



**Acter Co., Ltd.**

**2018 Annual General Shareholders' Meeting Minutes**

**Time** : 09:00 a.m on Wednesday, 30 May, 2018

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

Total outstanding Acter shares : 47,152,819 shares

Total shares represented by shareholders present in person or by proxy : 31,437,004  
shares (8,657,982 shares were voted electronically)

Percentage of shares held by shareholders present in person or by proxy : 66.67%

**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 2017 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 6% for employee compensation (not less than 3%) in the amount of NTD 61,369,156. It also planned to allocate 3% for the remuneration of directors (not higher than 5%) in the amount of NTD 30,684,578.

**Report No. 2 :** 2017 Business Report. (Proposed by the Board of Directors)

**Explanation :** The 2017 Business Report is attached as Attachment 1 and Attachment 2.

**Report No. 3 :** Audit Committee's Review Report of 2017 Financial Statements.  
(Proposed by the Board of Directors)

**Explanation :** The 2017 Audit Committee's Review Report is attached as Attachment 3.

**Report No. 4 :** To report the execution of corporate social responsibility. (Proposed by the Board of Directors)

**Explanation :** Corporate social responsibility report has been uploaded. Please refer to M.O.P.S website or the company's website.

**Report No. 5 :** To report the amendment of "Rules of Procedure for Board of Directors Meeting" and "Ethical Corporate Management Operating

Procedures and Conduct Guide.” (Proposed by the Board of Directors)

**Explanation :**

- (1) In order to conform to the amendments of related laws and the needs of corporate governance practice, the company hereby amended “Rules of Procedure for Board of Directors Meeting” and “Ethical Corporate Management Operating Procedures and Conduct Guide.”
- (2) Please refer to Attachment 4 and Attachment 5 for details.

**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 Nov. 9, 2017, the company sold 548,000 shares of Nova at NT\$ 135 per share on Dec. 19, 2017 as over-allotment shares. Then, on Dec. 26, 2017, the company forfeited the subscription right of Nova’s cash capital increase prior to initial TPEX listing. The company’s shareholding of Nova is 21,098,179 shares and shareholding ratio decreased to 62.19% after aforementioned transactions. Nova’ application for being listed on over-the-counter market was approved on Dec. 28, 2017.

**Report No. 7 :** 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.

**Explanation :** Due to legal restrictions in Mainland China, employees there cannot directly hold shares of the company’s subsidiary Sheng Huei (Suzhou) Engineering Co, Ltd. The company applied to the securities

regulatory commission on February 8, 2018 to change the stock release program to disposition by the partnership enterprise formed by the staff of Sheng Huei (Suzhou) Company, and it has approved by the competent authority with letter no. 1070003645. On February 23, 2018, Board of the company approved to release 15% shares of Sheng Huei (Suzhou) Company to the partnership enterprise formed by the staff of Sheng Huei (Suzhou) Company.

#### 4. Proposals

**Proposal No. 1 :** Adoption of the 2017 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, 2018 and examined by the Audit Committee of Acter Company.
- (2) The 2017 Business Report, independent auditors' report, and the above-mentioned Financial Statements are attached as Attachment 1 and Attachment 2.

**Voting Results :** Sharers represented at the time of voting : 31,437,004 votes

Type	Votes in favor	Votes against	Votes invalid	Votes abstained
votes casted by correspondence	22,620,451	0	0	158,571
votes casted electronically	6,200,629	5,289	0	2,452,064
<b>Total</b>	<b>28,821,080</b>	<b>5,289</b>	<b>0</b>	<b>2,610,635</b>

Shares voted for the proposal represented 91.67% of the total represented shares present at the time of voting.

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

**Proposal No. 2 :** Adoption of the Proposal for Distribution of 2017 Profits.  
(Proposed by the Board of Directors)

**Explanation :**

- (1) Please refer to the 2017 Profit Distribution Table as follows.

**Acter Co., Ltd.**  
**PROFIT DISTRIBUTION TABLE**  
**Year 2017**

Unit : NTD

Beginning retained earnings	747,281,466
Add: net profit after tax	842,153,961
Less: 10% legal reserve (2017)	84,215,396
Less: Defined benefit plans	4,895,577
Less: Special reserve appropriated	12,507,924
Distributable net profit	1,487,816,530
Distributable items:	
Cash Dividend to shareholders(13 per share)	612,986,647
Stock Dividend to shareholders (1.5 per share)	70,729,230
Unappropriated retained earnings	804,100,653

- (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-right and ex-dividend date and other relevant issues.

**Voting Results** : Sharers represented at the time of voting : 31,437,004 votes

Type	Votes in favor	Votes against	Votes invalid	Votes abstained
votes casted by correspondence	22,680,451	0	0	98,571
votes casted electronically	6,313,629	5,289	0	2,339,064
<b>Total</b>	<b>28,994,080</b>	<b>5,289</b>	<b>0</b>	<b>2,437,635</b>

Shares voted for the proposal represented 92.22% of the total represented shares present at the time of voting.

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

## 5. Discussion

**Proposal No. 1** : Discussion on the proposal for a new share issue through capitalization of earnings from 2017. (Proposed by the Board of Directors)

### Explanation :

- (1) The company plans to withdraw from the distributable earnings to issue dividends stocks NT\$ 70,729,230 for 7,072,923 new shares with a par value of NT\$10 per share.
- (2) Each shareholder will be entitled to receive 150 shares per 1,000 shares according to their respective holding as stated in the register of shareholders on the day of record. Shareholders who receiving fractional shares may go to the stock agent of the company and consolidate their fractional shares of less than one share to make up one share for registration within five days of the ex-right date. Otherwise, the fractional shares shall be paid in cash (rounding down to NT dollar) by the par value in accordance with Article 240 of Company Law. And the chairman is authorized to seek and approach specific persons for subscription of the fractional shares.
- (3) The new shares issued by the capital increase will carry the same rights and obligations as the current outstanding shares and shall be issued in dematerialized form.
- (4) Upon the approval of the Annual Meeting of Shareholders and the competent authority, it is proposed that the Board of Directors be

authorized to determine the ex-right date and other relevant issues.

- (5) The Board is authorized to make any necessary amendments to the capital increase plan due to the the instructions of the competent authority, changes in laws and regulations or other relevant matters.

**Voting Results** : Sharers represented at the time of voting : 31,437,004 votes

Type	Votes in favor	Votes against	Votes invalid	Votes abstained
votes casted by correspondence	22,680,451	0	0	98,571
votes casted electronically	6,313,629	5,289	0	2,339,064
<b>Total</b>	<b>28,994,080</b>	<b>5,289</b>	<b>0</b>	<b>2,437,635</b>

Shares voted for the proposal represented 92.22% 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 “Articles of Incorporation.”

**Explanation** :

- (1) In order to conform to the needs of practical operational, the company hereby proposes to amend “Articles of Incorporation.”
- (2) Please refer to Attachment 6 for details.

**Voting Results** : Sharers represented at the time of voting : 31,437,004 votes

Type	Votes in favor	Votes against	Votes invalid	Votes abstained
votes casted by correspondence	22,680,451	0	0	98,571
votes casted electronically	6,313,625	5,293	0	2,339,064
<b>Total</b>	<b>28,994,076</b>	<b>5,293</b>	<b>0</b>	<b>2,437,635</b>

Shares voted for the proposal represented 92.22% 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 “Procedure for Acquisition or Disposal of Assets,” “Endorsement and Guarantee Procedure,” and “Procedures for Loaning of Company Funds.” (Proposed by the Board of Directors)

**Explanation :**

- (1) In order to conform to the needs of business development, the company hereby proposes to amend “Procedure for Acquisition or Disposal of Assets,” “Endorsement and Guarantee Procedure,” and “Procedures for Loaning of Company Funds.”
- (2) Please refer to Attachment 7~ 9 for details.

**Voting Results :** Sharers represented at the time of voting : 31,437,004 votes

Type	Votes in favor	Votes against	Votes invalid	Votes abstained
votes casted by correspondence	22,680,451	0	0	98,571
votes casted electronically	3,027,006	3,291,912	0	2,339,064
<b>Total</b>	<b>25,707,457</b>	<b>3,291,912</b>	<b>0</b>	<b>2,437,635</b>

Shares voted for the proposal represented 81.77% of the total represented shares present at the time of voting.

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

**Proposal No. 4 :** Discussion on the proposal to amend “Regulations governing remuneration paid to directors.”

**Explanation :**

- (1) In order to conform to the needs of business development, the company hereby proposes to amend “Regulations governing remuneration paid to directors” and revised the title to “Regulations governing remuneration paid to directors and functional committee.”
- (2) Please refer to Attachment 10 for details.

**Voting Results :** Sharers represented at the time of voting : 31,437,004 votes

Type	Votes in favor	Votes against	Votes invalid	Votes abstained
votes casted by correspondence	22,680,451	0	0	98,571
votes casted electronically	6,155,625	163,293	0	2,339,064
<b>Total</b>	<b>28,836,076</b>	<b>163,293</b>	<b>0</b>	<b>2,437,635</b>

Shares voted for the proposal represented 91.72% of the total represented shares present at the time of voting.

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



## 6. Elections

**Proposal No. 1 :** To elect 7 members of the 11th Board of Directors. (Including 3 independent directors) (Proposed by the Board of Directors)

### Explanation :

- (1) The term of directors of the 10th Board will expire on 05/27/2018. According to the Article 16 and 16-2 of Articles of Incorporation and Article 192-1 of Company Law, the company proposes to duly elect 7 new Board members by nomination. (including 3 independent directors) The three-year term will start from 05/30/2018 and conclude on 05/29/2021.
- (2) The qualification of the nominated has been reviewed by the Board meeting. Please refer to Attachment 11 for details.

### Voting by Poll :

The list of the newly elected directors and independent directors is as follows.

Shareholder No./ID	Name	Votes Received
8	Liang, Chin-Li	34,010,332
1	Yang, Jung-Tang	30,639,017
316	Hu, Tai-Tsen	29,419,122
218	Kao, Hsin-Ming	28,931,957
Independent Director F1038XXXXX	Yang, Qian	23,914,385
Independent Director 465	Yeh, Hui-Hsin	22,928,894
Independent Director 23210	Wang, Mao-Rong	21,715,855

## 7. Other Matters

**Proposal No. 1 :** To release the directors from non-competition restrictions. (Proposed by the Board of Directors)

### Explanation :

- (1) In accordance with Article 209 of Company Law, any director acting for himself/ herself, or for any other person within the scope of the Company business, should explain the important

matters of such acts and acquire the approval of the shareholders' meeting.

