (1)The total amount of real estate acquired for non-operational use shall not exceed 50% of the net value according to the latest financial statements of the company.
 - (2)The total amount of investment in securities shall not exceed 50% of the net value according to the latest financial statements of the company. The amount of investment in any individual security shall not exceed 30% of the net value according to the latest financial statements of the company. Securities with guaranteed principal shall not be included in the calculation of the amount of investment in securities.
2. The company's investment in subsidiaries shall be done in accordance with resolutions of the board of directors as authorized by the company's articles of association and shall not be subject to the limit of not exceeding 40% of the paid-in capital under Article 13 of the Company Law.

Article 6. Evaluation and Procedure for Acquisition or Disposal of Securities

1. Price Determination Method and Reference Benchmark
In acquiring or disposing of securities, prior to the date of occurrence of the event, the latest financial statements of the target company that has been certified or audited by accountants shall serve as reference for evaluating the transaction price:
2. Expert Opinions
In acquiring or disposing of securities, and if the transaction amount reaches 20% of the company's paid-in capital or NT\$300 Million and above, an accountant shall be engaged to provide an opinion about the reasonableness of the transaction price prior to the date of occurrence of the event. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC), Executive Yuan.
3. The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 30, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.
4. Authorized Amount and Level
 - (1) Any investment in subsidiaries or disposal of shareholding thereof for operational purpose shall

be submitted to the board of directors for approval.

- (2) Any acquisition or disposal of government bond, corporate bond, financial bond, domestic or overseas bond type fund, domestic or overseas currency type fund for financing purpose with single transaction amount reaching NT\$100 Million or above shall be submitted to the board of directors for approval. The chairman is authorized to approval transactions less than NT\$100 Million. Transactions amount exceeding NT\$70 Million shall be ratified at the next the board of directors meeting.
- (3) Any acquisition or disposal of other securities for financing purpose with a single transaction amount reaching NT\$70 Million or above shall be submitted to the board of directors for approval. The chairman is authorized to approval transactions less than NT\$70 Million. Transaction amount exceeding NT\$50 Million may be ratified at the next board of directors meeting.
- (4) Any acquisition or disposal not for investment in subsidiaries and not for financing purpose with single transaction amount reaching NT\$30 Million or above shall be submitted to the board of directors for approval. The chairman is authorized to approval transactions less than NT\$30 Million. Transactions amount exceeding NT\$30 Million shall be ratified at the next the board of directors meeting.
- (5) Negotiable term deposit certificates, short term commercial papers and bank endorsed drafts, sale and purchase with back-back option and bonds with sell-back condition are not covered by the above and may be approved by the chairman.

5. Execution Division

The company's procedure related to the acquisition and disposal of long and short term securities investment shall be executed under the responsibility of the finance department following approval in accordance with the authority provided in the previous section.

6. Transaction Process Flow

The transaction process flow for the company's acquisition or disposal of securities shall be carried out in accordance with the company's rules about investment cycles under the internal control system.

Article 7. Evaluation and Procedure for Acquisition or Disposal of Real Estate and Other Fixed Assets

1. Price Determination Method and Reference Benchmark

For acquisition or disposal of real estate and other fixed assets, reference shall be made to published current value, appraisal value and actual transaction price of neighboring real estate. Transaction conditions, transaction price and analysis report shall be prepared through the procedure of price consultation, price comparison, price negotiation or public tender and submitted to the chairman.

2. Expert Price Appraisal Report

For any acquisition or disposal of real estate or other fixed assets, other than a transaction with government agencies, delegated construction on self-owned land, delegated construction on leased land or acquisition or disposal of machinery and equipment for operational purpose, if the transaction amount reaches 20% of the company's paid-in capital or NT\$300 Million or above, a price appraisal report issued prior to the date of occurrence of the event by a professional price appraiser shall first be obtained and the following rules shall be complied with:

- (1) If there is any special reason requiring any fixed price or specific price to serve as reference benchmarks for the transaction price, such transaction shall first be submitted to the board of directors for resolution. If any transaction condition changes in the future, the above procedure shall be followed.

