

Stock code: 5536



ACTER GROUP CORPORATION LIMITED

**Handbook for the 2020
Annual Meeting of Shareholders**

MEETING TIME: May 27, 2020

Table of Contents

I.	Meeting Procedure	1
II.	Agenda of Annual Meeting of Shareholders.....	3
III.	Report Items	5
IV.	Proposals	6
V.	Discussion	7
VI.	Questions and Motions	8
VII.	Adjournment.....	8
VIII.	Attachments	9
	Attachment 1: Business Report.....	10
	Attachment 2: 2019 Independent Auditors' Report and Financial Statements	17
	Attachment 3: Audit Committee's Review Report	34
	Attachment 4: Comparison Table of the Rules of Procedure for Board of Directors Meeting	35
	Attachment 5: Comparison Table of the Ethical Corporate Management Practice Principles	38
	Attachment 6: Comparison Table of the Rules of Procedure for Shareholder Meetings	42
	Attachment 7: Comparison Table of the Procedure for Acquisition or Disposal of Assets	47
IX.	Appendices	48
	Appendix 1: Articles of Incorporation	49
	Appendix 2: Rules of Procedure for Shareholder Meetings< Before the revision >	56
	Appendix 3: Rules of Procedure for Board of Directors Meeting< Before the revision > ..	65
	Appendix 4: Ethical Corporate Management Practice Principles< Before the revision > ..	73
	Appendix 5: Procedure for Acquisition or Disposal of Assets< Before the revision >	80
	Appendix 6: Shareholding of Directors	103
	Appendix 7: Directors and employees compensation.....	103
	Appendix 8: The other explanation.....	104

I. Meeting Procedure

ACTER GROUP CORPORATION LIMITED

Procedure for the 2020 Annual Meeting of Shareholders

- 1. Call the Meeting to Order**
- 2. Chairperson Remarks**
- 3. Report Items**
- 4. Proposals**
- 5. Discussion**
- 6. Questions and Motions**
- 7. Adjournment**

II. Agenda of Annual Meeting of Shareholders

ACTER GROUP CORPORATION LIMITED

Year 2020 Agenda of Annual Meeting of Shareholders

Time : 09:00 a.m on Wednesday, 27 May, 2020

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

Chairperson : Chairman Liang, Chin-Li

1. Call the Meeting to Order

2. Chairperson Remarks

3. Report Items

- (1) To report the distribution of 2019 employee and director compensation.
- (2) 2019 Business Report.
- (3) Audit Committee's Review Report of 2019 Financial Statements.
- (4) The distribution of 2019 cash dividends.
- (5) To report the amendment of "Rules of Procedure for Board of Directors Meeting" and "Ethical Corporate Management Practice Principles."

4. Proposals

- (1) Adoption of the 2019 Business Report and Financial Statements.
- (2) Adoption of the Proposal for Distribution of 2019 Profits.

5. Discussion

- (1) Discussion on the proposal to amend "Rules of Procedure for Shareholder Meetings."
- (2) Discussion on the proposal to amend "Procedure for Acquisition or Disposal of Assets."

6. Questions and Motions

7. Adjournment

III. Report Items

Report No. 1 : To report the distribution of 2019 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 79,943,208. It also planned to allocate 3% for the remuneration of directors (not higher than 5%) in the amount of NTD 39,971,604.

Report No. 2 : 2019 Business Report. (Proposed by the Board of Directors)

Explanation : The 2019 Business Report is attached as pp. [10-33], Attachment 1 and Attachment 2.

Report No. 3 : Audit Committee's Review Report of 2019 Financial Statements. (Proposed by the Board of Directors)

Explanation : The 2019 Audit Committee's Review Report is attached as pp. [34], Attachment 3.

Report No. 4 : The distribution of 2019 cash dividends. (Proposed by the Board of Directors)

Explanation : On February 27, 2020, Board of directors approved to distribute 2019 cash dividends of NT\$15 per share, with a total amount of NT \$ 812,801,130. 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.

Report No. 5 : To report the amendment of “Rules of Procedure for Board of Directors Meeting” and “Ethical Corporate Management Practice Principles.” (Proposed by the Board of Directors)

Explanation:

- (1) In order to conform to the amendments of related commercial laws, the company hereby amended “Rules of Procedure for Board of Directors Meeting” and “Ethical Corporate Management Practice Principles.”
- (2) Please refer to page 35-41 (Attachment 4~5) for details.

IV.Proposals

Proposal No. 1 : Adoption of the 2019 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. 27, 2020 and examined by the Audit

Committee of Acter Company.

- (2) The 2019 Business Report, independent auditors' report, and the above-mentioned Financial Statements are attached in the Meeting Agenda as, pp. [10-33], Attachment 1 and Attachment 2.

Resolution :

Proposal No. 2 : Adoption of the Proposal for Distribution of 2019 Profits.
(Proposed by the Board of Directors)

Explanation : Please refer to the 2019 Profit Distribution Table as follows.