- (2) It is hereby proposed to release the restriction on competitive activities for newly-elected directors, who participate in the operations of other company that engages in the same or similar business as the Company. Please refer to Attachment 12 for details.

**Voting Results** : Sharers represented at the time of voting : 31,437,004 votes

Type	Votes in favor	Votes against	Votes invalid	Votes abstained
votes casted by correspondence	22,680,451	0	0	98,571
votes casted electronically	6,268,291	35,530	0	2,354,161
<b>Total</b>	<b>28,948,742</b>	<b>35,530</b>	<b>0</b>	<b>2,452,732</b>

Shares voted for the proposal represented 92.08% of the total represented shares present at the time of voting.

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

## 8. Questions and Motions

## 9. Adjournment

**Chairman** : Liang, Chin-Li



**Recorder** : He, Sin-Wen



## Attachment 1: Business Report

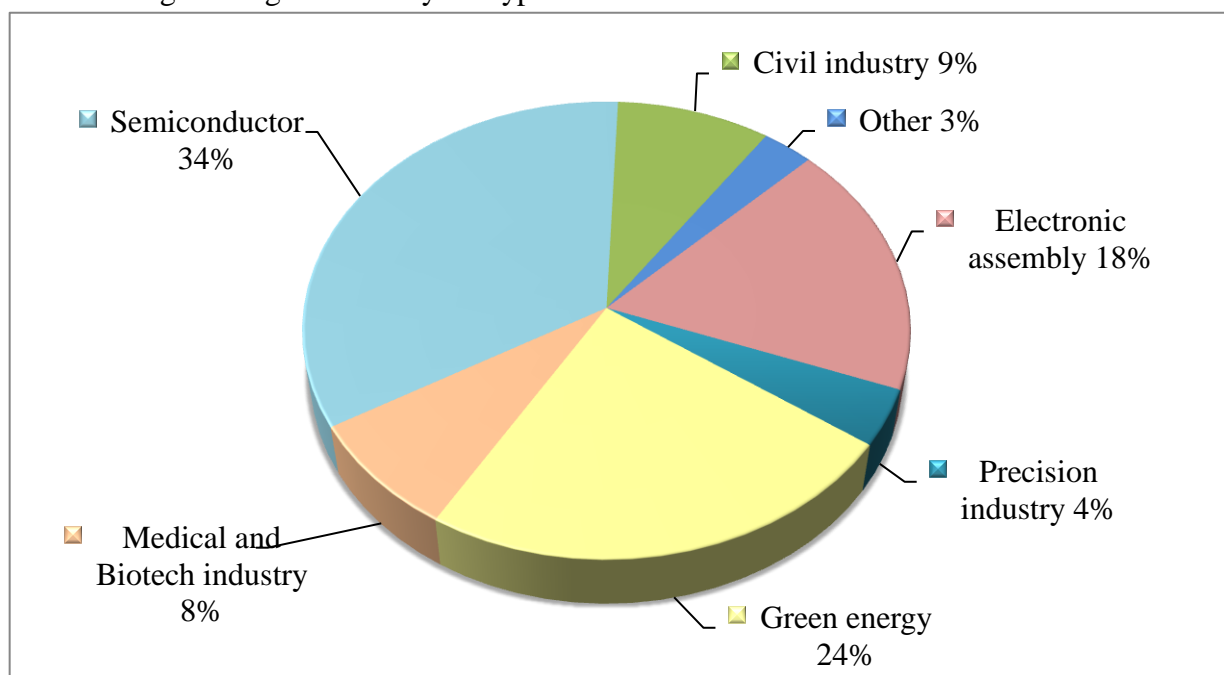
### Acter Co., Ltd. 2017 Business Report

#### 1. 2017 Business results

##### (1). Business plan implementation results

China's policies that actively promote semiconductor and panel industries have driven major companies to increase their capital expenditure and invest in the construction of new plants. These in turn have benefited Acter and contributed to the company's overall revenue performance and growth, generating a record-high result of NTD 10 billion. Consolidated revenue of 2017 achieves NTD 11.4 billion, 36.09% increase compared to last year. In terms of profitability, the net profit after tax reached NTD 841 million, attaining 92.80% growth compared to last year.

Ratios of engineering turnover by the type



Unit : In thousands of New Taiwan Dollars

Items	2017	2016	%
Operating revenue	11,437,682	8,404,421	36.1
Operating cost	9,393,813	7,094,349	32.4
Gross profit	2,043,869	1,310,072	56.0
Operating expenses	667,137	708,819	(5.9)
Operating income	1,376,732	601,253	129.0
Non-Operating income and expenses	(85,179)	( 5,599)	1,421.3
Income before income taxes	1,291,553	595,654	116.8

##### (2). State of budget implementation

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

##### (3). Financial structure and profitability

Items		2017
Financial structure	Ratio of liabilities to assets (%)	59.62
	Ratio of long-term capital to fixed assets (%)	1,231.83
Solvency	Current ratio (%)	161.85

Items		2017	
	Quick ratio (%)	106.44	
Profitability	Return on total assets (%)	9.68	
	Return on stockholders' equity (%)	24.41	
	Ratio to issued capital (%)	Operating income	291.97
		Pre-tax income	273.90
	Profit ratio (%)	8.58	
Earnings per share (\$)	18.17		

#### (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. 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.

## VI. Continued Developments in Respective Engineering Aspects

- Electrical and mechanical engineering:
  - a. The BIM (Building Information Modeling) technology is employed to enhance technical capacity for space management, solve engineering pipeline construction collision problems, improve accuracy of construction, and reduce the loss of construction materials and manpower waste caused by repeated pipeline modifications. This will help improve project quality and achieve shorter construction period.
  - b. A research and development cooperation between the industry and universities was formed for the production of aseptic wet stencils. To reduce micro-contamination of clean production line products caused by large amounts of air outside the plant, high-tech facilities adopt wet template rinsing systems to remove or reduce damage. However, general wet template can easily cause a large amount of bacteria to breed and survive in an environment with high temperature and high humidity. The research and development of a rinsing mechanism for sterile wet template can simultaneously solve the problem of micro-molecular contamination on the product and reduce risks for operators.
  - c. 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.
- Green energy engineering: Selected systems with high performance and low energy-consumption and applied them in the production environment. Using methods such as installing variable-frequency drives and special insulation designs, the demand for electricity was reduced. Renewable energy is used to assist customers in achieving the effect of saving energy.
- Construction automation: The adoption of steel reinforcement cages enhances structural accuracy as well as construction quality and shortens construction period.

## 2. Summary of business plan for 2018

### (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. Rooting deeply in this industry and continuing to carry out a diverse, multi-project integrated engineering service
- 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
- VI. Recruiting more diverse talents and actively training management teams

### (2).Expected sales volume and basis for estimates

Acter is a professional manufacturer that applies system integration. For 40 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 and building a comprehensive marketing service system
- (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
- (5). Continuing to root deeply in the technology, biotechnology, livelihood, petrochemical, and other industries

### 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, green energy 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 2018 is projected to edge up to 3.1% according to the World Bank's global outlook. In Indonesia, the economic growth rate is predicted to increase to 5.3 %, while it estimates 6.4% in China. In addition, according to the foreign research Mordor Intelligence's newest report forecast, the value of global cleanroom market (including equipment and consumables) is projected to reach USD 7.16 billion by 2022. It shows huge business opportunities in global cleanroom market. 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: 2017 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, 2017 under the Criteria Governing the Preparation 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 International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "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 its Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Acter Co., Ltd.

Chairman: MR Liang

Date: February 23, 2018

## **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 sheets as of December 31, 2017 and 2016, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2017 and 2016, 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, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the year 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”), interpretation 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 Auditors' 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(q) “Revenue”, Note 5(a) “Major source of accounting assumptions, judgments, and estimation uncertainty: Revenue recognition” and Note 6(d) “Construction contracts” to the consolidated financial statements.

#### **Description of key audit matter**

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(g) "Financial instruments", Note 5(b) "Major source of accounting assumptions, judgments, and estimation uncertainty: Impairment of trade receivables" and Note 6(c) "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(p) "Provisions", Note 5(c) "Major source of accounting assumptions, judgments, and estimation uncertainty: Recognition and measurement of provisions", Note 6(k) "Provisions" and Note 9(f) "Significant commitments and contingencies" to the consolidated financial statements.

#### **Description of key audit matter**

The Group estimates the future probability of warranty occurrence based on historical experience. For the construction lawsuit which is still in trial, the Group also makes provisions for construction loss. 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; if the lawsuit of constructions is still in trial, the possibility of recoverable costs might depend on the result of the pending litigation, we will assess the provisions of construction loss in accordance with related recognition conditions.

## **Other Matter**

Acter Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2017 and 2016, 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 Group'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 auditors' 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 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 auditors' 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.

The engagement partners on the audit resulting in this independent auditors' report are Tzu-Hsin Chang and Hai-Ning Huang.

KPMG

Taipei, Taiwan (Republic of China)  
February 23, 2018

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 Statements of Comprehensive Income**  
**For the years ended December 31, 2017 and 2016**