- (2) If the transaction amount is NT\$1 Billion or above, at least 2 professional price appraisers shall be engaged to perform appraisal.
- (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - i. The appraisal result deviates from the transaction amount by 20% or more.
 - ii. The appraisal results by two or more professional appraisers deviate from the transaction price by 20% or more.
- (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
- (5) Application in Construction Industry
Unless any fixed price or specific price is used as reference benchmark for the transaction price, if there is a justifiable reason for not obtaining the appraisal report in time, the appraisal report and the accountant's opinion under section (3) above shall be obtained within 2 weeks commencing immediately from the date of occurrence.
- (6) For assets acquired or disposed of through court auction procedure, documents of proof issued by the court may be used in lieu of price appraisal report or accountant's opinion.
- (7) The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 6-3.,
3. Authorization Amount and Level
Any acquisition or disposal of real estate or other fixed assets with transaction amount of NT\$10 Million (inclusive) or below shall be submitted to the chairman for approval. Any transaction exceeding NT\$10 Million shall only be carried out after approval by the board of directors.
4. Execution Division
Any acquisition or disposal of real estate or other fixed assets by the company shall be executed under the responsibility of the user department and relevant responsible department after approval in accordance with the authority provided under the previous section.
5. Transaction Process Flow
The transaction flow for the acquisition or disposal of fixed assets by the company shall be carried out in accordance with the procedure related to fixed asset cycles under the company's internal control system.

Article 8. Evaluation and Procedure for Acquisition of Real Estate from a Related Party

1. When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.
The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 6-3 herein.
When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.
2. When a public company intends to acquire or dispose of real property from or to a related party,

or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:

- (1) The purpose, necessity and expected effect of acquisition or disposal of assets.
- (2) Reason for selecting a related party as the transaction counterparty.
- (3) With respect to the acquisition of real property from a related party, information relating to the evaluation of reasonableness of contemplated transaction conditions in accordance with sections 2 and 3 of this article.
- (4) The date, price and transaction party in the previous transaction engaged by the related party and the relationship between the company and the related party.
- (5) Cash income and expense forecast table for each of the 12 months following the month on which the contract is contemplated to be signed and evaluation of the necessity of the transaction and reasonableness of the utilization of capital.
- (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the article 1.
- (7) Restrictive conditions and other important agreements under this transaction.
- (8) When submission is made to the board of directors for discussion in accordance, opinions of independent directors shall be fully taken into consideration. Any objection or reservation by any independent director shall be recorded in the minutes of the board meeting.
- (9) The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 13-2, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.
- (10) With respect to the acquisition or disposal of business-use machinery and equipment between a the company and its parent or subsidiaries, the company's board of directors may pursuant to Article 7, paragraph 1, subparagraph 3 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.

3. Evaluation of Reasonableness of Transaction Cost

- (1) For any real estate to be acquired from a related party, the following method should be used to evaluate the reasonableness of the transaction cost:
 - i. Transaction price with the related party plus required capital interest and cost to be borne by the buyer in accordance with law. Required capital interest cost shall be calculated based on the weighted average interest rate of the loan taken out by the company during the year of asset acquisition, provided that it shall not be higher than the highest lending rate for non-financial industry published by the Ministry of Finance.
 - ii. If the related party has taken out a mortgaged loan from any financial institution based on the target, the total lending assessment value of the target by such financial institution, provided that the accumulated value of actual lending by such financial institution for the target shall be at least 70% of the total lending assessment value and the loan period must have exceeded one year. However, this shall not be applicable if the financial institution is a related party to either party to the transaction.
- (2) If the land and housing under the same target is purchased at the same time, the transaction cost for the land and the housing may be evaluated under any method under subsection (1) above.
- (3) For any real estate to be acquired from a related party, the real estate cost shall be evaluated in accordance with subsections (1) and (2) above and an accountant shall be

engaged to perform re-assessment and provide substantial opinion.

- (4) For real estate to be acquired from a related party, if there is any of the following events, only section 2 of this article about evaluation and procedure shall be applicable. Provisions about the evaluation of reasonableness of transaction cost under subsections (1) to (3) above shall not be applicable.
- i. The related party acquired the real estate through succession or gift.
 - ii. The contract by which the related party acquired the real estate was signed more than 5 years preceding the contract signature date for this transaction.
 - iii. The real estate was acquired through signature of a co-construction contract with the related party.

4. If the result of evaluation under subsections (1) and (2) above is lower than the transaction price, section 5 of this article shall be applicable. However, this shall not be applicable if it is due to any of the following reasons and if objective evidence is submitted and substantial opinions about reasonableness from real estate professional appraiser and accountant are received:

- (1) The related party re-constructed following the acquisition of undeveloped land or leased land and evidence is provided to show that one of the following conditions are satisfied:
 - i. The combined value of evaluation of the undeveloped land in the method provided under section 3 and the construction cost of the housing by the related party plus reasonable construction profit exceeds the actual transaction price. Reasonable construction profit shall be based on the average business gross interest rate of the related party's construction department for the past three years or the latest construction industry gross interest rate published by the Ministry of Finance, whichever is lower.
 - ii. Closing cases of other floors of the same targeted housing/land or in the vicinity within the past year and not involving related parties, with similar surface, which transaction conditions are equivalent after evaluation of reasonable price difference for the floor or area based on real estate sale and purchase practice.
 - iii. Cases of leases of the same targeted housing/land within the past year and not involving related parties, which transaction conditions are equivalent after evaluation of reasonable price difference for the floor based on real estate lease practice.
- (2) Evidence is provided showing that the transaction conditions of the real estate to be acquired from the related party is equivalent to closing cases in the vicinity within the past year, not involving related parties and with a similar surface.

