



Acter Co., Ltd.

2017 Annual General Shareholders' Meeting Minutes

Time : 09:00 a.m on Friday, 26 May, 2017

Place : B2F, No.201, Sec. 2, Wenxin Rd., Xitun Dist., Taichung City 407, Taiwan
(SWEETEN PLAZA's international hall)

Total outstanding Acter shares : 47,236,819 shares

Total shares represented by shareholders present in person or by proxy : 25,991,220
shares (3,908,670 shares were voted electronically)

Percentage of shares held by shareholders present in person or by proxy : 55.02%

Chairman : Liang, Chin-Li

Recorder : He, Sin-Wen

Attendee : Yang, Jung-Tang, Director

Hu, Tai-Tsen, Director

Yeh, Hui-Hsin, Independent Director (Member of Audit Committee and
Remuneration Committee)

Wang, Mao-Rong, Independent Director (Member of Audit Committee
and Remuneration Committee)

Attending as Delegates : Tsao, Yun-Han, CFO

Chang, Tzu-Hsin, CPA

Yang, Hui-Chi, Attorney

1. Call the Meeting to Order : The aggregate shareholders of shareholders present in person or by proxy constituted a quorum. The chairman called the meeting to order.

2. Chairperson Remarks : (omitted)

3. Management Presentations

Report No. 1 : To report the distribution of 2016 employee and director compensation.
(Proposed by the Board of Directors)

Explanation :

- (1) The Board of Directors resolved that when distributing the surplus profits for each fiscal year, the company shall first offset its losses of previous years and set not less than three percent of the profit before tax excluding the amount of employees' and directors' compensation as compensation to employees; and then set not more than five percent of the profit before tax excluding the amount of employees' and directors' compensation as compensation to directors. Independent directors shall be excluded from distribution.
- (2) The company proposed to allocate 4% for employee compensation (not less than 3%) in the amount of NTD 20,607,630. It also planned to allocate 2% for the remuneration of directors (not higher than 5%) in the amount of NTD 10,303,815.

Report No. 2 : 2016 Business Report. (Proposed by the Board of Directors)

Explanation : The 2016 Business Report is attached as Attachment 1 and Attachment 2.

Report No. 3 : Audit Committee's Review Report of 2016 Financial Statements.
(Proposed by the Board of Directors)

Explanation: The 2016 Audit Committee's Review Report is attached as Attachment 3.

Report No. 4 : To report the amendment of "Corporate Social Responsibility Best Practice Principles" and the execution of corporate social responsibility. (Proposed by the Board of Directors)

Explanation: In order to conform to the amendments of related commercial laws, the company hereby amended "Corporate Social Responsibility Best Practice Principles." Please refer to Attachment 4 for details. The corporate social responsibility reports have been uploaded to the company's website. Please refer to M.O.P.S website or the company's website for more information.

Report No. 5 : To report the execution of the plan that the company proposes to offer to buy within 15% shares of directly or indirectly reinvestment companies by high-performance employees. (Proposed by the Board of Directors)

Explanation: In a board resolution, the company has agreed to release 610,000 shares (approximately 2.41%) of Nova Technology Corp. to its outstanding employees. The share releasing has been completed on Jun. 30, 2016. 584,000 shares were released.

Report No. 6 : To report the execution of that the company's subsidiary Nova Technology Corp. (Nova) is processing the plan of being a listed company. To meet the related regulations, the company intends to have stockholders' meeting authorize the Board of Directors handle Nova's capital increase by cash and the matters of share release if any within the next one year. (Proposed by the Board of Directors)

Explanation: According to the resolution of Board on Aug. 10, 2016, the company sold 3,000,000 shares of Nova to its shareholders on Sep. 23, 2016. And the company forfeited 3,000,000 shares of Nova's cash capital increase and transferred the subscription right to its shareholders on Nov. 16, 2016. All shareholders of ACTER would have priority to subscribe the stocks as mentioned above according to their respective holding as stated in the register of shareholders on the day of record before the share transfer. In addition, according to the resolution of Board on Nov. 8, 2016, the company sold 601,000 shares of Nova on Dec. 20, 2016 to meet the requirements of Nova's application for being emerging stock company.

4. Proposals

Proposal No. 1 : Adoption of the 2016 Business Report and Financial Statements.
(Proposed by the Board of Directors)

Explanation :

- (1) Acter Company's Financial Statements, including the balance sheet, statement of comprehensive income, statement of change in equity, and statement of cash flows, were audited by independent auditors, Chang, Tzu-Hsin CPA and Huang, Hai-Ning CPA of KPMG Firm. Also Business Report and Financial Statements have been approved by the Board held on Feb. 23, 2017 and examined by the Audit Committee of Acter Company.
- (2) The 2016 Business Report, independent auditors' report, and the above-mentioned Financial Statements are attached in the Meeting Agenda as Attachment 1 and Attachment 2.

Voting Results : Sharers represented at the time of voting : 25,991,220 votes

Type	Votes in favor	Votes against	Votes invalid	Votes abstained
votes casted by correspondence	22,080,550	0	0	2,000
votes casted electronically	2,998,619	1,027	0	909,024
Total	25,079,169	1,027	0	911,024

Shares voted for the proposal represented 96.49% of the total represented shares present at the time of voting.

Resolved : The above proposal be and hereby was apporved as proposed.

Proposal No. 2 : Adoption of the Proposal for Distribution of 2016 Profits. (Proposed by the Board of Directors)

Explanation :

(1) Please refer to the 2016 Profit Distribution Table as follows.

**Acter Co., Ltd.
PROFIT DISTRIBUTION TABLE
Year 2016**

Unit : NTD

Beginning retained earnings	745,736,530
Add: net profit after tax	436,276,235
Less: 10% legal reserve (2016)	43,627,624
Less: Defined benefit plans	6,044,539
Less: Special reserve appropriated	7,164,584
Distributable net profit	1,125,176,018
Distributable items:	
Cash Dividend to shareholders(8 per share)	377,894,552
Stock Dividend to shareholders (0 per share)	0
Unappropriated retained earnings	747,281,466

(2) When distributing cash dividends, the total amount paid to each shareholder shall be in whole NT dollars and any fractional amount less than one NT dollar shall be rounded up to the next NT dollar. The resulting difference shall be recognized as a Company expense.

(3) If the cash dividend payout ratio is affected as a result of changes to the Company's outstanding shares due to any reason before the distribution record date and needs to be revised, it is proposed that the Chairman would be fully authorized to handle such matter.

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

Voting Results : Sharers represented at the time of voting : 25,991,220 votes

Type	Votes in favor	Votes against	Votes invalid	Votes abstained
votes casted by correspondence	22,080,550	0	0	2,000
votes casted electronically	3,131,619	1,027	0	776,024
Total	25,212,169	1,027	0	778,024

Shares voted for the proposal represented 97.00% of the total represented shares present at the time of voting.

Resolved : The above proposal be and hereby was apporved as proposed.