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		<u>2017</u>		<u>2016</u>	
		Amount	%	Amount	%
<b>Operating Revenues:</b>					
4521	Construction revenue (note 6(d))	\$ 9,215,041	80	6,855,632	81
4529	Less:allowances	(8,717)	-	(69,092)	(1)
		<u>9,206,324</u>	<u>80</u>	<u>6,786,540</u>	<u>80</u>
4110	Sales	2,165,081	19	1,555,421	19
4800	Other operating revenue	66,277	1	62,460	1
		<u>11,437,682</u>	<u>100</u>	<u>8,404,421</u>	<u>100</u>
<b>Operating costs:</b>					
5520	Construction cost (note 6(d) and 7(2))	7,791,620	68	5,928,771	71
5110	Cost of goods sold (note 6(e))	1,590,693	14	1,161,499	14
5800	Other operating costs	11,500	-	4,079	-
		<u>9,393,813</u>	<u>82</u>	<u>7,094,349</u>	<u>85</u>
<b>Gross profit from operations</b>		<u>2,043,869</u>	<u>18</u>	<u>1,310,072</u>	<u>15</u>
<b>Operating expenses:</b>					
6100	Selling expenses	95,744	1	101,949	1
6200	Administrative expenses (note 6(c))	478,905	4	530,091	6
6300	Research and development expenses	92,488	1	76,779	1
		<u>667,137</u>	<u>6</u>	<u>708,819</u>	<u>8</u>
<b>Net operating income</b>		<u>1,376,732</u>	<u>12</u>	<u>601,253</u>	<u>7</u>
<b>Non-operating income and expenses:</b>					
7050	Finance costs	(9,469)	-	(3,253)	-
7010	Other income (note 6(q))	11,076	-	22,559	-
7070	Share of loss of associates accounted for using equity method (note 6(f))	(8)	-	(234)	-
7020	Other gains and losses, net (note 6(q))	(86,778)	(1)	(24,671)	-
		<u>(85,179)</u>	<u>(1)</u>	<u>(5,599)</u>	<u>-</u>
7900	<b>Profit before income tax</b>	1,291,553	11	595,654	7
7950	<b>Less: Income tax expense (note 6(s))</b>	309,413	3	141,792	2
	<b>Profit</b>	<u>982,140</u>	<u>8</u>	<u>453,862</u>	<u>5</u>
8300	<b>Other comprehensive income (loss) :</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss (note 6(n))</b>				
8311	Remeasurements effects on defined benefit plans	(6,382)	-	(6,043)	-
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Foreign currency translation differences-foreign operations	(18,549)	-	(118,193)	(1)
8362	Net change in fair value of available-for-sale financial assets	1,936	-	8,685	-
8399	Less: income tax relating to components of other comprehensive income that may be reclassified subsequently to profit or loss (note 6(s))	3,452	-	19,812	-
		<u>(13,161)</u>	<u>-</u>	<u>(89,696)</u>	<u>(1)</u>
8300	<b>Other comprehensive income, net of tax</b>	<u>(19,543)</u>	<u>-</u>	<u>(95,739)</u>	<u>(1)</u>
8500	<b>Total comprehensive income</b>	<u>\$ 962,597</u>	<u>8</u>	<u>358,123</u>	<u>4</u>
<b>Profit, attributable to:</b>					
8610	Owners of parent	\$ 842,154	7	436,276	5
8620	Non-controlling interests	139,986	1	17,586	-
		<u>\$ 982,140</u>	<u>8</u>	<u>453,862</u>	<u>5</u>
<b>Comprehensive income attributable to:</b>					
8710	Owners of parent	\$ 824,751	7	342,190	4
8720	Non-controlling interests	137,846	1	15,933	-
		<u>\$ 962,597</u>	<u>8</u>	<u>358,123</u>	<u>4</u>
9750	<b>Basic earnings per share(In new Taiwan dollars) (note 6(t))</b>	<u>\$ 18.17</u>		<u>9.45</u>	
9850	<b>Diluted earnings per share(In new Taiwan dollars) (note 6(t))</b>	<u>\$ 17.67</u>		<u>9.24</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, 2017 and 2016**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent											Total equity
	Retained earnings						other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Foreign currency translation adjustments	Unrealized gains (losses) on available-for-sale financial assets	Others	Total other equity interest	Non-controlling interests	
<b>Balance at January 1, 2016</b>	\$ 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:												
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
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	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 incomes	-	-	-	-	(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 interests	-	-	-	-	-	-	-	-	-	-	157,273	157,273
<b>Balance at December 31, 2016</b>	<b>\$ 472,369</b>	<b>1,071,656</b>	<b>385,094</b>	<b>36,888</b>	<b>1,175,969</b>	<b>1,597,951</b>	<b>(38,155)</b>	<b>(5,898)</b>	<b>(34,798)</b>	<b>(78,851)</b>	<b>317,511</b>	<b>3,380,636</b>
<b>Balance at January 1, 2017</b>	<b>\$ 472,369</b>	<b>1,071,656</b>	<b>385,094</b>	<b>36,888</b>	<b>1,175,969</b>	<b>1,597,951</b>	<b>(38,155)</b>	<b>(5,898)</b>	<b>(34,798)</b>	<b>(78,851)</b>	<b>317,511</b>	<b>3,380,636</b>
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	43,628	-	(43,628)	-	-	-	-	-	-	-
Special reserve	-	-	-	7,164	(7,164)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(377,895)	(377,895)	-	-	-	-	-	(377,895)
	472,369	1,071,656	428,722	44,052	747,282	1,220,056	(38,155)	(5,898)	(34,798)	(78,851)	317,511	3,002,741
Changes in ownership interest in subsidiaries	-	304,711	-	-	-	-	-	-	-	-	-	304,711
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	41,716	-	-	-	-	-	-	-	-	-	41,716
Issuance of restricted shares of stock to employees	(840)	(5,985)	-	-	-	-	-	-	24,710	24,710	-	17,885
	471,529	1,412,098	428,722	44,052	747,282	1,220,056	(38,155)	(5,898)	(10,088)	(54,141)	317,511	3,367,053
Comprehensive income for the year ended 2017 profit	-	-	-	-	842,154	842,154	-	-	-	-	139,986	982,140
Changes in comprehensive income	-	-	-	-	(4,895)	(4,895)	(14,444)	1,936	-	(12,508)	(2,140)	(19,543)
Total comprehensive income	-	-	-	-	837,259	837,259	(14,444)	1,936	-	(12,508)	137,846	962,597
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	334,871	334,871
<b>Balance at December 31, 2017</b>	<b>\$ 471,529</b>	<b>1,412,098</b>	<b>428,722</b>	<b>44,052</b>	<b>1,584,541</b>	<b>2,057,315</b>	<b>(52,599)</b>	<b>(3,962)</b>	<b>(10,088)</b>	<b>(66,649)</b>	<b>790,228</b>	<b>4,664,521</b>

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 Cash Flows**

**For the years ended December 31, 2017 and 2016**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities:</b>		
<b>Profit before tax</b>	\$ 1,291,553	595,654
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense (including investment property)	22,435	21,595
Amortization expense	6,162	6,837
Provision for (reversal of) bad debt expense	(3,630)	109,767
Compensation cost arising from employee stock options	17,885	35,637
Loss (gain) on disposal of investments	(1,975)	15,269
Share of loss of associates accounted for using equity method	8	234
Others	(3,208)	3,695
<b>Total adjustments to reconcile profit</b>	<u>37,677</u>	<u>193,034</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	(60,082)	149,926
Increase in accounts receivable	(50,482)	(37,181)
Decrease (increase) in construction contracts receivable	(639,155)	515,864
Increase in inventories	(461,878)	(52,117)
Increase in other current assets	(52,118)	(232,406)
	<u>(1,263,715)</u>	<u>344,086</u>
Changes in operating liabilities:		
Decrease in notes payable	(15,560)	(33,192)
Increase (decrease) in accounts payable	543,356	(262,518)
Increase (decrease) in construction contracts payable	(263,741)	488,110
Increase in provisions	100,228	52,474
Increase in advance sales receipts	650,904	80,336
Increase in other current liabilities	136,465	3,403
	<u>1,151,652</u>	<u>328,613</u>
Total adjustments	<u>(74,386)</u>	<u>865,733</u>
Cash inflow generated from operations	1,217,167	1,461,387
Interest received	17,196	9,476
Interest paid	(6,854)	(3,453)
Income taxes paid	(157,110)	(165,644)
<b>Net cash flows from operating activities</b>	<u>1,070,399</u>	<u>1,301,766</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of available-for-sale financial assets	(234,000)	(156,174)
Proceeds from disposal of available-for-sale financial assets	238,023	172,405
Acquisition of property, plant and equipment	(49,704)	(28,468)
Proceeds from disposal of property, plant and equipment	390	3,362
Acquisition of investment property	-	(116,729)
Decrease (increase) in other non-current assets	(15,706)	13,621
<b>Net cash flows used in investing activities</b>	<u>(60,997)</u>	<u>(111,983)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	598,018	242,537
Decrease in short-term borrowings	(433,833)	(232,714)
Cash dividends paid	(377,895)	(284,015)
Change in non-controlling interests	607,318	242,074
<b>Net cash flows from (used in) financing activities</b>	<u>393,608</u>	<u>(32,118)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(29,598)</u>	<u>(99,410)</u>
Net increase in cash and cash equivalents	1,373,412	1,058,255
Cash and cash equivalents at beginning of period	2,553,478	1,495,223
Cash and cash equivalents at end of period	<u>\$ 3,926,890</u>	<u>2,553,478</u>

See accompanying notes to consolidated financial statements.

### **Attachment 3: Audit Committee's Review Report**

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

This company's 2017 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 2017 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.

2018 shareholders meeting of Acter Co., Ltd.

**Acter Co., Ltd.**

Chairman of the Audit Committee: Yeh, Hui-Hsin

February 23, 2018

## Attachment 4: Comparison Table of the Rules of Procedure for Board of Directors Meeting

Article	After The Revision	Before The Revision
Article 8	<p>The following matters of the company shall be subject to discussion by the board of directors:</p> <ol style="list-style-type: none"> <li>1. The company’s operational plan.</li> <li>2. Annual financial report and semi-annual financial report , with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).</li> <li>3. Adoption or amendment of internal control system pursuant to Article 14-1 of the Securities and Exchange Act <u>and assessment of the effectiveness of the internal control system.</u></li> <li>4. Procedure for significant financial activities such as acquisition or disposal of asset, derivative product transaction, capital lending, endorsement or guarantee established or amended in accordance with Article 36-1 of the Securities Transaction Act.</li> <li>5. Placement, offer or private placement of securities in the nature of share entitlement.</li> <li>6. Dismissal of finance, accounting or internal audit supervisor.</li> <li>7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</li> <li>8. Significant matters subject to shareholder resolution or board resolution or rules by the competent authority in accordance with Article 14-3 of the Securities Transaction Act and other legislations or articles of association.</li> </ol> <p>The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.” The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in</p>	<p>The following matters of the company shall be subject to discussion by the board of directors:</p> <ol style="list-style-type: none"> <li>1. The company’s operational plan.</li> <li>2. Annual financial report and semi-annual financial report , with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).</li> <li>3. Adoption or amendment of internal control system pursuant to Article 14-1 of the Securities and Exchange Act.</li> <li>4. Procedure for significant financial activities such as acquisition or disposal of asset, derivative product transaction, capital lending, endorsement or guarantee established or amended in accordance with Article 36-1 of the Securities Transaction Act.</li> <li>5. Placement, offer or private placement of securities in the nature of share entitlement.</li> <li>6. Dismissal of finance, accounting or internal audit supervisor.</li> <li>7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</li> <li>8. Significant matters subject to shareholder resolution or board resolution or rules by the competent authority in accordance with Article 14-3 of the Securities Transaction Act and other legislations or articles of association.</li> </ol> <p>The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.” The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in</p>