In principle, a closing case in the vicinity means the same or neighboring block within 500 meters diameter from the transaction target or similar published current value. Similar surface means the surface of the transaction case of non-related parties is not less than 50% of the surface of the transaction target. Within one year means one year preceding the date of occurrence of the current acquisition of real estate.

5. For any acquisition of real estate from a related party, if the result of evaluation under sections 3 and 4 is lower than the transaction price, the following matters shall be carried out:
- (1) The difference between the real estate transaction price and the evaluation cost shall be provided as special reserve in accordance with Section 1, Article 41 of the Securities Transaction Act and shall not be distributed in cash or in share through capital increase. If the investor evaluating the company's investment under the equity method is a publicly traded company, special reserve shall be provided based on the provided amount and the shareholding percentage in accordance with Section 1, Article 41 of the Securities Transaction Act.

- (2) The supervisors shall proceed in accordance with Article 281 of the Company Law.
 - (3) The situations under subsections (1) and (2) above shall be reported to the shareholder meeting and the details of the transaction shall be disclosed in the annual report and the prospectus. If the company and the publicly traded company that evaluated the company's investment under the equity method have provided special reserve in accordance with the above, the special reserve may only be used when the asset purchased at the high price has devalued or disposed of or compensated appropriated or reinstated to its original status, or if there is any other evidence showing that there is no issue of reasonableness and the Securities and Futures Bureau of the Financial Supervisory Commission of the Executive Yuan has given consent.
6. For any real estate acquired by the company from a related party, if there is any other evidence showing that the transaction is inconsistent with operational norms, section 2 and 3 shall be followed.

Article 9. Evaluation and Procedure for Acquisition or Disposal of Membership and Intangible Assets

1. Price determination method and reference benchmark
For the acquisition or disposal of any membership or intangible asset, the future possible proceeds from such asset and market fair value should be taken into consideration. If required, expert opinions should be referred to. Negotiation and determination shall be made with the transaction counterparty.
2. Expert Opinions
Any acquisition or disposal of membership or intangible asset with the transaction amount reaching 20% of the company's paid-in capital or NT\$300 Million or above, an accountant shall be engaged to provide an opinion about the reasonableness of the transaction price prior to the date of occurrence of the event. The accountant shall proceed in accordance with Audit Standard No. 20 published by the Accounting Research and Development Foundation. Calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 6-3.
3. Authorization Amount and Level
 - (1) Any acquisition or disposal of membership with the transaction amount of NT\$1 Million or below shall be approved internally by the company and submitted to the chairman for approval. If the transaction amount exceeds NT\$1 Million, it may only be carried out after approval by the board of directors.
 - (2) Any acquisition or disposal of an intangible asset with the transaction amount of NT\$1 Million or below shall be approved internally by the company, may only be carried out after approval by the chairman, and shall be submitted to the following board meeting. If the transaction amount exceeds NT\$1 Million, it may only be carried out after approval by the board of directors.
4. Execution Division
The company's acquisition or disposal of a membership and intangible asset shall be executed under the responsibility of the user department and the relevant responsible department after approval in accordance with the previous section.
5. Transaction Process Flow
The transaction process flow for the company's acquisition or disposal of a membership or intangible asset shall be carried out in accordance with the company's rules about investment

cycles under the internal control system.

Article 10. Evaluation and Procedure for Acquisition or Disposal of Creditor's Right Against a Financial Institution

In principle, the company does not engage in any transaction for acquisition or disposal of creditor's right against financial institution. If it wishes to engage in any transaction for acquisition or disposal of creditor's right against financial institution, it shall establish relevant evaluation and processing procedure after submission to and approval from the board of directors.

Article 11. Evaluation and Procedure for Acquisition or Disposal of Derivative Products

In order to effectively manage the company's income, expenses, assets, debts and risks arising out of foreign exchange and the company's transactions of derivative products.

1. Operational or Hedging Strategy

The company engages in transactions of derivative products for the purpose of avoiding risks arising out of fluctuation of foreign exchange rate, interest rate or asset price. Hedging is limited to foreign currency positions payable/receivable arising out of the company's business for the future six months. Before engaging in the transaction, it shall be verified that it is a hedging operation.

2. Segregation of Duty

The finance manager shall designate the staff of the finance department who may engage in derivative product transactions and confirmations.