5. Discussion

Proposal No. 1 : Discussion on the proposal to amend “Articles of Incorporation.”
(Proposed by the Board of Directors)

Explanation :

- (1) In order to promote corporate governance, the company adopts the candidate nomination system to elect directors. The company hereby proposes to amend “Articles of Incorporation.”
- (2) Please refer to Attachment 5 for details.

Voting Results : Sharers represented at the time of voting : 25,991,220 votes

Type	Votes in favor	Votes against	Votes invalid	Votes abstained
votes casted by correspondence	22,080,550	0	0	2,000
votes casted electronically	3,131,615	1,031	0	776,024
Total	25,212,165	1,031	0	778,024

Shares voted for the proposal represented 97.00% of the total represented shares present at the time of voting.

Resolved : The above proposal be and hereby was apporved as proposed.

Proposal No. 2 : Discussion on the proposal to amend “Procedure for Acquisition or Disposal of Assets.” (Proposed by the Board of Directors)

Explanation :

- (1) In order to conform to the amendments of related commercial laws, the company hereby proposes to amend “Procedure for Acquisition or Disposal of Assets.”
- (2) Please refer to Attachment 6 for details.

Voting Results : Sharers represented at the time of voting : 25,991,220 votes

Type	Votes in favor	Votes against	Votes invalid	Votes abstained
votes casted by correspondence	22,080,550	0	0	2,000
votes casted electronically	3,127,615	5,031	0	776,024
Total	25,208,165	5,031	0	778,024

Shares voted for the proposal represented 96.98% of the total represented shares present at the time of voting.

Resolved : The above proposal be and hereby was apporved as proposed.

Proposal No. 3 : Discussion on the proposal to amend “Procedures for Election of Directors.” (Proposed by the Board of Directors)

Explanation :

- (1) In order to conform to the amendments of “Articles of Incorporation,” the company hereby proposes to amend “Procedures for Election of Directors.”
- (2) Please refer to Attachment 7 for details.

Voting Results : Sharers represented at the time of voting : 25,991,220 votes

Type	Votes in favor	Votes against	Votes invalid	Votes abstained
votes casted by correspondence	22,080,550	0	0	2,000
votes casted electronically	3,127,615	5,031	0	776,024
Total	25,208,165	5,031	0	778,024

Shares voted for the proposal represented 96.98% of the total represented shares present at the time of voting.

Resolved : The above proposal be and hereby was apporved as proposed.

6. Questions and Motions

7. Adjournment

Chairman : Liang, Chin-Li



Recorder : He, Sin-Wen



Attachment 1: Business Report

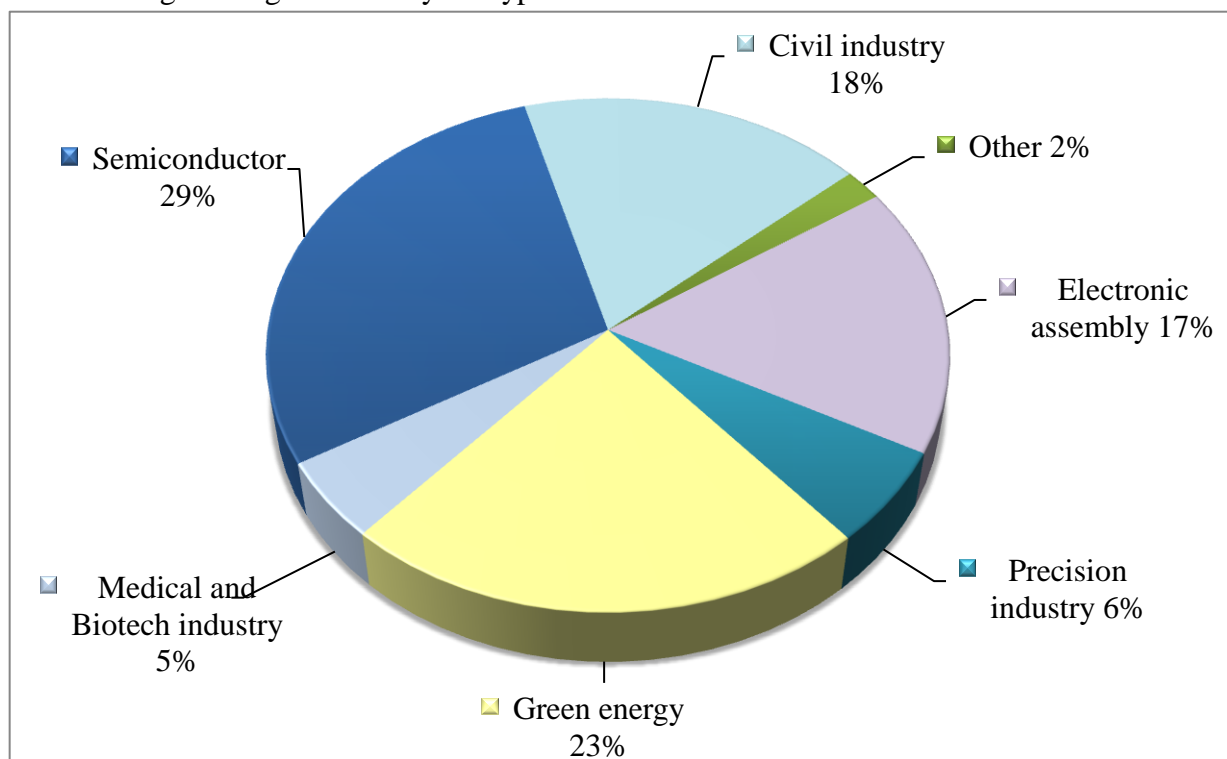
Acter Co., Ltd. 2016 Business Report

1. 2016 Business results

(1). Business plan implementation results

Acter applies multi-regional, multi-industry, and multi-type of work strategies that enables it to achieve NTD 8,404 million of consolidated revenue, 1% decrease compared to last year. In terms of profitability, the net profit after tax reached NTD 436 million, attaining 5% growth compared to last year.

Ratios of engineering turnover by the type



Unit : In thousands of New Taiwan Dollars

Items	2015	2016	%
Operating revenue	8,558,768	8,404,421	(1.8)
Operating cost	7,447,159	7,094,349	(4.7)
Gross profit	1,111,609	1,310,072	17.9
Operating expenses	633,335	708,819	11.9
Operating income	478,274	601,253	25.7
Non-Operating income and expenses	36,548	(5,599)	(115.3)
Income before income taxes	514,822	595,654	15.7

(2). State of budget implementation

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

(3). Financial structure and profitability

Items		2016
Financial structure	Ratio of liabilities to assets (%)	61.94
	Ratio of long-term capital to fixed assets (%)	959.73
Solvency	Current ratio (%)	151.37
	Quick ratio (%)	102.18

Items		2016	
Profitability	Return on total assets (%)	5.34	
	Return on stockholders' equity (%)	14.40	
	Ratio to issued capital (%)	Operating income	127.28
		Pre-tax income	126.09
	Profit ratio (%)	5.40	
Earnings per share (\$)	9.45		

(4).Research and development

The department in charge of design, research, and development continued to develop different innovative techniques for different industries and projects taking advantage of value-added engineering in order to strengthen our competitive advantages. Descriptions are provided as follows:

I. Solvent Recycling Outsourcing Business

The Company cooperates with the overseas company to develop high purity distillation as the core technology, in order to realizing the high purity and recycling of chemicals.