Article	After The Revision	Before The Revision
	<p>capital as stated in the CPA-attested financial report for the most recent year.</p> <p>The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders' equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under this paragraph.</p> <p><u>At least one independent director shall attend the board meeting in person.</u> For any matter <del>subject to board resolutions in accordance with Article 14-3 of Securities Transaction Act</del> <u>that shall be submitted to the board of directors for approval under paragraph 1, all</u> independent directors shall attend the meeting in person. <u>If an independent director is unable to attend in person, it shall</u> <del>or</del> appoint another independent director to attend on his behalf. If the independent director has any objection or reservation opinion, it shall be included in the minutes of the board meeting. If the independent director cannot attend the meeting in person to express his objection or reservation opinions, unless there is justifiable reason, a written opinion shall be provided in advance and recorded in the minutes of the board meeting.</p>	<p>capital as stated in the CPA-attested financial report for the most recent year.</p> <p>The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders' equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under this paragraph.</p> <p>For any matter subject to board resolutions in accordance with Article 14-3 of Securities Transaction Act, independent directors shall attend the meeting in person or appoint another independent director to attend on his behalf. If the independent director has any objection or reservation opinion, it shall be included in the minutes of the board meeting. If the independent director cannot attend the meeting in person to express his objection or reservation opinions, unless there is justifiable reason, a written opinion shall be provided in advance and recorded in the minutes of the board meeting.</p>
Article 22	<p>These rules were established on June 16, 2009. ....</p> <p>These rules were amended on July 30, 2015.</p> <p><u>These rules were amended on August 10, 2017.</u></p>	<p>These rules were established on June 16, 2009. ....</p> <p>These rules were amended on July 30, 2015.</p>

## Attachment 5: Comparison Table of the Ethical Corporate Management Operating Procedures and Conduct Guide

Article	After The Revision	Before The Revision
Article 6	The <del>audit office</del> <u>general administration division</u> of this company shall serve as the responsible unit (referred to below as "the responsible unit of this company") <del>under the board of directors</del> , 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, be in charge of the following matters and report to the board of directors on a regular basis.	The audit office of this company shall serve as the responsible unit (referred to below as "the responsible unit of this company") under the board of directors, 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, be in charge of the following matters and report to the board of directors on a regular basis.
Article 26	This operating procedure and conduct guide was drafted on December 6, 2011. ....This operating procedure and conduct guide was revised on July 30, 2015. <u>This operating procedure and conduct guide was revised on November 9, 2017.</u>	This operating procedure and conduct guide was drafted on December 6, 2011. ....This operating procedure and conduct guide was revised on July 30, 2015.

### Attachment 6: Comparison Table of the Articles of Incorporation

Article	After The Revision	Before The Revision
Article 23	The expenses entailed through exercising their duties by the directors of the company shall be determined by the board of directors based on the common standard of the industry. <del>The remuneration of all directors shall be in accordance with Article 26-1 of the company's articles of association.</del>	The expenses entailed through exercising their duties by the directors of the company shall be determined by the board of directors based on the common standard of the industry. The remuneration of all directors shall be in accordance with Article 26-1 of the company's articles of association.
Article 30	These articles of association were established on 10 February, 1979... Twenty fifth amendment was made on 26 May, 2017. <u><a href="#">Twenty sixth amendment was made on 30 May, 2018.</a></u>	These articles of association were established on 10 February, 1979... Twenty fifth amendment was made on 26 May, 2017.

## Attachment 7: Comparison Table of the Procedure for Acquisition or Disposal of Assets

Article	After The Revision	Before The Revision
Article 5	<p>The limits on real property and securities acquired by the company for non-business use.</p> <p>1. The company’s acquisition of non-business real property or securities is limited to the following amount limits:</p> <p>(1) The total amount of real property acquired for non-business use shall not exceed 50% of the net value according to the latest financial statements of the company.</p> <p>(2) The total amount of investment in securities shall not exceed <del>5</del><u>100</u>% 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. <u>Investment in S</u>securities with guaranteed principal, <u>domestic or overseas currency fund for financing purpose, negotiable term deposit certificates, short term commercial papers, bank endorsed drafts, and bonds under repurchase and resale agreement</u> shall not be included <del>in the calculation of the amount of investment in securities.</del></p>	<p>The limits on real property and securities acquired by the company for non-business use.</p> <p>1. The company’s acquisition of non-business real property or securities is limited to the following amount limits:</p> <p>(1) The total amount of real property acquired for non-business use shall not exceed 50% of the net value according to the latest financial statements of the company.</p> <p>(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.</p>
Article 6	<p>Evaluation and Procedure for Acquisition or Disposal of Securities</p> <p>1. The means of price determination and supporting reference materials 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:</p> <p>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</p>	<p>Evaluation and Procedure for Acquisition or Disposal of Securities</p> <p>1. The means of price determination and supporting reference materials 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:</p> <p>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</p>



Article	After The Revision	Before The Revision
	<p>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).</p> <p>3. The calculation of the transaction amounts shall be done in accordance with Article <del>30</del>13, 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.</p> <p>4. The degree of authority delegated, the levels to which authority is delegated</p> <p>(1) Any investment in subsidiaries or disposal of shareholding thereof for operational purpose 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 board of directors meeting.</p> <p>(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.</p> <p>(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</p>	<p>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).</p> <p>3. The calculation of the transaction amounts 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.</p> <p>4. The degree of authority delegated, the levels to which authority is delegated</p> <p>(1) Any investment in subsidiaries or disposal of shareholding thereof for operational purpose 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 board of directors meeting.</p> <p>(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.</p> <p>(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</p>

Article	After The Revision	Before The Revision
	<p>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.</p> <p>(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.</p> <p>(5) Negotiable term deposit certificates, short term commercial papers, bank endorsed drafts, and bonds under repurchase and resale agreement are not covered by the above and may be approved <del>by the chairman</del> <u>in accordance with the authority of the company.</u></p> <p>5. The units responsible for implementation 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.</p>	<p>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.</p> <p>(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.</p> <p>(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.</p> <p>5. The units responsible for implementation 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.</p>
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 publish 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 authority, delegated construction on self-owned land,</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 publish 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 authority, delegated construction on self-owned land,</p>

Article	After The Revision	Before The Revision
	<p>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> <ol style="list-style-type: none"> <li>(1) If there is any special reason requiring any fixed price, specific price, or special price to serve as reference benchmarks for the transaction price, such transaction shall first be submitted to the board of directors for resolution, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</li> <li>(2) If the transaction amount is NT\$1 Billion or above, at least 2 professional price appraisers shall be engaged to perform appraisal.</li> <li>(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 ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: <ol style="list-style-type: none"> <li>i. The appraisal result deviates from the transaction amount by 20% or more.</li> <li>ii. The appraisal results by two or more professional appraisers deviate from the transaction price by 20% or more.</li> </ol> </li> <li>(4) No more than 3 months may elapse between the date of the appraisal report</li> </ol>	<p>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> <ol style="list-style-type: none"> <li>(1) If there is any special reason requiring any fixed price, specific price, or special price to serve as reference benchmarks for the transaction price, such transaction shall first be submitted to the board of directors for resolution, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</li> <li>(2) If the transaction amount is NT\$1 Billion or above, at least 2 professional price appraisers shall be engaged to perform appraisal.</li> <li>(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 ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: <ol style="list-style-type: none"> <li>i. The appraisal result deviates from the transaction amount by 20% or more.</li> <li>ii. The appraisal results by two or more professional appraisers deviate from the transaction price by 20% or more.</li> </ol> </li> <li>(4) No more than 3 months may elapse between the date of the appraisal report</li> </ol>

Article	After The Revision	Before The Revision
	<p>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.</p> <p>(5) Application in Construction Industry Unless any fixed price, specific price, or special 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.</p> <p>(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.</p> <p>(7) The calculation of the transaction amounts shall be done in accordance with Article 6-3, <a href="#">paragraph 3 herein</a>.</p> <p>3. The degree of authority delegated, the levels to which authority is delegated Any acquisition or disposal of real property or equipment 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.</p> <p>4. The units responsible for implementation Any acquisition or disposal of real property or equipment 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.</p> <p>5. Transaction Process The transaction flow for the acquisition or disposal of equipment by the company shall be carried out in accordance with the procedure related to <del>fixed-asset-real</del> <a href="#">property, plant and equipment</a> cycles under the company’s internal control system.</p>	<p>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.</p> <p>(5) Application in Construction Industry Unless any fixed price, specific price, or special 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.</p> <p>(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.</p> <p>(7) The calculation of the transaction amounts shall be done in accordance with Article 6-3.</p> <p>3. The degree of authority delegated, the levels to which authority is delegated Any acquisition or disposal of real property or equipment 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.</p> <p>4. The units responsible for implementation Any acquisition or disposal of real property or equipment 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.</p> <p>5. Transaction Process The transaction flow for the acquisition or disposal of equipment by the company shall be carried out in accordance with the procedure related to fixed asset cycles under the company’s internal control</p>

Article	After The Revision	Before The Revision
		system.
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.</p> <p>The calculation of the transaction amount shall be made in accordance with Article <del>6-3</del>, <u>paragraph 3</u> 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.</p> <p>2. When <del>a public</del><u>the</u> company <del>intends to acquire or dispose</del> <u>engages in any acquisition or disposal</u> of real property from or to a related party, or when it <del>intends to acquire or dispose</del> <u>engages in any acquisition or disposal</u> 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 repurchase of domestic money market funds issued by Securities Investment Trust Enterprises (SITEs), 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>(1) The purpose, necessity and expected effect of acquisition or disposal of assets.</p> <p>(2) Reason for selecting a related party as the transaction counterparty.</p> <p>(3) With respect to the acquisition of real</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.</p> <p>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 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 repurchase of domestic money market funds issued by Securities Investment Trust Enterprises (SITEs), 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>(1) The purpose, necessity and expected effect of acquisition or disposal of assets.</p> <p>(2) Reason for selecting a related party as the transaction counterparty.</p> <p>(3) With respect to the acquisition of real</p>

Article	After The Revision	Before The Revision
	<p>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.</p> <p>(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.</p> <p>(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.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the article 1.</p> <p>(7) Restrictive conditions and other important agreements under this transaction.</p> <p>(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.</p> <p>(9) The calculation of the transaction amounts 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 more than half of all audit committee members and submitted to the board of directors for further approval need not be counted toward the transaction amount.</p> <p>(10) With respect to the acquisition or disposal of business-use 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</p>	<p>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.</p> <p>(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.</p> <p>(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.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the article 1.</p> <p>(7) Restrictive conditions and other important agreements under this transaction.</p> <p>(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.</p> <p>(9) The calculation of the transaction amounts 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 more than half of all audit committee members and submitted to the board of directors for further approval need not be counted toward the transaction amount.</p> <p>(10) With respect to the acquisition or disposal of business-use 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</p>