There shall be transaction confirmation and settlement staff. The confirmation staff shall be responsible for confirming the transaction with the transaction counterparty. The settlement staff shall be responsible for arranging settlement due. The transaction confirmation staff shall not be the same person as the settlement staff.

3. Determination of Limit on Total Transaction Contract Amount and Loss Limit

(1) Total Transaction Contract Amount

Hedging Operation

The company's total hedging contract amount shall be limited to the foreign currency positions receivable/payable arising out of the company's business for the future six months.

Transactional Operation

Except Convertible Bonds and Bond with attached warrant and structured product with principal guaranteed, the company does not engage in transactional operations.

(2) Loss Limits

Hedging Operations

If the company's individual (combined) contract losses represent 5% or more loss from the market value, a report shall be filed with the chairman for approval as to whether the positions should be closed.

The individual (combined) contract losses shall not exceed a maximum of 10% of contract amount of each individual (combined) transaction. If this loss limit is exceeded, a public announcement shall be made in accordance with Article 13 of this procedure.

Transactional Operations

Except Convertible Bonds and Bond with attached warrant and structured product with principal guaranteed, the company does not engage in transactional operations.

4. Performance Review
Hedging Operations

The performance of hedging operations shall be evaluated based on the hedging strategies.

5. Authorization Amount and Level

The authorization amount and level for hedging operations are as follows:

The transaction staff authorized by the company shall carry out transactions in accordance with the total transaction contract amount limit under Subsection 3, Section 1, Article 11 and the transaction may only be carried out following evaluation by the finance manager and approval by the responsible supervisor.

Each transaction shall be subject to internal written approval based on the amount. The authorization amount, transaction approval and level are as follows:

| Amount (NT\$) | Department Supervisor | General Manager | Chairman | Board of Directors |
|-----------------------------------|-----------------------|-----------------|----------|--------------------|
| Below 100 Million | Review | Review | Approval | |
| 100 Million and above (inclusive) | Review | Review | Review | Resolution |

To ensure that the transaction counterparty complies with the company's supervision and management, the transaction authorization amount and level provided under this article shall be notified to the transaction counterparty in writing. However, if the written confirmation with the transaction counterparty does not indicate the authorization amount, then the supervisor of the finance department will approve the transaction.

6. Significant Derivative Product Transaction

Significant derivative product transactions shall be carried out in accordance with relevant rules and submitted to the board of directors for resolution.

7. Execution Division and Process Flow

- (1) Confirm transaction position.
- (2) Analysis and judgment about relevant trend.
- (3) Determine specific hedging method:
 - i. Transaction target.
 - ii. Transaction position.
 - iii. Target price and range.
 - iv. Transaction strategy and type.
 - v. Price reference based on public quoting system.
- (4) Obtain approval for transaction.
- (5) Execute transaction.
 - i. Transaction Counterparty: Transaction counterparties shall be selected with priority consideration for credit risk.
 - ii. Transaction Staff: The company's staff who may execute derivative product transactions shall first be approved by the highest decision making supervisor of the finance department, general manager and chairman and then notified to the financial institution dealing with the company. No other staff may engage in the transactions.

8. Risk Management

- (1) Credit Risk: In principle, the company's transaction counterparties are limited to banks or renowned financial institutions dealing with the company and those who can provide professional information. Otherwise, approval shall be required from the highest decision

making supervisor of the finance department.

- (2) Market Risk: The company's derivative financial products shall be focused on hedging transactions against market price fluctuations due to change of foreign exchange or other reasons and shall be monitored at all times.
- (3) Liquidity Risk: In order to ensure liquidity, it shall be confirmed with the capital staff prior to the transaction that the transaction amount will not cause any insufficiency of liquidity.
- (4) Cash Risk: The company shall maintain sufficient liquid assets and credit facilities to satisfy settlement capital requirements.
- (5) Process Risk: The company shall have clear authorization amounts and process flows to avoid process risks.
- (6) Legal Risk: The documents between the company and the transaction counterparties shall be reviewed by the internal legal staff or legal consultants before they are officially signed to avoid legal risks.

9. Internal Control

- (1) The transaction staff of the company may not also serve as confirmation staff or settlement staff.
- (2) Upon occurrence of a transaction, the transaction staff shall immediately complete the transaction closing form and confirm with the confirmation staff. The confirmation staff shall confirm with the transaction counterparty based on the closing form and make records in the general positions chart for reference.
- (3) When the company engages in derivative product transactions, the evaluation, supervision and control of relevant risks shall be under the responsibility of internal audit staff independent from the finance department who reports to the board of directors and the chairman.

10. Regular Evaluation Method and Anomaly Handling

The finance department shall perform derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. The evaluation report shall be submitted to the senior staff authorized by the board of directors. Any anomaly shall be immediately reported to the board of directors and necessary corresponding measures shall be taken.