II. Concentration Control System for Chemical Liquid

It is a composite application of on-line distillation equipment and high precision meter and the precision will be assured by erasing the errors results from temperature and measurement according to temperature characteristics and moving average for data processing method.

III. New Type Electronic-grade Chemicals Supply System

We adopt different design manners such as flow-line design for avoiding transporting with higher efficiency, controlling the cleanliness of cleaning area, utilizing vertical type auto titling cleaning design and new style cleaning nozzle for better cleaning effect, employing visual determination system to distinguish the cleaning effect within a bucket. Besides, we also design clean parameter to be editable and recordable for building up product tracing system.

IV. Modular Design and Planning of Large Desalinators

Due to changes in climate and the environment, water shortages are occurring throughout the world. According to the predictions of the World Meteorological Organization, by 2050, 1 billion coastal and offshore residents will face water crisis. Our company started a partnership with a large overseas desalination engineering company and developed desalination technology at the lowest investment cost and unit price of water production.

V. Pre-fabrication Technique for Large Cement Tanks

The application of the prefabrication technique in large cement tanks was known for issues such as lengthy construction and susceptibility to leaks in the past. With the new prefabrication technique developed by our company in collaboration with overseas engineering companies, however, the duration of work can be shortened and it helps effectively address the issue of leakage, too.

VI. Biotech Industry

The innovation, research, and development efforts in the implementation of biotech pharmaceutical projects were mainly reflected in the system impact assessment (SIA). Modern biotech pharmaceutical companies must comply with the PIC/S GMP requirements and GEP (Good Engineering Practice) is the cornerstone of PIC/S GMP while SIA is at the core of GEP.

The standard SIA operating procedure researched and developed by the Quality Control Department applies to projects during the design stage. Quality control engineers and system engineers apply the standard SIA operating procedure while performing internationally approved assessments of all systems involved in biotech pharmaceutical projects comprehensively. By successfully implementing the standard SIA operating procedure, it helps set a clear goal while biotech pharmaceutical projects are being qualified, which not only saves the manpower and time needed for a project but also perfects the qualification logic for biotech pharmaceutical projects.

We will proactively establish the standard operating procedures for critical component assessments (CCAs) of air-conditioning, water purification, distillation, steam purification, compressed air, partition, power, firefighting, drainage, and automatic control systems in order to more effectively, economically, and completely fulfill the needs of biotech pharmaceutical projects.

VII. Continued Developments in Respective Engineering Aspects

- Electrical and mechanical engineering: Taking advantage of night-time off-peak hours to run the refrigerant compressor and produce ice. When the compressor is running and the brine water temperature is below 0°C, water inside the tank and container will experience phase changes and freeze in order to store lots of latent heat. The stored ice will then melt to release cold energy during the day when power utilization reaches the peak to satisfy the air-conditioning load demand and accomplish the goal of reducing the uptime of the compressor. By shifting air-conditioning power consumption from peak hours to off-peak ones, it successfully transfers peak air-conditioning load during the day and reduce electricity bills accordingly.
- Special engineering: Taking advantage of air pressure differences between outdoors and indoors; the surrounding outdoor air will only flow toward the negative pressure area indoors because of the characteristic that air is flowing from a high pressure area to a lower one. Negative pressure is an important protection mechanism that blocks an area from an outside environment; it is often used as a means to control air dispersion as it helps ensure that air flows toward an anticipated direction. ACTER successfully applied the negative pressure technology to help hospitals configure isolated negative-pressure patient wards.
- Bio-tech engineering: PIC/S GMP standards have more rigid requirements for clean rooms configured in pharmaceutical manufacturing facilities; they differ from existing cGMP standards in Taiwan the most in facilities and operations that help prevent against cross contamination.
- Clean room engineering: ACTER helps businesses complete clean room engineering by controlling the temperature, humidity, airflow, air pressure, and particles of indoor air along with indoor illumination and dust-free building materials.
- Ultra-high building engineering: Taking advantage of separation through the turn layer to successfully reduce the pressure resistance level of pipeline, increase operation stability and security, and significantly cut the overall engineering cost.
- Livelihood engineering: Using air-conditioning waste heat and heat source from outdoor air as the hot water usage in life and achieving the reduction of equipment by eliminating the boiler system. In addition to assisting companies in reducing the equipment costs, it can also reduce fuel usage and lower CO2 emissions.
- Manufacturing process engineering: It is merging cold source supply system through deeply understanding the manufacturing process system to effectively elevate the system utilization rate.

2. Summary of business plan for 2017

(1).Business strategy

This year, Acter has set up its growth goals for various divisions and subsidiaries and implemented action plans for each unit. It also implemented the following business policies:

- I. Strengthen governance in subsidiaries and enhance enterprise culture
- II. Conduct thorough development of primary business, continuous diversification and versatility
- III. Maintain constant contact with current customers from mainland China and Southeast Asia, develop new customers, create multi-regional business, and improve investment efficiency
- IV. Cooperate with international partners and continuously expand the scope of its professional service in biological, pharmaceutical, medical industries and desalination
- V. Combine the professional manufacturing processes of gas and chemical supply systems in the treatment of liquid waste and solvent waste to create a new generation engineering integration technology and Earth-friendly technology

(2).Expected sales volume and basis for estimates

Acter is a professional manufacturer that applies system integration. For 30 years, it has provided services which cover cleanrooms, air conditioning, electrical machinery, chemical engineering as well as control and instrument, equipment installation, etc., with the support of its strong and reliable multi-disciplinary and elite engineering team. Aside from its strength and advantage, Acter aims to keep pace with the request of customers. It caters to the needs of clients through constant communication and by establishing brand value and competitive advantage via innovative technology and high quality services.

In addition to serving its existing customers, Acter is aggressively expanding its domestic and overseas markets by identifying new industries and new customers, and satisfying the demand for a cross-disciplinary project service with integration system. As for internal operations, managing the company's integral resources is vital in providing the best and efficient solutions for customers.