Article	After The Revision	Before The Revision
	<p>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.</p> <p>3. Evaluation of Reasonableness of Transaction Cost</p> <p>(1) For any real property to be acquired from a related party, the following method should be used to evaluate the reasonableness of the transaction cost:</p> <p>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.</p> <p>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.</p> <p>(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.</p> <p>(3) For any real property to be acquired from a related party, the real property 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.</p>	<p>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.</p> <p>3. Evaluation of Reasonableness of Transaction Cost</p> <p>(1) For any real property to be acquired from a related party, the following method should be used to evaluate the reasonableness of the transaction cost:</p> <p>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.</p> <p>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.</p> <p>(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.</p> <p>(3) For any real property to be acquired from a related party, the real property 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.</p>

Article	After The Revision	Before The Revision
	<p>(4) For real property 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.</p> <ul style="list-style-type: none"> <li>i. The related party acquired the real property through succession or gift.</li> <li>ii. The contract by which the related party acquired the real property was signed more than 5 years preceding the contract signature date for this transaction.</li> <li>iii. The real property was acquired through signature of a co-construction contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</li> </ul> <p>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 property professional appraiser and accountant are received:</p> <p>(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:</p> <ul style="list-style-type: none"> <li>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</li> </ul>	<p>(4) For real property 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.</p> <ul style="list-style-type: none"> <li>i. The related party acquired the real property through succession or gift.</li> <li>ii. The contract by which the related party acquired the real property was signed more than 5 years preceding the contract signature date for this transaction.</li> <li>iii. The real property was acquired through signature of a co-construction contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</li> </ul> <p>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 property professional appraiser and accountant are received:</p> <p>(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:</p> <ul style="list-style-type: none"> <li>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</li> </ul>



Article	After The Revision	Before The Revision
	<p>industry gross interest rate published by the Ministry of Finance, whichever is lower.</p> <p>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 property sale and purchase practice.</p> <p>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 property lease practice.</p> <p>(2) Evidence is provided showing that the transaction conditions of the real property 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.</p> <p>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 property.</p> <p>5. For any acquisition of real property 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:</p> <p>(1) The difference between the real property transaction price and the evaluation cost shall be provided as special reserve in accordance with Section 1, Article 41 of the Securities</p>	<p>industry gross interest rate published by the Ministry of Finance, whichever is lower.</p> <p>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 property sale and purchase practice.</p> <p>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 property lease practice.</p> <p>(2) Evidence is provided showing that the transaction conditions of the real property 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.</p> <p>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 property.</p> <p>5. For any acquisition of real property 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:</p> <p>(1) The difference between the real property transaction price and the evaluation cost shall be provided as special reserve in accordance with Section 1, Article 41 of the Securities</p>

Article	After The Revision	Before The Revision
	<p>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.</p> <p>(2) The independent directors of the audit committee shall proceed in accordance with Article 281 of the Company Law.</p> <p>(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.</p> <p>If the company <del>and the publicly traded company that evaluated the company's investment under the equity method</del> 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 has given consent.</p> <p>6. For any real property acquired by the company from a related party, if there is any other evidence showing that the transaction is inconsistent with operational norms, <a href="#">the previous</a> section <del>2 and 3</del> shall be followed.</p>	<p>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.</p> <p>(2) The independent directors of the audit committee shall proceed in accordance with Article 281 of the Company Law.</p> <p>(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.</p> <p>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 has given consent.</p> <p>6. For any real property 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.</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</p> <p>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</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</p> <p>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</p>

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	<p>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 authority, 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, paragraph 3.</p>	<p>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 authority, 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 11	<p>Evaluation and Procedure for Acquisition or Disposal of Derivative Products</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>3. Determination of Limit on Total</p>	<p>Evaluation and Procedure for Acquisition or Disposal of Derivative Products</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>3. Determination of Limit on Total</p>

Article	After The Revision	Before The Revision
	<p>Transaction Contract Amount and Loss Limit</p> <p>(1) Total Transaction Contract Amount <u>Hedging Operation</u> 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.</p> <p><u>Transactional Operation</u> Except Convertible Bonds and Bond with attached warrant and structured product with principal guaranteed, the company does not engage in transactional operations.</p> <p>(2) Loss Limits <u>Hedging Operations</u> 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.</p> <p>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.</p> <p><u>Transactional Operations</u> Except Convertible Bonds and Bond with attached warrant and structured product with principal guaranteed, the company does not engage in transactional operations.</p> <p>4. Performance Review <u>Hedging Operations</u> The performance of hedging operations shall be evaluated based on the hedging strategies.</p> <p>5. The degree of authority delegated, the levels to which authority is delegated The authorization amount and level for hedging operations are as follows:</p>	<p>Transaction Contract Amount and Loss Limit</p> <p>(1) Total Transaction Contract Amount <u>Hedging Operation</u> 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.</p> <p><u>Transactional Operation</u> Except Convertible Bonds and Bond with attached warrant and structured product with principal guaranteed, the company does not engage in transactional operations.</p> <p>(2) Loss Limits <u>Hedging Operations</u> 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.</p> <p>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.</p> <p><u>Transactional Operations</u> Except Convertible Bonds and Bond with attached warrant and structured product with principal guaranteed, the company does not engage in transactional operations.</p> <p>4. Performance Review <u>Hedging Operations</u> The performance of hedging operations shall be evaluated based on the hedging strategies.</p> <p>5. The degree of authority delegated, the levels to which authority is delegated The authorization amount and level for hedging operations are as follows:</p>

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	<p>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:</p> <table border="1" data-bbox="247 667 799 947"> <thead> <tr> <th>Amount (NT\$)</th> <th>Department Supervisor</th> <th>General Manager</th> <th>Chairman</th> <th>Board of Directors</th> </tr> </thead> <tbody> <tr> <td>Below 100 Million</td> <td>Review</td> <td>Review</td> <td>Approval</td> <td></td> </tr> <tr> <td>100 Million and above (inclusive)</td> <td>Review</td> <td>Review</td> <td>Review</td> <td>Resolution</td> </tr> </tbody> </table> <p>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.</p> <p>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.</p> <p>7. The units responsible for implementation and Process</p> <ol style="list-style-type: none"> <li>(1) Confirm transaction position.</li> <li>(2) Analysis and judgment about relevant trend.</li> <li>(3) Determine specific hedging method: <ol style="list-style-type: none"> <li>i. Transaction target.</li> <li>ii. Transaction position.</li> <li>iii. Target price and range.</li> <li>iv. Transaction strategy and type.</li> <li>v. Price reference based on public</li> </ol> </li> </ol>	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	<p>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:</p> <table border="1" data-bbox="885 667 1437 947"> <thead> <tr> <th>Amount (NT\$)</th> <th>Department Supervisor</th> <th>General Manager</th> <th>Chairman</th> <th>Board of Directors</th> </tr> </thead> <tbody> <tr> <td>Below 100 Million</td> <td>Review</td> <td>Review</td> <td>Approval</td> <td></td> </tr> <tr> <td>100 Million and above (inclusive)</td> <td>Review</td> <td>Review</td> <td>Review</td> <td>Resolution</td> </tr> </tbody> </table> <p>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.</p> <p>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.</p> <p>7. The units responsible for implementation and Process</p> <ol style="list-style-type: none"> <li>(1) Confirm transaction position.</li> <li>(2) Analysis and judgment about relevant trend.</li> <li>(3) Determine specific hedging method: <ol style="list-style-type: none"> <li>i. Transaction target.</li> <li>ii. Transaction position.</li> <li>iii. Target price and range.</li> <li>iv. Transaction strategy and type.</li> <li>v. Price reference based on public</li> </ol> </li> </ol>	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
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	<p>quoting system.</p> <p>(4) Obtain approval for transaction.</p> <p>(5) Execute transaction.</p> <p>i. Transaction Counterparty: Transaction counterparties shall be selected with priority consideration for credit risk.</p> <p>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.</p> <p>8. Risk Management</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(4) Cash Risk: The company shall maintain sufficient liquid assets and credit facilities to satisfy settlement capital requirements.</p> <p>(5) Process Risk: The company shall have clear authorization amounts and process flows to avoid process risks.</p> <p>(6) Legal Risk: The documents between</p>	<p>quoting system.</p> <p>(4) Obtain approval for transaction.</p> <p>(5) Execute transaction.</p> <p>i. Transaction Counterparty: Transaction counterparties shall be selected with priority consideration for credit risk.</p> <p>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.</p> <p>8. Risk Management</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(4) Cash Risk: The company shall maintain sufficient liquid assets and credit facilities to satisfy settlement capital requirements.</p> <p>(5) Process Risk: The company shall have clear authorization amounts and process flows to avoid process risks.</p> <p>(6) Legal Risk: The documents between</p>

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	<p>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.</p> <p>9. Internal Control</p> <p>(1) The transaction staff of the company may not also serve as confirmation staff or settlement staff.</p> <p>(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.</p> <p>(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.</p> <p>10. Regular Evaluation Method and Anomaly Handling</p> <p>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.</p> <p>The evaluation shall include the following:</p> <p>(1) Regularly evaluate whether the performance of derivative product transactions engaged are consistent with the existing operational strategy.</p> <p>(2) Whether the risks undertaken are</p>	<p>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.</p> <p>9. Internal Control</p> <p>(1) The transaction staff of the company may not also serve as confirmation staff or settlement staff.</p> <p>(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.</p> <p>(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.</p> <p>10. Regular Evaluation Method and Anomaly Handling</p> <p>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.</p> <p>The evaluation shall include the following:</p> <p>(1) Regularly evaluate whether the performance of derivative product transactions engaged are consistent with the existing operational strategy.</p> <p>(2) Whether the risks undertaken are</p>

Article	After The Revision	Before The Revision
	<p>within the company's scope of tolerance.</p> <p>(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.</p> <p>(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.</p> <p>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:</p> <p>(1) Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.</p> <p>(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.</p> <p>12. Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:</p> <p>(1) Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the</p>	<p>within the company's scope of tolerance.</p> <p>(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.</p> <p>(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.</p> <p>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:</p> <p>(1) Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.</p> <p>(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.</p> <p>12. Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:</p> <p>(1) Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the</p>



Article	After The Revision	Before The Revision
	<p>procedures for engaging in derivatives trading formulated by the company.</p> <p>(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.</p> <p>A company shall report to the soonest board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</p> <p>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.</p> <p>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.</p> <p>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</p>	<p>procedures for engaging in derivatives trading formulated by the company.</p> <p>(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.</p> <p>A company shall report to the soonest board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</p> <p>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.</p> <p>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.</p> <p>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</p>