The evaluation shall include the following:

- (1) Regularly evaluate whether the performance of derivative product transactions engaged are consistent with the existing operational strategy.
- (2) Whether the risks undertaken are within the company's scope of tolerance.
- (3) Monthly evaluation of risk management measures: Regularly evaluate whether the risk management measures currently used are suitable and duly compliant with the Derivative Product Transaction procedure established by the company.
- (4) The finance department shall proceed in accordance with the Commercial Accounting Act, the Financial Accounting Standards and letters and orders from relevant competent authorities. If there is no relevant rules, details shall be recorded and calculations shall be made on monthly basis under statements of realized and unrealized profit and loss.

11. Where a public company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:

- (1) Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
- (2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.

12. Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:
 - (1) Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.
 - (2) When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.

A company shall report to the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.
13. The internal audit staff shall regularly understand the suitability of internal control of derivative product transaction and shall audit the compliance of transaction related departments with relevant provisions under this procedure on monthly basis. The transaction cycles shall also be analyzed and recorded into audit reports. If any significant violation is discovered, the board of directors shall be informed in writing.
14. The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 11-2 of Article 12-1 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of Article 20 shall be recorded in detail in the log book.
15. Any of the company's managers or responsible staff who engages in any derivative product transaction shall comply with the provisions under this procedure in order to avoid any inappropriate operational loss suffered by the company. In case of any violation of any relevant legislation or this procedure, the sanctions shall be imposed in accordance with relevant human resource regulations.
16. If any subsidiary of the company contemplates to engage in derivative product transactions, the company shall ensure that it establishes a procedure for derivative product transactions and implement such procedure after it is submitted to the board of directors for resolution in accordance with relevant rules. Any subsidiary of the company that engages in any derivative product transaction shall provide relevant information to the company for review on a regular basis.

Article 12. Evaluation and Procedure for Merger, Division, Acquisition or Share Transfer

1. Evaluation and Procedure

If the company engages in any merger, division, acquisition or share transfer, it shall engage attorneys, accountants and underwriters to jointly study and discuss the legal procedure and estimated timetable. A project team shall be organized for execution in accordance with the legal procedure.

2. Transaction Consideration Determination Method and Reference Benchmark

If the company engages in any merger, division, acquisition or share transfer, it shall consider the past and future financial and operational status of the participating companies, estimate proceeds that may occur in the future and fair method for transaction price determined by the market.

Professional opinions from accountants, attorneys or securities underwriters shall be referred to as well as the negotiated price by the counterparty participating in the merger, division, acquisition or share transfer.

3. Expert Opinions

If the company engages in any merger, division, acquisition or share transfer, accountants, attorneys or securities underwriters shall be engaged before a board meeting is convened for resolution to provide opinions about the reasonableness of the share swap ratio, acquisition price or cash and other properties distributed to the shareholders. The opinions shall be submitted to the board of directors for discussion and approval.

4. Decision Level

If the company engages in any merger, division, acquisition or share transfer, the resolutions shall be in accordance with the Company Law and relevant legislations.

5. Submission of Relevant Information and Disclosure of Information when Approval by Shareholder Meeting Cannot be Obtained

- (1) If the company engages in any merger, division, acquisition or share transfer, important agreed provisions and relevant matters about the merger, division or acquisition shall be included into a public document brought to the attention of the shareholders before the shareholder meeting and sent to the shareholders together with expert opinions under Section 3 of this Article and notice for shareholder meetings to serve as reference as to whether the merger, division or acquisition proposal should be approved, except other merger, division or acquisition matters that do not require shareholder resolutions in accordance with laws.
- (2) If the shareholder meeting of any company participating in the merger, division or acquisition cannot be held due to insufficient quorum or voting rights or other legal restrictions or if the proposal is rejected by the shareholder meeting, the companies participating in the merger, division or acquisition shall immediately make a public announcement about the reasons, subsequent steps and expected dates to convene their shareholder meetings.

6. Dates of Board Meeting and Shareholder Meeting

- (1) Unless otherwise provided by law or in case of any special reason that is reported to and approved by the Financial Supervisory Commission of the Executive Yuan in advance, companies participating in the merger, division or acquisition shall hold board meetings and shareholder meetings on the same day to resolve matters related to the merger, division or acquisition.
- (2) Unless otherwise provided by law or in case of any special reason that is reported to and approved by the Financial Supervisory Commission of the Executive Yuan in advance, companies participating in share transfer shall hold board meetings on the same day.
- (3) Companies participating in the merger, division or acquisition whose are listed on stock exchange or whose shares are traded in securities dealers' premises shall make complete written records of the following information and keep them for five years for reference.
 - i. Basic staff information: Including persons who participated in the merger, division, acquisition or share transfer project or execution of the project prior to the disclosure of the news, their titles, names and ID numbers (passport numbers for foreigners).
 - ii. Dates of important events: Including dates of signing of letters of intent, memorandums of understanding, engagement of financial or legal advisors, signature of contracts and board of directors.
 - iii. Important documents and minutes: Including merger, division, acquisition or share

transfer plan, letters of intent, memorandums of understanding, important contracts and minutes of the board meetings.