3. Future development strategies

The company is deeply committed to every project which represents and embodies Acter. It has been a long time since the company focused on the improvement and development of engineering technology. Currently, it has become a diversified engineering technology company through horizontal integration and continuous development. The content of service and professional engineering method were improved to keep pace with progress. It has continued to expand its service stations given the increasing demand of customers. In order to approach its customers and provide real-time service, Acter service stations are situated all over Taiwan, Mainland China and Southeast Asia. In the future, it aims to continuously offer the best solutions and service to its customers. The company's future development strategies include:

- (1). Focus on its core technology and initiate projects that offer professional advantages
- (2). Gain foothold in Chinese and Southeast Asian markets while expanding its vision to include international markets
- (3). Develop an environmental, energy-saving, and green system in fulfillment of its duty as a global citizen
- (4). Integrate a diversified technology and pursue an innovative engineering method that expands versatile application of its core competence

4. Major production and sales policies

Acter provides rapid and flexible integration of services specializing in engineering and technology. It is a comprehensive turnkey service company that handles design and planning, construction, engineering supervision, maintenance after completion and transfer. Acter applies multi-sector, multi-job, and multi-talent strategies that enables it to provide a professional and holistic factory planning approach for customers through its knowledge and capabilities. Acter services offer horizontal integration and sustainable intensification of industry value-chain across various technologies that impact people's livelihood, biotechnology and the medical field as well as the photovoltaic industry, semiconductor industry, biotechnology industry, energy industry, energy engineering, railway stations, high-end housing, hotels, electromechanical solutions for air conditioning systems, biopharmaceutical, medical institutes, etc.

With respect to its manufacturing-retail policy, the company shall utilize its advantage, while considering the needs of its customers in order to maintain existing clients, acquire new ones, and enter new industries. It also aims to meet environmental requirements through energy saving and carbon reduction measures in the biopharmaceutical industry and other businesses in order to maintain business volume and achieve stable growth and profit. With regard to engineering, the company shall continuously improve and manage all kinds of projects in order to create value and provide comprehensive solutions for its customers. As for financial considerations, it shall apply proper financial risk control strategies in handling customers and accelerate the collection rate of accounts receivable.

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

Large-scale construction suppliers offered turnkey solutions that enabled them to gain control of the electricity and machine engineering market, which led to greater competition in the electricity, machine and cleanroom engineering industry. Acter is committed to creating valuable projects and reduces the financial burden of its clients through innovative technologies and special engineering methods. In addition, it reduces overhead expense and engineering construction risks. It also forms a stable and cooperative relationship with suppliers for effective cost control and improvement of price competition in construction engineering. Meanwhile, it develops related business of energy-saving which will not only provide better services for its customers but also contribute to the overall environment.

As far as the regulatory environment is concerned, the company periodically reviews changes made to laws and regulations to ensure compliance with requirements of the competent authority and adheres to its belief of legitimate management. Generally speaking, changes to the regulatory environment will not have a major impact on the company.

In the business environment, global growth for 2017 is projected to reduce to 2.7% according to the World Bank's global outlook. The economic growth rate in China is estimated as 6.5% in 2017 wherein, which is closer to the figure of last year. In Indonesia, the economic growth rate is predicted to increase to 5.3 %, while it estimates 4.3% in Malaysia. Asia Development Bank is also optimistic toward the development of Vietnam in the future, which regards that the economic growth rate will maintain the high increase rate of 6.3% in the coming year. Acter will continuously focus on cross-strait and international economic issues while maintaining its professional capabilities and actively expanding its Chinese and Southeast Asian markets in search of new clients in order to achieve better growth and development.

6. Corporate Social Responsibility

Starting from design with “Protecting the Earth, Reducing Energy Consumption” as the appeals, striving to reduce operating costs for industries, raising efficiency, and enhancing the overall competitiveness of the industries; meanwhile, raising energy usage efficiency, reduce waste, decrease the burden of the Earth, and guard our living environment. From needs assessment survey, concept design, benefit analysis, spatial planning, material evaluation, valuation, lean engineering, system debugging, and operations to concern, we implement each at every one of the steps so as to achieve the demands and targets and to fulfill the duty as a global citizen, providing the optimum balance for the teams, customers, environment, and suppliers, and doing meaningful work.

In addition, the company is dedicated to managing and promoting its corporate culture. It initiates industry-university cooperative research projects to cultivate young talents and provide opportunities for students. It also introduces a mentoring program that trains newcomers in the academe, creating opportunities for growth. The company also utilizes professional and core skills to design projects that help conserve energy. It uses high-efficiency equipment for the benefit of its clients. It also participates in socially relevant activities such as emergency support and campaign to encourage reading which can benefit society and the community while enabling the company to achieve sustainable development.

As Acter promotes engineering safety in accordance with government regulations, every project adheres to standard operating procedures. The company requires its working partner to conform to Acter standards to ensure safety management and zero accident at the construction site. It holds daily toolbox meetings before work begins and strictly implements security measures at the construction site. It conducts random inspection of safety equipment and practices to ensure smooth and safe completion of projects.

It deeply appreciates the support of shareholders. Acter hopes to create greater value for the entire organization and its shareholders.

Chairman: Liang, Chin-Li

General Manager: Liang, Chin-Li

Accounting Supervisor : Tsao, Yun-Han

Attachment 2: 2016 Independent Auditors' Report and Financial Statements

Representation Letter

The entities that are required to be included in the combined financial statements of Acter Co., Ltd. as of and for the year ended December 31, 2016, under the Criteria Governing the Presentation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10 by the Financial Supervisory Commissions, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Acter Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Acter Co., Ltd.

MR. Liang, Chairman

February 23, 2017

Independent Auditors' Report

To the Board of Directors of Acter Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Acter Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of December 31, 2016 and 2015, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2016 and 2015, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

Refer to Note 4(16) “Revenue”, Note 5(1) “Major source of accounting assumptions, judgments, and estimation uncertainty: Revenue recognition” and Note 6(4) “Construction contracts” to the consolidated financial statements.

The Group assesses construction revenue by measuring the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs; the estimated total cost involves judgment and estimation uncertainty of the Group's management. Consequently, revenue recognition is one of the key matters for our audit.

How the matter was addressed in our audit

Our principal audit procedures included: testing the Group's internal control of sales and receipt cycle to assess whether there is any defects and irregularities of internal control systems; reviewing major contracts to understand the specific terms and risks of contracts; comparing actual construction costs incurred with estimated construction costs to evaluate rationality of the estimation method; assessing whether the Group's accounting policy of revenue recognition is in accordance with related accounting standards.

2. Assessed of impairment of receivables

Refer to Note 4(7) "Financial instruments", Note 5(2) "Major source of accounting assumptions, judgments, and estimation uncertainty: Impairment of trade receivables" and Note 6(3) "The net of notes and accounts receivables" to the consolidated financial statements.

Description of key audit matter

The recoverable of the Group's receivables is closely related with business cycle and customers' operating situation. The Group's management estimate impairment for receivables by assessing each customers' financial status and historical payment record. Impairment of receivables involves judgment and estimation uncertainty of the Group's management. Consequently, impairment of receivables is one of the key matters for our audit.

How the matter was addressed in our audit

Our principal audit procedures included: testing related internal control of account receivable; reviewing collection of notes and accounts receivable during the subsequent period; evaluating the Group's assumption of impairment by performing receivables aged analysis, considering economic status and customers' credit risk; assessing whether the impairment is fairly presented.

3. Provisions

Refer to Note 4(15) "Provisions", Note 5(3) "Major source of accounting assumptions, judgments, and estimation uncertainty: Recognition and measurement of provisions" and Note 6(11) "Provisions" to the consolidated financial statements.