Article	After The Revision	Before The Revision
	<p>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.</p> <p>16. If any subsidiary of the company <u>except Nova Technology Corp. and its subsidiaries</u> contemplate 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.</p>	<p>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.</p> <p>16. If any subsidiary of the company contemplate 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.</p>
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,</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,</p>

Article	After The Revision	Before The Revision
	<p>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. 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.</p> <p>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.</p> <p>5. Submission of Relevant Information and Disclosure of Information when Approval by Shareholder Meeting Cannot be Obtained</p> <p>(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.</p> <p>(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</p>	<p>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. 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.</p> <p>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.</p> <p>5. Submission of Relevant Information and Disclosure of Information when Approval by Shareholder Meeting Cannot be Obtained</p> <p>(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.</p> <p>(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</p>

Article	After The Revision	Before The Revision
	<p>acquisition shall immediately make a public announcement about the reasons, subsequent steps and expected dates to convene their shareholder meetings.</p> <p>6. Dates of Board Meeting and Shareholder Meeting</p> <p>(1) Unless otherwise provided by law or in case of any special reason that is reported to and approved by the Financial Supervisory Commission 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.</p> <p>(2) Unless otherwise provided by law or in case of any special reason that is reported to and approved by the Financial Supervisory Commission in advance, companies participating in share transfer shall hold board meetings on the same day.</p> <p>(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.</p> <p>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).</p> <p>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.</p> <p>iii. Important documents and minutes: Including merger, division, acquisition or share transfer plan, letters of intent, memorandums of understanding, important contracts</p>	<p>acquisition shall immediately make a public announcement about the reasons, subsequent steps and expected dates to convene their shareholder meetings.</p> <p>6. Dates of Board Meeting and Shareholder Meeting</p> <p>(1) Unless otherwise provided by law or in case of any special reason that is reported to and approved by the Financial Supervisory Commission 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.</p> <p>(2) Unless otherwise provided by law or in case of any special reason that is reported to and approved by the Financial Supervisory Commission in advance, companies participating in share transfer shall hold board meetings on the same day.</p> <p>(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.</p> <p>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).</p> <p>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.</p> <p>iii. Important documents and minutes: Including merger, division, acquisition or share transfer plan, letters of intent, memorandums of understanding, important contracts</p>

Article	After The Revision	Before The Revision
	<p>and minutes of the board meetings.</p> <p>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) <del>(3)</del> <u>i</u> and (2) <del>ii</del> <u>ii</u> above in the regulated format through the Internet information system to the Financial Supervisory Commission for reference.</p> <p>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 <u>with the previous</u> sections <del>3</del> <u>3</u> and <del>4</del> <u>sections 6 (3)</u>.</p> <p>7. Confidentiality Obligation and Avoidance of Insider Trading</p> <p>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.</p> <p>8. Principle for Change of Share Swap Percentage or Acquisition Price</p> <p>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 <del>or if public disclosure has been made</del>. Conditions that may be changed in relation to share swap percentage or acquisition price are as follows:</p> <p>(1) Capital increase, issuance of convertible corporate bonds, issuance of shares without consideration, issuance of corporate bonds with</p>	<p>and minutes of the board meetings.</p> <p>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 for reference.</p> <p>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.</p> <p>7. Confidentiality Obligation and Avoidance of Insider Trading</p> <p>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.</p> <p>8. Principle for Change of Share Swap Percentage or Acquisition Price</p> <p>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:</p> <p>(1) Capital increase, issuance of convertible corporate bonds, issuance of shares without consideration, issuance of corporate bonds with</p>

Article	After The Revision	Before The Revision
	<p>warrants, special shares with warrants, options and other securities in the nature of share entitlement.</p> <p>(2) Important acts that affect the company’s finance or business such as disposal of the company’s material asset.</p> <p>(3) Occurrence of a significant disaster, significant technical change affecting the interest of the company’s shareholders or securities price.</p> <p>(4) Any company participating in the merger, division, acquisition or share transfer makes adjustment pursuant to repurchase of treasury shares in accordance with law.</p> <p>(5) Any increase, decrease or change of any entity or number of entities participating in the merger, division, acquisition or share transfer.</p> <p>(6) Any condition that may be changed as provided under the contract, and which has been publicly disclosed.</p> <p>9. Matters to be Provided in Contract In relation to any merger, division, acquisition or share transfer to which the company participates, <del>in addition to the provisions under Company Law and Enterprise Acquisition Act,</del> 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:</p>	<p>warrants, special shares with warrants, options and other securities in the nature of share entitlement.</p> <p>(2) Important acts that affect the company’s finance or business such as disposal of the company’s material asset.</p> <p>(3) Occurrence of a significant disaster, significant technical change affecting the interest of the company’s shareholders or securities price.</p> <p>(4) Any company participating in the merger, division, acquisition or share transfer makes adjustment pursuant to repurchase of treasury shares in accordance with law.</p> <p>(5) Any increase, decrease or change of any entity or number of entities participating in the merger, division, acquisition or share transfer.</p> <p>(6) Any condition that may be changed as provided under the contract, and which has been publicly disclosed.</p> <p>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:</p>
Article 14	<p>Control Procedure for Acquisition or Disposal of Asset by Subsidiary</p> <p>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.</p> <p>2. Any acquisition or disposal of an asset by any subsidiary <u>except Nova Technology Corp. and its subsidiaries</u> 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</p>	<p>Control Procedure for Acquisition or Disposal of Asset by Subsidiary</p> <p>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.</p> <p>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</p>

Article	After The Revision	Before The Revision
	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.	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.
Article 20	Implementation and Amendment The Procedure for Acquisition or Disposal of Assets shall be implemented after more than half of all audit committee members grants the approval, and shall be sent to the board of directors for further approval and reported at a shareholders' meeting. <del>If any director voices any objection by record or written statement, the company shall send such director's objection information to the audit committee and submit them for approval by the shareholders' meeting.</del> The same procedure shall be followed when the procedure have been amended.	Implementation and Amendment The Procedure for Acquisition or Disposal of Assets shall be implemented after more than half of all audit committee members grants the approval, and shall be sent to the board of directors for further approval and reported at a shareholders' meeting. If any director voices any objection by record or written statement, the company shall send such director's objection information to the audit committee and submit them for approval by the shareholders' meeting. The same procedure shall be followed when the procedure have been amended.
Article 21	This procedure was established on 3 May 2005... This procedure was amended on 26 May 2017. <a href="#">This procedure was amended on 30 May 2018.</a>	This procedure was established on 3 May 2005... This procedure was amended on 26 May 2017.

## Attachment 8: Comparison Table of the Endorsement and Guarantee Procedure

Article	After The Revision	Before The Revision
Article 3	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 <u>all</u> investing shareholders to their invested company in accordance with their shareholding ratios.	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.
Article 4	<p>1. The total amount of liability, standard of amount limit and amount for the company's external endorsement and guarantee are as follows:</p> <p>(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 <u>5 times</u> 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.</p> <p>(2) Other than a guarantee for project contracting, the accumulated amount of liability under external endorsement and guarantee <u>for other companies that not directly or indirectly be owned by the company</u> shall not exceed 20% of the net value of the company. The amount of endorsement and guarantee for any single enterprise shall not exceed <u>10%</u> of the company's net value.</p>	<p>1. The total amount of liability, standard of amount limit and amount for the company's external endorsement and guarantee are as follows:</p> <p>(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 <u>5 times</u> 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.</p> <p>(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 <u>10%</u> of the company's net value.</p>
Article 5	<p>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:</p> <p>(1) Any single endorsement and guarantee <u>among companies of the same industry in accordance with contract for project contracting</u></p>	<p>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:</p> <p>(1) Any single endorsement and guarantee for project contracting below NT\$1 Billion (inclusive) may be executed by the chairman first</p>



Article	After The Revision	Before The Revision
	<p><del>requirement for project contracting</del> 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 <u>next</u> board of directors for ratification.</p> <p>(2) Any single 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 <u>next</u> board of directors for ratification.</p> <p>(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 <u>next</u> board of directors for ratification.</p>	<p>with the authorization from the board of directors and then submitted to the board of directors for ratification.</p> <p>(2) Any single 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>(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.</p>
Article 9	<p>1. <del>After the company becomes a publicly traded company, t</del>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 10<sup>th</sup> day of every month.</p> <p>2. <del>After the company becomes a publicly traded company, w</del>When the balance amount of endorsement and guarantee reaches one of the following thresholds, a public announcement shall be made within 2 days commencing immediately from the date of occurrence:</p>	<p>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 10<sup>th</sup> day of every month.</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 commencing immediately from the date of occurrence:</p>
Article 11	<p>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</p>	<p>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</p>

Article	After The Revision	Before The Revision
	<p>value shall be calculated based on the net value of the subsidiary.</p> <p>2. Any subsidiary of the company <u>except Nova Technology Corp. and its subsidiaries</u> that contemplate 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.</p>	<p>value shall be calculated based on the net value of the subsidiary.</p> <p>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.</p>
Article 13	<p>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 audit committee.</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 relevant information shall be provided to the certifying accountant to execute necessary audit procedure.</p> <p>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</p>	<p>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 audit committee.</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 relevant information shall be provided to the certifying accountant to execute necessary audit procedure.</p> <p>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</p>

Article	After The Revision	Before The Revision
	<p>to the endorsement and guarantee.</p> <p><del>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.</del></p> <p><u>5.4.</u> 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 <u>following</u> board of directors.</p> <p>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.</p>	<p>to the endorsement and guarantee.</p> <p>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.</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> <p>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.</p>
Article 16	<p>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. The fourth amendment to this procedure was made on 19 June 2013. The fifth amendment to this procedure was made on 28 May 2015. <u>The sixth amendment to this procedure was made on 30 May 2018.</u></p>	<p>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. The fourth amendment to this procedure was made on 19 June 2013. The fifth amendment to this procedure was made on 28 May 2015.</p>

## Attachment 9: Comparison Table of the Procedures for Loaning of Company Funds

Article	After The Revision	Before The Revision
Article 5	<p>1. Short term financing requirement with the company means a term that is one year or one business cycle (whichever is longer) <del>according to the above letter of interpretation by the Ministry of Economic Affairs.</del></p>	<p>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.</p>
Article 6	<p>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.</p> <p>2. For funds lending between the company and its <del>parent or</del> 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.</p> <p>3. When <del>this procedure is submitted to the board of directors for discussion</del> <u>the company contemplates to lend funds</u> 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.</p>	<p>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.</p> <p>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.</p> <p>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.</p>
Article 10	<p>1. For first time borrowers, the borrower shall provide basic information and financial information so that the <del>responsible</del> <u>processing</u> department can carry out credit verification.</p>	<p>1. For first time borrowers, the borrower shall provide basic information and financial information so that the responsible department can carry out credit verification.</p>
Article 11	<p>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</p>	<p>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</p>