Companies participating in the merger, division or acquisition who are listed on stock exchange or whose shares are traded in securities dealers' premises shall, within 2 days commencing immediately from board resolution, submit the information under subsections (1) and (2) above in the regulated format through the Internet information system to the Financial Supervisory Commission of the Executive Yuan for reference.

If any company participating in the merger, division or acquisition is not a company listed on any stock exchange or whose shares traded in securities dealers' premises, the companies who are listed on stock exchanges or whose shares are traded in securities dealers' premises shall sign an agreement with such company and proceed in accordance sections 3 and 4.

7. Confidentiality Obligation and Avoidance of Insider Trading

All persons participating or that know about the company's merger, division, acquisition or share transfer plan shall issue a written confidentiality undertaking and shall not disclose the plan before the publication of the news, nor shall they purchase or sell any stock or any security in the nature of stock entitlement of any company that is related to the merger, division, acquisition or share transfer plan either in their own name or in the name of any other person.

8. Principle for Change of Share Swap Percentage or Acquisition Price

Companies participating in a merger, division, acquisition or share transfer shall not make any change to the share swap percentage or acquisition price in principle, unless the contract has already provided for the conditions for change or if public disclosure has been made. Conditions that may be changed in relation to share swap percentage or acquisition price are as follows:

- (1) Capital increase, issuance of convertible corporate bonds, issuance of shares without consideration, issuance of corporate bonds with warrants, special shares with warrants, options and other securities in the nature of share entitlement.
- (2) Important acts that affect the company's finance or business such as disposal of the company's material asset.
- (3) Occurrence of a significant disaster, significant technical change affecting the interest of the company's shareholders or securities price.
- (4) Any company participating in the merger, division, acquisition or share transfer makes adjustment pursuant to repurchase of treasury shares in accordance with law.
- (5) Any increase, decrease or change of any entity or number of entities participating in the merger, division, acquisition or share transfer.
- (6) Any condition that may be changed as provided under the contract, and which has been publicly disclosed.

9. Matters to be Provided in Contract

In relation to any merger, division, acquisition or share transfer to which the company participates, in addition to the provisions under Company Law and Enterprise Acquisition Act, the contract shall also specify the rights and obligations of the companies participating in the merger, division, acquisition or share transfer and specify the following matters:

- (1) Breach consequence.
- (2) Principle for handling securities in the nature of share entitlement previously issued or treasury shares repurchased by companies that will disappear or be divided following the merger.
- (3) The quantity of treasury shares that the participating company may repurchase in accordance with law after the record date for share swap percentage calculation and the principle for handling such treasury shares.
- (4) The method to handle increase, decrease or change of participating entities or the number

of entities.

- (5) Expected execution progress and expected completion date of the plan.
- (6) If the plan is not completed within the deadline, relevant handling procedures such as the expected date of shareholder meeting to be convened in accordance with law.

10. Change of Number of Companies Participating in Merger, Division, Acquisition or Share Transfer

After any company participating in the merger, division, acquisition or share transfer publicly discloses the information, if it wishes to perform a merger, division, acquisition or share transfer with any other company, other than when the number of participants is decreased and when the shareholder meetings has resolved and authorized the board of directors to change the authority, in which circumstances the participating company does not need to convene a new shareholder meeting to pass a new resolution, all participating companies shall pass once again through the procedure or legal act that has been completed during the original plan, merger, acquisition or share transfer plan.

11. If any company participating in the merger, division, acquisition or share transfer is not a publicly traded company, the company shall sign an agreement with such company and proceed in accordance with the provisions under section 6 of this article about board meeting and shareholder meeting date, section 7 about confidentiality obligation and avoidance of insider trading and section 10 about change of number of companies participating in the merger, division, acquisition or share transfer.