Description of key audit matter

The Group estimates the future probability of warranty occurrence based on historical experience, and recognize provisions. Provisions of warranty involves judgment and estimation uncertainty of the Group's management. Consequently, Provisions of warranty is one of the key matters for our audit.

How the matter was addressed in our audit

Our principal audit procedures included: comparing actual warranty expenses and provisions of warranty to assess accuracy of estimation; considering the management's methods and data sources of estimating provisions and evaluating the possibility to change accounting estimates; assessing whether the provision is fairly presented and in accordance with related accounting standards.

Other Matter

Acter Co., Ltd. Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2016 and 2015, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

February 23, 2017

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

The auditors' audit 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' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese.)

Acter Co., Ltd. and Its Subsidiaries

Consolidated Balance Sheets

December 31, 2016, and 2015

(expressed in thousands of New Taiwan Dollars)

Assets		December 31,2016		December 31,2015		Liabilities and Equity		December 31,2016		December 31,2015	
		Amount	%	Amount	%			Amount	%	Amount	%
Current Assets:						Current Liabilities:					
1100	Cash and cash equivalents (Note 6 (1) and (21))	\$ 2,553,478	29	1,495,223	19	2100	Short-term loans (Note 6 (12) and (21))	\$ 193,680	2	183,857	2
1125	Available-for-sale financial assets—current (Note 6 (2) and (21))	202,046	2	211,765	3	2150	Notes payable (Note 6 (21))	235,806	3	268,998	3
1150	Notes receivable, net (Note 6 (3) and (21))	95,956	1	245,882	3	2170	Accounts payable (Note 6 (21))	2,084,077	23	2,346,595	29
1170	Accounts receivable, net (Note 6 (3) and (21))	2,350,980	27	2,496,791	30	2180	Payables to related parties (Note 6 (21) and 7 (3))	118	-	459	-
1190	Construction contracts receivable (Note 6 (4))	904,016	10	1,419,880	17	2190	Construction contracts payable (Note 6 (4))	1,028,078	12	539,968	7
1200	Other receivables (Note 6 (3) and (21))	30,082	-	36,402	-	2201	Accrued salaries and bonuses	213,790	2	196,919	2
1220	Current income tax assets	5,008	-	12,096	-	2230	Current income tax liabilities	66,075	1	55,447	1
1310	Inventories, net (Note 6 (5))	1,193,997	13	1,150,641	14	2250	Provisions—current (Note 6 (11))	235,573	3	192,982	2
1476	Other financial assets—current (Note 8)	167,513	2	201,263	3	2311	Advance sales receipts (Note 6 (13))	1,055,346	12	975,010	12
1479	Other current assets	<u>503,803</u>	<u>6</u>	<u>242,109</u>	<u>3</u>	2399	Other current liabilities and accrued expenses (Note 9)	<u>177,028</u>	<u>2</u>	<u>154,869</u>	<u>2</u>
		<u>8,006,879</u>	<u>90</u>	<u>7,512,052</u>	<u>92</u>			<u>5,289,571</u>	<u>60</u>	<u>4,915,104</u>	<u>60</u>
Non-current assets:						Non-current liabilities:					
1523	Available-for-sale financial assets—noncurrent (Note 6 (2))	3,960	-	15,221	-	2570	Deferred tax liabilities (Note 6 (19))	173,142	2	172,129	2
1550	Investment accounted for using equity method (Note 6 (6))	877	-	1,138	-	2640	Non-current provisions for employee benefits (Note 6 (14))	40,400	-	34,905	-
1600	Property, plant and equipment (Note 6 (9))	374,530	4	380,354	5	2645	Guarantee deposit received	<u>314</u>	<u>-</u>	<u>252</u>	<u>-</u>
1760	Investment property, net (Note 6 (10))	248,228	3	30,537	-			<u>213,856</u>	<u>2</u>	<u>207,286</u>	<u>2</u>
1840	Deferred tax assets (Note 6 (19))	184,886	2	155,981	2	Total Liabilities		<u>5,503,427</u>	<u>62</u>	<u>5,122,390</u>	<u>62</u>
1985	Long-term prepaid rents	35,910	1	40,308	-	Equity Attributable to owners of parent company (Note 6 (15))					
1990	Other non-current assets (Note 6 (2))	<u>28,793</u>	<u>-</u>	<u>50,616</u>	<u>1</u>	3100	Common stock	472,369	5	466,159	6
		877,184	10	674,155	8	3200	Capital surplus	1,071,656	12	978,475	12
						3300	Retained earnings	1,597,951	18	1,451,733	18
						3400	Other equity interest	<u>(78,851)</u>	<u>(1)</u>	<u>23,145</u>	<u>-</u>
							Total equity attributable to owners of parent company	<u>3,063,125</u>	<u>34</u>	<u>2,919,512</u>	<u>36</u>
						36XX	Non-controlling interests (Note 6 (7) and (8))	<u>317,511</u>	<u>4</u>	<u>144,305</u>	<u>2</u>
						Total Equity		<u>3,380,636</u>	<u>38</u>	<u>3,063,817</u>	<u>38</u>
Total Assets		<u>\$ 8,884,063</u>	<u>100</u>	<u>8,186,207</u>	<u>100</u>	Total Liabilities And Equity		<u>\$ 8,884,063</u>	<u>100</u>	<u>8,186,207</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese.)

**Acter Co., Ltd. and Its Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2016, and 2015**

(expressed in thousands of New Taiwan Dollars, except earnings per share)