Article	After The Revision	Before The Revision
	<p>and inform the borrower timely.</p> <p>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 <del>prepare</del>submit the credit verification and evaluation report together with the contemplated lending amount, duration and interest rate <del>for the responsible department's confirmation about feasibility and submit the information</del> to the board of directors for decision.</p>	<p>and inform the borrower timely.</p> <p>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.</p>
Article 12	<p>1. For any lending case, the processing staff shall draft the contract provisions <del>for review and approval by the supervisor of the responsible department</del>. If required, the provisions shall be submitted to the legal consultant for an opinion. The procedure for contract signing shall then be carried out.</p>	<p>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.</p>
Article 13	<p>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, <del>with all procedures verified and confirmed by the responsible department</del>.</p>	<p>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.</p>
Article 16	<p>1. <del>After the company becomes a publicly traded company, a</del> public announcement shall be made by the 10<sup>th</sup> day of each month about the balance of funds lending by the company and its subsidiaries for the previous month.</p> <p>2. <del>For publicly traded companies, i</del>f 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:</p>	<p>1. After the company becomes a publicly traded company, a public announcement shall be made by the 10<sup>th</sup> day of each month about the balance of funds lending by the company and its subsidiaries for the previous month.</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 commencing immediately from the date of occurrence:</p>
Article 17	<p>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</p>	<p>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</p>

Article	After The Revision	Before The Revision
	<p>Bureau, provided that the net value shall be calculated based on the net value of the company.</p> <p>2. Any subsidiary of the company <u>except Nova Technology Corp. and its subsidiaries</u> that contemplate 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.</p>	<p>Bureau, provided that the net value shall be calculated based on the net value of the company.</p> <p>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.</p>
Article 19	<p>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 audit committee shall be notified in writing.</p> <p>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 audit committee. <u>And the company shall complete the rectification according to the timeframe set out in the plan.</u></p>	<p>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 audit committee shall be notified in writing.</p> <p>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 audit committee.</p>
Article 22	<p>1. This procedure shall be implemented after it is approved by more than half of all audit committee members, submitted to the board of directors for further approval 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 audit committee and shareholder meeting for discussion. The same procedure shall be applicable to any amendment hereof.</p> <p>2. When the funds lending procedure is submitted to the board of directors for discussion in accordance with the previous section, opinions of independent</p>	<p>1. This procedure shall be implemented after it is approved by more than half of all audit committee members, submitted to the board of directors for further approval 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 audit committee and shareholder meeting for discussion. The same procedure shall be applicable to any amendment hereof.</p> <p>2. When the funds lending procedure is submitted to the board of directors for discussion in accordance with the previous section, opinions of independent</p>

Article	After The Revision	Before The Revision
	<p>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.</p> <p>3. <del>This procedure was approved by the shareholder meeting on 3 May 2005.</del></p>	<p>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.</p> <p>3. This procedure was approved by the shareholder meeting on 3 May 2005.</p>
Article 23	<p>This procedure was established on 3 May, 2005.</p> <p>The first amendment to this procedure was made on 16 June, 2009.</p> <p>The second amendment to this procedure was made on 10 June, 2010.</p> <p>The third amendment to this procedure was made on 15 June, 2011.</p> <p>The fourth amendment to this procedure was made on 19 June, 2013.</p> <p>The fifth amendment to this procedure was made on 28 May, 2015.</p> <p>The sixth amendment to this procedure was made on 31 May, 2016.</p> <p><a href="#">The seventh amendment to this procedure was made on 30 May, 2018.</a></p>	<p>This procedure was established on 3 May, 2005.</p> <p>The first amendment to this procedure was made on 16 June, 2009.</p> <p>The second amendment to this procedure was made on 10 June, 2010.</p> <p>The third amendment to this procedure was made on 15 June, 2011.</p> <p>The fourth amendment to this procedure was made on 19 June, 2013.</p> <p>The fifth amendment to this procedure was made on 28 May, 2015.</p> <p>The sixth amendment to this procedure was made on 31 May, 2016.</p>

## Attachment 10: Comparison Table of the Regulations governing remuneration paid to directors and functional committee

Article	After The Revision	Before The Revision
Article 2	<p>The remuneration of directors mentioned in this regulation refers to the following matters:</p> <ol style="list-style-type: none"> <li>1. The transportation and attendance fare for directors attending the board meetings <u>and the transportation fare for members of functional committee attending the committee meetings.</u></li> <li>2. The fixed amount of remuneration for independent directors in accordance with the Articles of Incorporation.</li> <li>3. Executive business expense of the directors in accordance with the Articles of Incorporation.</li> <li>4. The annual remuneration for directors in accordance with the Articles of Incorporation.</li> </ol>	<p>The remuneration of directors mentioned in this regulation refers to the following matters:</p> <ol style="list-style-type: none"> <li>1. The transportation and attendance fare for directors attending the board meetings.</li> <li>2. The fixed amount of remuneration for independent directors in accordance with the Articles of Incorporation.</li> <li>3. Executive business expense of the directors in accordance with the Articles of Incorporation.</li> <li>4. The annual remuneration for directors in accordance with the Articles of Incorporation.</li> </ol>
Article 3	<p>The amount and method of distribution of the remuneration of directors <u>and members of functional committee</u></p> <ol style="list-style-type: none"> <li>1. Transportation fare <u>for board meeting</u>: NT\$6,000 dollars per meeting <u>for each director</u>. It is determined on the basis of the actual attendance and shall be paid after each meeting.</li> <li>2. Attendance fare <u>for board meeting</u>: NT\$6,000 dollars per meeting <u>for each director</u>. It is determined on the basis of the actual attendance (including attendance via video conferencing) and shall be paid after each meeting.</li> <li>3. <u>Transportation fare for functional committee meeting: NT\$6,000 dollars per meeting for each members of functional committee. It is determined on the basis of the actual attendance (including attendance via video conference) and shall be paid after each meeting. No fare will be paid when the functional committee meeting is convened at the same day of the board meeting and members of functional committee have received the transportation and attendance fare for the board meeting.</u></li> <li><del>3.4. The board of directors is authorized to provide remuneration for independent directors in the form of a fixed salary. The fixed salary shall not more than</del> <u>The fixed amount of remuneration for independent directors is</u> NT\$540,000 dollars per month.</li> </ol>	<p>The amount and method of distribution of the remuneration of directors</p> <ol style="list-style-type: none"> <li>1. Transportation fare: NT\$6,000 dollars per meeting. It is determined on the basis of the actual attendance and shall be paid after each meeting.</li> <li>2. Attendance fare: NT\$6,000 dollars per meeting. It is determined on the basis of the actual attendance (including attendance via video conferencing) and shall be paid after each meeting.</li> <li>3. The board of directors is authorized to provide remuneration for independent directors in the form of a fixed salary. The fixed salary shall not more than NT\$50,000 dollars per month.</li> </ol>



Article	After The Revision	Before The Revision
	<p><u>Independent directors shall be excluded from distribution. Independent directors that be appointed to be any member of functional committee by the board meeting can gain extra remuneration mentioned under section 5.</u></p> <p><u>5. The remuneration for members of functional committee: The remuneration for each member of each functional committee is NT\$10,000 dollars per month since he/her be appointed by the company. For the calculation of member resign during the year, the remuneration will be calculated based on the proportion of the period of serving.</u></p> <p><del>4.6.</del>The board of directors is authorized to provide business implementation expense for directors based on the contents of executive business in accordance with the Articles of Incorporation.</p> <p><del>5.7.</del>The remuneration of directors (excluding independent directors) approved by the board of directors, shall be determine by following methods:</p> <p>(1)1 basis point for each director. For the directors are elected within 1 year, the basis point is calculated based on the proportion of the period of serving. For the directors resign during the year of distribution, he or she will not include in scoring (re-election are exempted from this restriction).</p> <p>(2)The chairman of the board gains an additional <del>0</del>1.5 basis points.</p>	<p>4. The board of directors is authorized to provide business implementation expense for directors based on the contents of executive business in accordance with the Articles of Incorporation.</p> <p>5. The remuneration of directors (excluding independent directors) approved by the board of directors, shall be determine by following methods:</p> <p>(1)1 basis point for each director. For the directors are elected within 1 year, the basis point is calculated based on the proportion of the period of serving. For the directors resign during the year of distribution, he or she will not include in scoring (re-election are exempted from this restriction).</p> <p>(2)The chairman of the board gains an additional 0.5 basis points.</p>
Article 4	<p><del>The board of directors is authorized to implement</del> <u>This regulation shall be implemented after approval by the board of directors</u><del>after it is approved by the shareholders meeting.</del> The same procedure shall be applicable to any amendment hereof.</p>	<p>The board of directors is authorized to implement this regulation after it is approved by the shareholders meeting. The same procedure shall be applicable to any amendment hereof.</p>

### Attachment 11: The qualification of the nominated

Category	Name	Education	Experience	Current Shareholding
Director	Liang, Chin-Li	<ul style="list-style-type: none"> <li>- EMBA, National Chiao Tung University</li> <li>- Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech</li> </ul>	<p><b>Current Position</b></p> <ul style="list-style-type: none"> <li>- CEO and President, Acter Co., Ltd.</li> <li>- Chairman, Her Suo Eng., Co., Ltd.</li> <li>- Chairman, Nova Technology Corp.</li> <li>- Chairman, Sheng Huei (Suzhou) Engineering Co., Ltd.</li> <li>- Chairman, Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd.</li> <li>- Director, Sheng Huei (Shenzhen) Engineering Co., Ltd.</li> <li>- Director, Shenzhen Dingmao Trade Co., Ltd.</li> <li>- Legal Representative, Sheng Huei International Co., Ltd.</li> <li>- Legal Representative, Acter International Limited</li> <li>- Legal Representative, New Point Group Limited</li> <li>- Director, Nova Technology Singapore Pte., Ltd.</li> <li>- Director, Nova Technology Malaysia Sdn. Bhd.</li> <li>- Supervisor, Winmax Technology Corp.</li> <li>- Director and CEO, Enrich Tech Co., Ltd.</li> <li>- Chairman, Winmega Technology Corp.</li> <li>- Director, Acter Engineering Co., Ltd.</li> <li>- Supervisor, Suzhou Winmax Technology Corp.</li> <li>- Director, Novatech Engineering &amp; Construction Pte. Ltd.</li> </ul> <p><b>Experience</b></p> <ul style="list-style-type: none"> <li>- Manager, Engineering Department, Gongshan Air-conditioning and Refrigerating Co., Ltd.</li> </ul>	1,711,688 Shares
Director	Yang, Jung-Tang	<ul style="list-style-type: none"> <li>- EMBA, Tunghai University</li> <li>- Department of Electrical Engineering - Refrigerating and</li> </ul>	<p><b>Current Position</b></p> <ul style="list-style-type: none"> <li>- Chairman, Xiang-Hui Development Co., Ltd.</li> <li>- Chairman, Johnwell Co., Ltd.</li> <li>- Director, Zhangjiagang Free</li> </ul>	865,495 Shares