Article 13. Procedure of Public Announcement

1. When a company acquires or disposes of an asset, if there is any of the following events, a public announcement shall be made within 2 days commencing immediately from the date of occurrence based on the nature of the event and in the regulated format with the relevant information on the website designated by the Securities and Futures Bureau of the Financial Supervisory Commission of the Executive Yuan:
 1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements.
 2. Engagement of merger, division, acquisition or share transfer.
 3. The amount of loss from derivative product transactions reaches the global or individual contract loss limit provided by the procedure established.
 4. For any asset transaction or disposal of creditor's right against financial institution or an investment in the mainland China area other than subsections (1) to (3) above, if the transaction amount reaches 20% of the company's paid-in capital or NT\$300 Million or above, except the following circumstances:
 - i. Purchase and sale of government bonds.
 - ii. Sale and purchase of securities by domestic or overseas stock exchange or securities dealer's premises by professional investors, except if the sale and purchase relates to securities of parent company, subsidiary or affiliate.
 - iii. Sale and purchase of bonds with repurchase or resale conditions.
 - iv. The type of asset acquired or disposed of is machinery or equipment for operational use and the transaction counterparty is not a related party and the transaction amount is less than NT\$500 Million.
 - v. The company acquires or disposes of real estate for construction purpose during operation of construction business, the transaction counterparty is not a related

party and the transaction amount is less than NT\$500 Million.

- vi. Acquisition of real estate from delegated construction on self-owned land, engaging others to build on rented land, housing division following joint construction, sharing following joint construction or distributed sale following joint construction and the transaction amount the company expects to inject is less than NT\$500 Million.
2. The transaction amount under the previous section shall be calculated as follows:
 1. Amount of each transaction.
 2. Accumulated amount from transactions for targets of the same nature acquired from or disposed of to the same counterparty within one year.
 3. Accumulated amount of real estate under the same development project acquired or disposed of (accumulated for acquisition and for disposal respectively) within one year.
 4. Accumulated amount of the same security acquired or disposed of (accumulated for acquisition and for disposal respectively) within one year.
 5. Within one year means one year preceding the date of current occurrence, excluding the portion where public announcement has been made in accordance with the rules.
3. The company the status of derivative product transactions as of the end of the previous month by the company and its subsidiaries which are not domestic publicly traded companies shall be declared on a monthly basis in the regulated form by the 10th day of each month on the information publication website designated by the Securities and Futures Bureau of the Financial Supervisory Commission of the Executive Yuan.
4. If there is any error or omission in any item subject to public announcement requiring correction, a new public announcement shall be made for all items.
5. When the company acquires or disposes of any asset, the relevant contract, minutes, reference book, price appraisal report and opinions of the accountant, attorney or securities underwriter shall be kept in the company and shall be maintained for 5 years unless otherwise provided by law.
6. After the company becomes a publicly traded company and makes public announcements about its transactions in accordance with the previous section of this article, if there are any of the following events, the relevant information shall be published on the website designated by the Securities and Futures Bureau within 2 days commencing immediately from the date of occurrence.
 - (1) Change, termination or cancellation of relevant contract signed for the original transaction.
 - (2) Failure to complete merger, division, acquisition or share transfer on the date provided foreseen under the contract.
 - (3) Change to the originally publicly announced and reported information.
7. If any subsidiary of the company is not a publicly traded company and its acquisition or disposal of asset reaches the threshold of public announcement under Articles 30 and 31 of the "Guidelines for Acquisition and Disposal of Asset by Publicly Traded Companies", the company shall make public announcements on behalf of the subsidiary. The rule about 20% of the paid-in capital as a threshold for public announcement to be applied or 10 percent of the total assets by the subsidiary shall be based on the paid-in capital of the company or total assets.

Article 14. Control Procedure for Acquisition or Disposal of Asset by Subsidiary

1. The company shall see that each subsidiary establishes and executes the procedure for acquisition or disposal of asset in accordance with the "Guidelines for Acquisition and Disposal of Asset by Publicly Traded Companies" by the Financial Supervisory Commission of the Executive Yuan.
2. Any acquisition or disposal of an asset by any subsidiary which is subject to approval by the board of directors in accordance with the "Procedure for Acquisition or Disposal of Assets" it

established or other legislations shall be reported to the company before the occurrence of the fact. The responsible department of the company shall evaluate the feasibility, necessity and reasonableness of such acquisition or disposal of asset, follow up on its execution afterwards and perform analysis and review.

3. The company's internal audit staff shall regularly audit the subsidiary's compliance with the "Procedure for Acquisition or Disposal of Assets" and prepare an audit report. After submission of the discoveries and suggestions in the audit report, the audited subsidiary shall be informed to make improvements. Regular follow up reports shall be prepared to ensure that timely and appropriate improvement measures have been undertaken.

Article 15. The company shall not give up capital increase in any future year for Sheng Hwei International Co., Ltd., Nova Technology Corp., Ho Shou Engineering Co., Ltd. (和碩工程(股)公司) or Nova Technology Singapore Pte., Ltd. If the company must abandon the capital increase for the above companies or disposes of the above companies due to consideration for strategic alliance or other consideration with the approval of the Gre-Tai Securities Market, approval shall be required by special resolution of the board of directors of the company.