		2016		2015	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Operating revenues:					
4521	Construction revenue (Note 6 (4) and 7)	\$ 6,855,632	81	6,995,530	82
4529	Less: allowances	<u>(69,092)</u>	<u>(1)</u>	<u>(21,049)</u>	<u>-</u>
		6,786,540	80	6,974,481	82
4110	Sales	1,555,421	19	1,552,071	18
4800	Other operating revenue	<u>62,460</u>	<u>1</u>	<u>32,216</u>	<u>-</u>
		8,404,421	100	8,558,768	100
Operating cost:					
5520	Construction cost (Note 6 (4) and 7)	5,928,771	71	6,162,921	72
5110	Cost of goods sold (Note 6 (5))	1,161,499	14	1,277,277	15
5800	Other operating cost	<u>4,079</u>	<u>-</u>	<u>6,961</u>	<u>-</u>
		<u>7,094,349</u>	<u>85</u>	<u>7,447,159</u>	<u>87</u>
		<u>1,310,072</u>	<u>15</u>	<u>1,111,609</u>	<u>13</u>
Gross profit					
Operating expenses:					
6100	Selling	101,949	1	113,466	1
6200	General and administrative (Note 6 (3))	530,091	6	439,303	5
6300	Research and development	<u>76,779</u>	<u>1</u>	<u>80,566</u>	<u>1</u>
		<u>708,819</u>	<u>8</u>	<u>633,335</u>	<u>7</u>
		<u>601,253</u>	<u>7</u>	<u>478,274</u>	<u>6</u>
Operating income					
Non-operating income and expenses:					
7050	Finance costs	(3,253)	-	(2,054)	-
7010	Other income (Note 6 (17))	22,559	-	20,797	-
7070	Share of loss of associates accounted for using equity method (Note 6 (6))	(234)	-	(319)	-
7020	Other gains and losses, net (Note 6 (17))	<u>(24,671)</u>	<u>-</u>	<u>18,124</u>	<u>-</u>
		<u>(5,599)</u>	<u>-</u>	<u>36,548</u>	<u>-</u>
7900	Profit before tax	595,654	7	514,822	6
7950	Income tax expense (Note 6 (19))	<u>141,792</u>	<u>2</u>	<u>91,792</u>	<u>1</u>
	Profit for the year	<u>453,862</u>	<u>5</u>	<u>423,030</u>	<u>5</u>
8300	Other comprehensive income, net of tax:				
8310	Items that will not be reclassified subsequently to profit or loss (Note 6 (14))				
8311	Remeasurements effects on defined benefit plans	(3,008)	-	(1,154)	-
8330	Share of other comprehensive income of subsidiaries and associates	<u>(3,035)</u>	<u>-</u>	<u>(222)</u>	<u>-</u>
		<u>(6,043)</u>	<u>-</u>	<u>(1,376)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Foreign currency translation differences — foreign operations	(118,193)	(1)	(21)	-
8362	Net change in fair value of available-for-sale financial assets	8,685	-	(11,949)	-
8399	Less: Income tax relating to components of other comprehensive income that may be reclassified subsequently to profit or loss (note 6 (19))	<u>19,812</u>	<u>-</u>	<u>30</u>	<u>-</u>
		<u>(89,696)</u>	<u>(1)</u>	<u>(11,940)</u>	<u>-</u>
8300	Other comprehensive income, net of tax	<u>(95,739)</u>	<u>(1)</u>	<u>(13,316)</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 358,123</u>	<u>4</u>	<u>409,714</u>	<u>5</u>
Profit attributable to:					
8610	Owners of parent	\$ 436,276	5	416,345	5
8620	Non-controlling interests	<u>17,586</u>	<u>-</u>	<u>6,685</u>	<u>-</u>
		<u>\$ 453,862</u>	<u>5</u>	<u>423,030</u>	<u>5</u>
Comprehensive income attributable to:					
8710	Owners of parent company	\$ 342,190	4	403,092	5
8720	Non-controlling interests	<u>15,933</u>	<u>-</u>	<u>6,622</u>	<u>-</u>
		<u>\$ 358,123</u>	<u>4</u>	<u>409,714</u>	<u>5</u>
Earnings per share (attributable to owner of parent company) (Note 6 (20))					
9750	Basic earnings per share (In New Taiwan Dollars)	<u>\$ 9.45</u>		<u>9.02</u>	
9850	Diluted earnings per share (In New Taiwan Dollars)	<u>\$ 9.24</u>		<u>8.93</u>	

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese.)

Acter Co., Ltd. and Its Subsidiaries

Consolidated Statements of Changes in Equity
For the Years ended December 31, 2016 and 2015
(expressed in thousands of New Taiwan Dollars)

	Attributable to owners of parent						Other equity interest				Non-controlling interests	Total equity
	Retained earnings						Foreign currency translation adjustments	Unrealized gains(losses) on available-for-sale financial assets		Other		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total		Total	Total			
Balance, January 1, 2015	\$ 461,359	936,951	333,976	36,885	759,135	1,129,996	58,501	(2,634)	-	55,867	84,205	2,668,378
Appropriation and distribution of retained earnings for the year ended 2015:												
Legal reserve	-	-	9,483	-	(9,483)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(93,232)	(93,232)	-	-	-	-	-	(93,232)
	461,359	936,951	343,459	36,885	656,420	1,036,764	58,501	(2,634)	-	55,867	84,205	2,575,146
Changes in ownership interest in subsidiaries	-	6,724	-	-	-	-	-	-	-	-	-	6,724
Issuance of restricted shares of stock to employees	4,800	34,800	-	-	-	-	-	-	(20,845)	(20,845)	-	18,755
	466,159	978,475	343,459	36,885	656,420	1,036,764	58,501	(2,634)	(20,845)	35,022	84,205	2,600,625
Comprehensive income for the year ended 2015												
Profit	-	-	-	-	416,345	416,345	-	-	-	-	6,685	423,030
Changes in comprehensive income	-	-	-	-	(1,376)	(1,376)	72	(11,949)	-	(11,877)	(63)	(13,316)
Total comprehensive income	-	-	-	-	414,969	414,969	72	(11,949)	-	(11,877)	6,622	409,714
Recognition of special reserve for first adoption of IFRSs	-	-	-	3	(3)	-	-	-	-	-	-	-
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	53,478	53,478
Balance, December 31, 2015	\$ 466,159	978,475	343,459	36,888	1,071,386	1,451,733	58,573	(14,583)	(20,845)	23,145	144,305	3,063,817
Appropriation and distribution of retained earnings for the year ended 2016:												
Legal reserve	-	-	41,635	-	(41,635)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(284,015)	(284,015)	-	-	-	-	-	(284,015)
	466,159	978,475	385,094	36,888	745,736	1,167,718	58,573	(14,583)	(20,845)	23,145	144,305	2,779,802
Changes in ownership interest in subsidiaries	-	19,419	-	-	-	-	-	-	-	-	-	19,419
Capital surplus – difference between consideration and carrying amount of subsidiaries acquired or disposed	-	30,382	-	-	-	-	-	-	-	-	-	30,382
Issuance of restricted shares of stock to employees	6,210	43,380	-	-	-	-	-	-	(13,953)	(13,953)	-	35,637
	472,369	1,071,656	385,094	36,888	745,736	1,167,718	58,573	(14,583)	(34,798)	9,192	144,305	2,865,240
Comprehensive income for the year ended 2016												
Profit	-	-	-	-	436,276	436,276	-	-	-	-	17,586	453,862
Changes in comprehensive income	-	-	-	-	(6,043)	(6,043)	(96,728)	8,685	-	(88,043)	(1,653)	(95,739)
Total comprehensive income	-	-	-	-	430,233	430,233	(96,728)	8,685	-	(88,043)	15,933	358,123
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	157,273	157,273
Balance, December 31, 2016	\$ 472,369	1,071,656	385,094	36,888	1,175,969	1,597,951	(38,155)	(5,898)	(34,798)	(78,851)	317,511	3,380,636

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese.)