Category	Name	Education	Experience	Current Shareholding
		Air-conditioning, Taipei Tech	Trade Zone Fuyu International Trade Co., Ltd. <ul style="list-style-type: none"> <li>- Director, Sheng Huei International Co., Ltd.</li> <li>- Director, Acter International Limited</li> <li>- Director, New Point Group Limited</li> <li>- Director, Nova Technology Malaysia Sdn. Bhd.</li> <li>- Director, Season Arts Education Foundation.</li> <li>- Supervisor, Suzuka Chemical Co., Ltd.</li> </ul>	
Director	Hu, Tai-Tsen	<ul style="list-style-type: none"> <li>- EMBA, Tunghai University</li> <li>- Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech</li> </ul>	<p><b>Current Position</b></p> <ul style="list-style-type: none"> <li>- Director, Sheng Huei International Co., Ltd.</li> <li>- Director, Acter International Limited</li> <li>- Director, New Point Group Limited</li> <li>- Director, Lishan Hotel Corporation</li> </ul> <p><b>Experience</b></p> <ul style="list-style-type: none"> <li>- Honorary Member, The Phi Tau Phi Scholastic Honor Society of the Republic of China</li> <li>- Lecturer, Department of Electrical Engineering, National Chin-Yi University of Technology</li> <li>- Executive Director, Taiwan Refrigerator and Air-Conditioning Association of Republic of China</li> <li>- Jury for Technical Examination of Refrigeration and Air Conditioning Repair Technician by the Ministry of Internal Affairs</li> </ul>	601,401 Shares
Director	Kao, Hsin-Ming	<ul style="list-style-type: none"> <li>- EMBA-International Business Management, National Taiwan University</li> </ul>	<p><b>Current Position</b></p> <ul style="list-style-type: none"> <li>- Chairman and CEO, Marketech International Corp.</li> <li>- Chairman, Macrotec Technology Corp.</li> <li>- Chairman, Chi Hsuan Investments Corp.</li> <li>- Chairman, Hua Hsuan Technology Corp.</li> <li>- Director, WT Microelectronics Co., Ltd.</li> </ul>	1,156,662 Shares

Category	Name	Education	Experience	Current Shareholding
			<ul style="list-style-type: none"> <li>- Supervisor, Probeleader Co., Ltd.</li> </ul> <p><b>Experience</b></p> <ul style="list-style-type: none"> <li>- Section Manager, Electronics Research &amp; Service Organization (ERSO)</li> </ul>	
Independent Director	Yeh, Hui-Hsin	<ul style="list-style-type: none"> <li>- Bachelor Degree in Accounting, Tunghai University</li> </ul>	<p><b>Current Position</b></p> <ul style="list-style-type: none"> <li>- Representative, Wei Chin CPAs &amp; Co.</li> <li>- Independent Director, Partner Tech. Corp.</li> <li>- Supervisor, Hyweb Technology Co., Ltd.</li> </ul> <p><b>Experience</b></p> <ul style="list-style-type: none"> <li>- Partner CPA, Ernst &amp; Young Global Limited</li> </ul>	3,000 Shares
Independent Director	Wang, Mao-Rong	<ul style="list-style-type: none"> <li>- Master, Institute of Management of Technology, National Chiao Tung University</li> <li>- Refrigerating Air-conditioning Division, College of Mechanical &amp; Electrical Engineering, National Taipei University of Technology</li> </ul>	<p><b>Current Position</b></p> <ul style="list-style-type: none"> <li>- Person in Charge, MJ Energy Master</li> <li>- Director, J-POWER SYSTEM ENGINEERING CO., LTD.</li> <li>- Director, Compresses Air Energy Saving Co., Ltd.</li> <li>- Supervisor, Jesus International Investment Co., Ltd.</li> </ul> <p><b>Experience</b></p> <ul style="list-style-type: none"> <li>- Consultant of Energy-saving Department and Senior Manager, Delta Electronics, Inc.</li> <li>- Industrial Technology Research Institute Laboratory Director and Promotion Manager</li> <li>- Great United Technicians Firm, Person in Charge</li> <li>- Top 10 Outstanding Engineer Award (Year 1996)</li> <li>- Refrigeration and air-conditioning engineer (Senior Examinations)</li> </ul>	3,000 Shares
Independent Director	Yang, Qian	<ul style="list-style-type: none"> <li>- Doctor of Computer Science, Washington University, USA</li> <li>- Master of Computer Science, Georgia Institute of Technology, USA</li> </ul>	<p><b>Current Position</b></p> <ul style="list-style-type: none"> <li>- Honorary Professor, Institute of Business and Management, National Chiao Tung University</li> <li>- Member, Employee Complaint Deliberation</li> </ul>	0 Share

Category	Name	Education	Experience	Current Shareholding
		<ul style="list-style-type: none"> <li>- Master of Management Science, National Chiao Tung University</li> <li>- Bachelor of Electronics Engineering, National Chiao Tung University</li> </ul>	<ul style="list-style-type: none"> <li>Committee, Industrial Technology Research Institute</li> <li>- Supervisor, Chia Chang Co., Ltd.</li> <li>- Independent Director, ASPEED Technology Inc.</li> <li>- Independent Director, Penpower Technology LTD.</li> </ul> <p><b>Experience</b></p> <ul style="list-style-type: none"> <li>- Professor and Dean, Institute of Business and Management, National Chiao Tung University</li> <li>- Professor and Acting Dean, Institute of Business and Management, National Chiao Tung University</li> <li>- Professor and EMBA Chief Executive Officer, Institute of Business and Management, National Chiao Tung University</li> <li>- Consultant, Chairman Office, Hon Hai Precision Inc. Co., Ltd.</li> <li>- Member, Endowment Fund Committee, National Chiao Tung University</li> <li>- Member, Operation Fund Committee, National Chiao Tung University</li> <li>- Judicial Yuan Member, Personnel Review Committee</li> <li>- Director, Hermes Microvision, Inc.</li> <li>- Independent Director, BestCom Infotech Corp.</li> </ul>	

**Attachment 12: Items of competitive conduct in which the directors  
(including independent directors) are permitted to engage**

Title	Name	Items of competitive conduct
Director	Liang, Chin-Li	<ul style="list-style-type: none"> <li>- Chairman, Her Suo Eng., Co., Ltd.</li> <li>- Chairman, Nova Technology Corp.</li> <li>- Chairman, Sheng Huei (Suzhou) Engineering Co., Ltd.</li> <li>- Chairman, Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd.</li> <li>- Director, Sheng Huei (Shenzhen) Engineering Co., Ltd.</li> <li>- Director, Shenzhen Dingmao Trade Co., Ltd.</li> <li>- Legal Representative, Sheng Huei International Co., Ltd.</li> <li>- Legal Representative, Acter International Limited</li> <li>- Legal Representative, New Point Group Limited</li> <li>- Director, Nova Technology Singapore Pte., Ltd.</li> <li>- Director, Nova Technology Malaysia Sdn. Bhd.</li> <li>- Supervisor, Winmax Technology Corp.</li> <li>- Director and CEO, Enrich Tech Co., Ltd.</li> <li>- Chairman, Winmega Technology Corp.</li> <li>- Director, Acter Engineering Co., Ltd.</li> <li>- Supervisor, Suzhou Winmax Technology Corp.</li> <li>- Director, Novatech Engineering &amp; Construction Pte. Ltd.</li> </ul>
Director	Yang, Jung-Tang	<ul style="list-style-type: none"> <li>- Chairman, Xiang-Hui Development Co., Ltd.</li> <li>- Chairman, Johnwell Co., Ltd.</li> <li>- Director, Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd.</li> <li>- Director, Sheng Huei International Co., Ltd.</li> <li>- Director, Acter International Limited</li> <li>- Director, New Point Group Limited</li> <li>- Director, Nova Technology Malaysia Sdn. Bhd.</li> <li>- Director, Season Arts Education Foundation.</li> <li>- Supervisor, Suzuka Chemical Co., Ltd.</li> </ul>
Director	Hu, Tai-Tsen	<ul style="list-style-type: none"> <li>- Director, Sheng Huei International Co., Ltd.</li> <li>- Director, Acter International Limited</li> <li>- Director, New Point Group Limited</li> <li>- Director, Lishan Hotel Corporation</li> </ul>
Director	Kao, Hsin-Ming	<ul style="list-style-type: none"> <li>- Chairman and CEO, Marketech International Corp.</li> <li>- Chairman, Macrotec Technology Corp.</li> <li>- Chairman, Chi Hsuan Investments Corp.</li> <li>- Chairman, Hua Hsuan Technology Corp.</li> <li>- Director, WT Microelectronics Co., Ltd.</li> <li>- Supervisor, Probeleader Co., Ltd.</li> </ul>
Independent Director	Yeh, Hui-Hsin	<ul style="list-style-type: none"> <li>- Representative, Wei Chin CPAs &amp; Co.</li> <li>- Independent Director, Partner Tech. Corp.</li> <li>- Supervisor, Hyweb Technology Co., Ltd.</li> </ul>
Independent Director	Wang, Mao-Rong	<ul style="list-style-type: none"> <li>- Person in Charge, MJ Energy Master</li> <li>- Director, J-POWER SYSTEM ENGINEERING CO., LTD.</li> <li>- Director, Compresses Air Energy Saving Co., Ltd.</li> <li>- Supervisor, Jesus International Investment Co., Ltd.</li> </ul>
Independent Director	Yang, Qian	<ul style="list-style-type: none"> <li>- Honorary Professor, Institute of Business and Management, National Chiao Tung University</li> <li>- Member, Employee Complaint Deliberation Committee, Industrial Technology Research Institute</li> <li>- Supervisor, Chia Chang Co., Ltd.</li> <li>- Independent Director, ASPEED Technology Inc.</li> <li>- Independent Director, Penpower Technology LTD.</li> </ul>