Article 16. Penalty

If any relevant staff of the company violates the "Guidelines for Acquisition or Disposal of Assets by Publicly Traded Companies" by the Financial Supervisory Commission of the Executive Yuan or the "Procedure for Acquisition or Disposal of Assets" of the company, regular report shall be made and sanction shall be imposed based on the gravity of the matter in accordance with the human resource management rules of the company and the work rules.

Article 17. Relevant Legislations

Any matter that is not fully provided for hereunder shall be subject to relevant legislations.

Article 18. Implementation and Amendment

For any matter requiring approval by the board of directors in accordance with this procedure or other legislations, if any director voices any objection by record or written statement, the company shall send such director's objection information to each supervisor.

If the company has independent directors, when the acquisition or disposal of asset transaction is submitted to the board of directors for discussion in accordance with the above rule, opinions of the independent directors shall be fully taken into consideration and their opinions and reasons for approval or objection shall be included in the minutes of the meeting.

The establishment of this procedure shall be published as significant information on the Market Observation Post System and a letter shall be sent to the Gre-Tai Securities Market for reference.

Article 19. Date of Establishment and Amendment

This procedure was established on 3 May 2005.

This procedure was amended on 4 October 2005.

This procedure was amended on 16 June 2009.

This procedure was amended on 10 June 2010.

This procedure was amended on 15 June 2011.

Appendix 7: Shareholding of Directors and Supervisors

1. As of April 21, 2013, The company's registered capital is NT\$720,000,000, the issued capital of the Company is NT\$461,358,190, the issued 46,135,819 common shares.
2. The company has elected two independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors and supervisors other than the independent directors shall be decreased by 20 percent. The actual collective shareholdings of directors is 3,690,865 common shares, and the actual collective shareholdings of supervisors is 369,086 common shares.
3. As of April 21, 2013, the actual collective shareholdings of directors and supervisors were shown as below:

| Position | Name | Date elected | 任期 | Directors | | Supervisors | |
|--|-----------------|--------------|----|-----------|------------------------|-------------|------------------------|
| | | | | Shares | Shareholding ratio (%) | Shares | Shareholding ratio (%) |
| Chairman | Liang, Jing-Li | 101.06.18 | 3 | 1,670,688 | 3.62% | | |
| Directors | Yang, Jong-Tang | 101.06.18 | 3 | 756,900 | 1.64% | | |
| Directors | Gao, Sing-Ming | 101.06.18 | 3 | 1,240,662 | 2.69% | | |
| Directors | Hsu, Tsong-Chen | 101.06.18 | 3 | 247,286 | 0.54% | | |
| Directors | Hu, Tai-Tsen | 101.06.18 | 3 | 296,401 | 0.64% | | |
| Independent Director | Chao, Rong-Sian | 101.06.18 | 3 | 0 | 0 | | |
| Independent Director | Wang, Bai-Lu | 101.06.18 | 3 | 0 | 0 | | |
| combined shareholding of all directors | | | | 4,211,937 | 9.13% | | |
| Supervisors | Wu, Bi-Huei | 101.06.18 | 3 | | | 334,579 | 0.73% |
| Supervisors | Yeh, Huei-Sing | 101.06.18 | 3 | | | 3,000 | 0.01% |
| Supervisors | June Wang | 101.06.18 | 3 | | | 452,297 | 0.98% |
| combined shareholding of all Supervisors | | | | | | 789,876 | 1.72% |

Appendix 8: Directors' Compensation and Employees' Profit Sharing

Unit : NTD\$

| profit sharing items | The Board adopted a proposal(A) | already expensed under the Company's 2012 income statements(B) | DIF (A-B) | Difference reason and dealing with the situation |
|---------------------------------|---------------------------------|--|-----------|--|
| Employees' stock profit sharing | 0 | 0 | 0 | No different |
| Employees' cash profit sharing | 35,121,907 | 35,121,907 | 0 | |
| Directors' compensation | 17,241,664 | 17,241,664 | 0 | |

Appendix 9: The other explanation

1. The company's response about shareholder's proposal in this Annual Shareholder's Meeting.
 - (1). According to the article 172-1 of the Company Act, Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal and the number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words.
 - (2). The company have announced that the shareholders can be to submit proposals to discussed at the meeting on the Market Observation Post System. The period is April 8, 2013 to April 18, 2013.
 - (3). The company had not received any proposals from shareholders.

2. Influence of Proposed Stock Dividend Distribution upon 2012 Operating Performance, Earnings Per Share.

The company Proposed cash dividend distribution, so it is not applicable.