Acter Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years ended December 31, 2016 and 2015

(expressed in thousands of New Taiwan Dollars)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Profit before tax	\$ 595,654	514,822
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation (Including investment property)	21,595	24,632
Amortization	6,837	8,243
Provision for bad debt expense	109,767	42,149
Compensation cost arising from employee stock options	35,637	18,755
Provision for (Gain on reversal of) inventory obsolescence	8,761	(21,342)
Gain on disposal of investment	15,269	(2,830)
Share of loss of associates accounted for using equity method	234	319
Other	(5,066)	(8,001)
	<u>193,034</u>	<u>61,925</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	149,926	(80,420)
Increase in accounts receivable	(37,181)	(845,641)
Decrease (increase) in construction contracts receivable	515,864	(31,975)
Increase in inventories	(52,117)	(53,907)
Decrease (increase) in other financial assets	(232,406)	77,945
	<u>344,086</u>	<u>(933,998)</u>
Changes in operating liabilities:		
Decrease in notes payable	(33,192)	(16,163)
Increase (decrease) in accounts payable	(210,044)	262,244
Increase in construction contracts payable	488,110	36,013
Increase in advance sales receipts	80,336	361,298
Increase in other current liabilities	3,403	114,932
	<u>328,613</u>	<u>758,324</u>
Total adjustments	<u>865,733</u>	<u>(113,749)</u>
Cash inflow generated from operations	1,461,387	401,073
Interest received	9,476	10,867
Interest paid	(3,453)	(2,178)
Income taxes paid	(165,644)	(109,355)
Net cash generated from operating activities	<u>1,301,766</u>	<u>300,407</u>
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	(156,174)	(180,000)
Proceeds from disposal of available-for-sale financial assets	172,405	203,816
Acquisition of property, plant and equipment	(28,468)	(11,596)
Proceeds from disposal of property, plant and equipment	3,362	431
Acquisition of investment property	(116,729)	-
Decrease (increase) in other non-current assets	13,621	(27,045)
Net cash used in investing activities	<u>(111,983)</u>	<u>(14,394)</u>
Cash flows from financing activities:		
Increase in short-term loans	9,823	105,622
Payment of cash dividends	(284,015)	(93,232)
Changes in non-controlling interests	242,074	53,478
Net cash generated from (used in) financing activities	<u>(32,118)</u>	<u>65,868</u>
Effect of exchange rate changes on cash and cash equivalents	(99,410)	1,897
Net increase in cash and cash equivalents	1,058,255	353,778
Cash and cash equivalents at beginning of year	1,495,223	1,141,445
Cash and cash equivalents at end of year	<u>\$ 2,553,478</u>	<u>1,495,223</u>

Attachment 3: Audit Committee's Review Report

Acter Co., Ltd. Audit Committee's Review Report

This company's 2016 financial statements have been approved by the audit committee and resolved by the board of directors. The foregoing financial statements have been audited by CPA of KPMG under commission to the board, and the auditor has issued an audit report relating to the financial statements.

This company's 2016 business report and earnings distribution proposal have been prepared and issued by the board of directors. The foregoing business report and earnings distribution proposal have been reviewed and determined to be correct and accurate by the audit committee. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

2017 shareholders meeting of Acter Co., Ltd.

Acter Co., Ltd.

Chairman of the Audit Committee: Yeh, Hui-Hsin

February 23, 2017

Attachment 4: Comparison Table of the Corporate Social Responsibility Best Practice Principles

Article	After The Revision	Before The Revision
Article 6	<p>The board of directors of the company shall exercise the due care of good administrators to urge the company to perform its corporate social responsibility initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its corporate social responsibility policies.</p> <p>The board of directors of the company is advised to uphold corporate social responsibility by: <u>give full consideration to the interests of stakeholders, including the following matters, in the company's performance of its corporate social responsibility initiatives:</u></p> <ol style="list-style-type: none"> 1. Making corporate social responsibility the guiding principle of the company's operations and development; 2. Identifying the company's corporate social responsibility mission (or vision, values) and declaring its corporate social responsibility policy; and 3. Enhancing the disclosure of corporate social responsibility information. 	<p>The board of directors of the company shall exercise the due care of good administrators to urge the company to perform its corporate social responsibility initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its corporate social responsibility policies.</p> <p>The board of directors of the company is advised to uphold corporate social responsibility by:</p> <ol style="list-style-type: none"> 1. Making corporate social responsibility the guiding principle of the company's operations and development; 2. Identifying the company's corporate social responsibility mission (or vision, values) and declaring its corporate social responsibility policy; and 3. Enhancing the disclosure of corporate social responsibility information.
Article 25-1	<p><u>The company is advised to treat customers or consumers of its products or services in a fair and reasonable manner, including according to the following principles: fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons etc. Said company shall also develop the relevant strategies and specific measures for implementation.</u></p>	
Article 28	<p>The company may, through commercial activities, non-cash property endowments, volunteering service or other free professional services, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development. <u>The company is advised to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community</u></p>	<p>The company may, through commercial activities, non-cash property endowments, volunteering service or other free professional services, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.</p>

Article	After The Revision	Before The Revision
	development.	
Article 32	<p>These principles, and any amendments hereto, shall be implemented after adoption by board of directors.</p> <p>These principles were established on 29 April, 2014.</p> <p>These principles were established on 8 November, 2016.</p>	<p>These principles, and any amendments hereto, shall be implemented after adoption by board of directors.</p> <p>These principles were established on 29 April, 2014.</p>

Attachment 5: Comparison Table of the Articles of Incorporation

Article	After The Revision	Before The Revision
Article 16	The company has 5 to 9 directors, all to be elected from among persons with legal capacities the nominees listed in the roster of director candidates under the candidate nomination system by the shareholder meeting for terms of 3 years. The same person may be elected again upon expiry of the term.	The company has 5 to 9 directors, 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.
Article 30	These articles of association were established on 10 February, 1979... Twenty fourth amendment was made on 31 May, 2016. Twenty fifth amendment was made on 26 May, 2017.	These articles of association were established on 10 February, 1979... Twenty fourth amendment was made on 31 May, 2016.

Attachment 6: Comparison Table of the Procedure for Acquisition or Disposal of Assets

Article	After The Revision	Before The Revision
Article 7	<p>Evaluation and Procedure for Acquisition or Disposal of Real Property or Equipment</p> <p>1. The means of price determination and supporting reference materials For acquisition or disposal of real property or equipment, reference shall be made to published current value, appraisal value and actual transaction price of neighboring real property. 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.</p> <p>2. Expert Appraisal Report For any acquisition or disposal of real property or equipment, other than a transaction with government—agencies authority, delegated construction on self-owned land, delegated construction on leased land or acquisition or disposal of equipment for operational purpose, if the transaction amount reaches 20% of the company's paid-in capital or NT\$300 Million or above, an appraisal report issued prior to the date of occurrence of the event by a professional appraiser shall first be obtained and the following rules shall be complied with:</p>	<p>Evaluation and Procedure for Acquisition or Disposal of Real Property or Equipment</p> <p>1. The means of price determination and supporting reference materials For acquisition or disposal of real property or equipment, reference shall be made to published current value, appraisal value and actual transaction price of neighboring real property. 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.</p> <p>2. Expert Appraisal Report For any acquisition or disposal of real property or equipment, other than a transaction with government agencies, delegated construction on self-owned land, delegated construction on leased land or acquisition or disposal of equipment for operational purpose, if the transaction amount reaches 20% of the company's paid-in capital or NT\$300 Million or above, an appraisal report issued prior to the date of occurrence of the event by a professional appraiser shall first be obtained and the following rules shall be complied with:</p>
Article 8	<p>Evaluation and Procedure for Acquisition of Real Property from a Related Party</p> <p>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 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</p>	<p>Evaluation and Procedure for Acquisition of Real Property from a Related Party</p> <p>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 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</p>

Article	After The Revision	Before The Revision
	<p>relationship shall also be considered.</p> <p>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, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption <u>repurchase</u> of domestic money market funds <u>issued by Securities Investment Trust Enterprises (SITEs)</u>, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all audit committee members and submitted to the board of directors for further approval:</p>	<p>relationship shall also be considered.</p> <p>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, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all audit committee members and submitted to the board of directors for further approval:</p>
Article 9	<p>Evaluation and Procedure for Acquisition or Disposal of Membership and Intangible Assets</p> <p>1. The means of price determination and supporting reference materials 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.</p> <p>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, except in transactions with a government agency <u>authority</u>, 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.</p>	<p>Evaluation and Procedure for Acquisition or Disposal of Membership and Intangible Assets</p> <p>1. The means of price determination and supporting reference materials 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.</p> <p>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, except in transactions with a government agency, 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.</p>

Article	After The Revision	Before The Revision
Article 12	<p>Evaluation and Procedure for Merger, Division, Acquisition or Share Transfer</p> <p>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.</p> <p>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.</p> <p>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. <u>However, if the company merges its directly or indirectly wholly owned subsidiary or a merger between its directly or indirectly wholly owned subsidiaries, the company may be exempted from obtaining the opinions as mentioned above.</u></p>	<p>Evaluation and Procedure for Merger, Division, Acquisition or Share Transfer</p> <p>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.</p> <p>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.</p> <p>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.</p>
Article 13	<p>Procedure of Public Announcement</p> <p>1. Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the Securities and Futures Bureau of the Financial</p>	<p>Procedure of Public Announcement</p> <p>1. Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the Securities and Futures Bureau of the Financial</p>

Article	After The Revision	Before The Revision
	<p>Supervisory Commission 's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <p>(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, or subscription or redemption<u>repurchase</u> of domestic money market funds <u>issued by Securities Investment Trust Enterprises (SITEs)</u>.</p> <p>(2) Merger, demerger, acquisition, or transfer of shares.</p> <p>(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company</p> <p><u>(4) Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:</u></p> <p><u>i. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</u></p> <p><u>ii. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</u></p> <p><u>(5) Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.</u></p> <p><u>(6) Where land is acquired under an arrangement on engaging others to</u></p>	<p>Supervisory Commission 's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <p>(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, or subscription or redemption of domestic money market funds.</p> <p>(2) Merger, demerger, acquisition, or transfer of shares.</p> <p>(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company</p>

Article	After The Revision	Before The Revision
	<p><u>build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million or more.</u></p> <p>(4)(7) Where an asset transaction other than any of those referred to in the preceding three<u>six</u> subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>i. Trading of government bonds.</p> <p>ii. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription <u>by investment professionals of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the domestic primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange</u>of securities by a securities firm, either in the primary market or, except if the sale and purchase relates to securities of parent company, subsidiary or affiliate.</p> <p>iii. Trading of bonds under repurchase/resale agreements, or subscription or redemption <u>repurchase</u> of domestic money market funds <u>issued by Securities Investment Trust Enterprises (SITEs).</u></p> <p>iv. Where the type of asset acquired or</p>	<p>(4) Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>i. Trading of government bonds.</p> <p>ii. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of securities by a securities firm, either in the primary market or in accordance with relevant regulations, except if the sale and purchase relates to securities of parent company, subsidiary or affiliate.</p> <p>iii. Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.</p> <p>iv. Where the type of asset acquired or</p>

Article	After The Revision	Before The Revision
	<p>disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>v. Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>vi. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million.</p> <p>2. The amount of transactions above shall be calculated as follows:</p> <p>(1) The amount of any individual transaction.</p> <p>(2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>(3) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>(4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>(5) "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Regulations need not be counted toward the transaction amount.</p>	<p>disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>v. Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>vi. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million.</p> <p>2. The amount of transactions above shall be calculated as follows:</p> <p>(1) The amount of any individual transaction.</p> <p>(2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>(3) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>(4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>(5) "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Regulations need not be counted toward the transaction amount.</p>

Article	After The Revision	Before The Revision
	<p>3. The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the Securities and Futures Bureau of the Financial Supervisory Commission by the 10th day of each month.</p> <p>4. When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety <u>within two days counting inclusively from the date of knowing of such error or omission.</u></p>	<p>3. The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the Securities and Futures Bureau of the Financial Supervisory Commission by the 10th day of each month.</p> <p>4. When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.</p>
Article 21	<p>Date of Establishment and Amendment This procedure was established on 3 May 2005.... This procedure was amended on 28 May 2015. <u>This procedure was amended on 26 May 2017.</u></p>	<p>Date of Establishment and Amendment This procedure was established on 3 May 2005.... This procedure was amended on 28 May 2015.</p>

Attachment 7: Comparison Table of the Procedures for Election of Directors

Article	After The Revision	Before The Revision
Article 4	<p>The cumulative voting method will be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.</p> <p>Elections of independent—directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. Arbitrary addition of supporting documents for other eligibility requirements is disallowed while reviewing the eligibility, education and experience of prospective directors, and presence of individual conditions under Article 30 of the Company Act or not and review results shall be provided to shareholders for their reference in order to select competent directors. Any shareholder holding 1% or more of the total number of outstanding shares issued by the company and the board of directors may submit a roster of independent—director candidates to the company, and , and, upon evaluation by the board of directors that all candidates so nominated are qualified independent—director candidates, submit it to the shareholders' meeting for elections. The shareholders shall elect independent—directors from among the nominees listed in the roster of director candidates. Matters related to the acceptance and public announcement for the nomination of candidates of independent—directors shall be in accordance with the relevant laws and regulations such as the Company Act and Securities and Exchange Act.</p>	<p>The cumulative voting method will be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.</p> <p>Elections of independent directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. Arbitrary addition of supporting documents for other eligibility requirements is disallowed while reviewing the eligibility, education and experience of prospective directors, and presence of individual conditions under Article 30 of the Company Act or not and review results shall be provided to shareholders for their reference in order to select competent directors. Any shareholder holding 1% or more of the total number of outstanding shares issued by the company and the board of directors may submit a roster of independent director candidates to the company, and , and, upon evaluation by the board of directors that all candidates so nominated are qualified independent director candidates, submit it to the shareholders' meeting for elections. The shareholders shall elect independent directors from among the nominees listed in the roster of director candidates. Matters related to the acceptance and public announcement for the nomination of candidates of independent directors shall be in accordance with the relevant laws and regulations such as the Company Act and Securities and Exchange Act.</p>
Article 14	<p>This procedure was established on 3 May 2005.This procedure was amended on 28 May 2015. This procedure was amended on 26 May 2017.</p>	<p>This procedure was established on 3 May 2005.This procedure was amended on 28 May 2015.</p>