**ACTER GROUP CORPORATION LIMITED
PROFIT DISTRIBUTION TABLE
Year 2019**

Unit : NTD

Beginning retained earnings	983,754,473
Add: net profit after tax	1,036,094,241
Less: 10% legal reserve(2019)	103,609,424
Less: Defined benefit plans	7,715,848
Less: Special reserve appropriated	60,376,482
Distributable net profit	1,848,146,960
Distributable items:	
Cash Dividend to shareholders (15 per share)(Note1)	812,801,130
Stock Dividend to shareholders (0 per share)	-
Unappropriated retained earnings	1,035,345,830

Note1:Pursuant to Article 26-1 of the Articles of Incorporation of the Company, it has been resolved by the board of directors and reported to this shareholder's meeting. Please refer to Report No. 4.

Resolution :

V. Discussion

Proposal No. 1 : Discussion on the proposal to amend "Rules of Procedure for Shareholder Meetings." (Proposed by the Board of Directors)

Explanation :

- (1) In order to conform to the amendments of related commercial laws, the company hereby proposes to amend "Rules of Procedure for

Shareholder Meetings.”

(2) Please refer to page 42-46 (Attachment 6) for details.

Resolution :

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

Explanation :

(1) In response to the adjustment of the company’s investment structure, the company hereby proposes to amend “Procedure for Acquisition or Disposal of Assets.”

(2) Please refer to page 47 (Attachment 7) for details.

Resolution :

VI. Questions and Motions

VII. Adjournment

VIII.Attachments

Attachment 1: Business Report

ACTER GROUP CORPORATION LIMITED

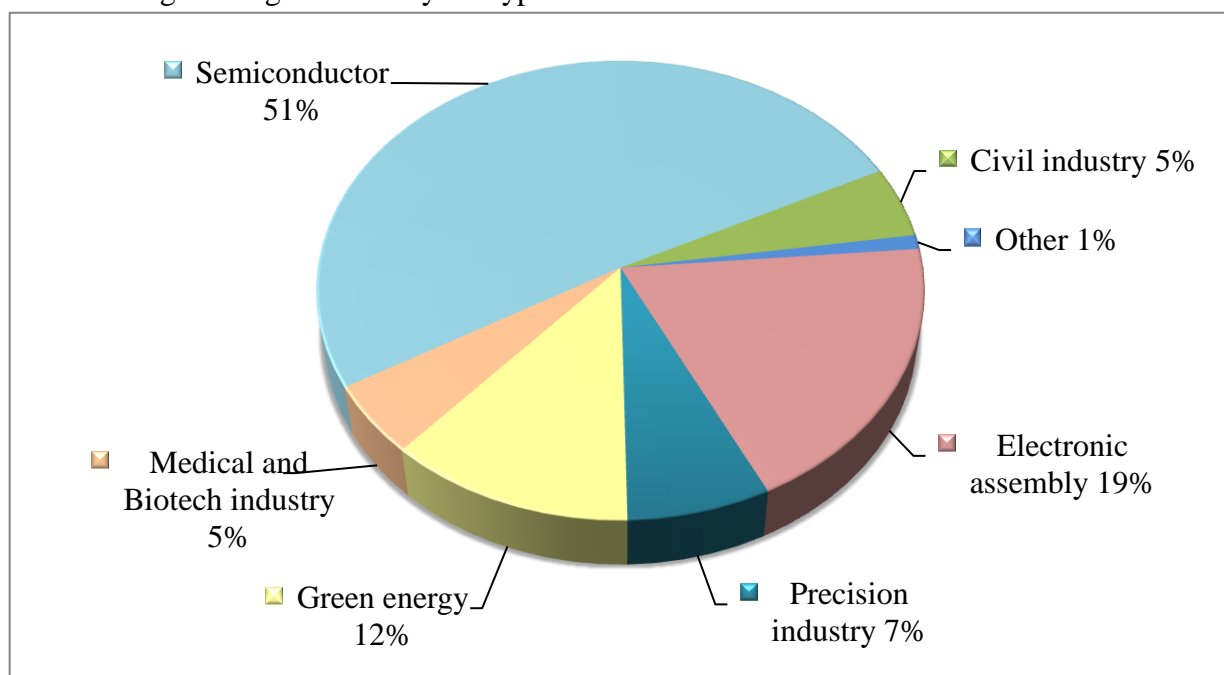
2019 Business Report

1. 2019 Business results

(1). Business plan implementation results

Acter group's performance of 2019 was affected by the U.S.-China trade war. Consolidated revenue and the net profit decreased by approximately 10.9% and 1.2% respectively compared to last year. However, the company benefits from the expansion needs for capacity transfer to Southeast Asia and the progress of semiconductor projects in China has gradually returned to normal since the third quarter. Although the projects in China affected by the COVID-19, operations in the first half of 2020 cannot be reasonably expected, the company's management team still will actively face challenges.

Ratios of engineering turnover by the type



Unit : In thousands of New Taiwan Dollars

Items	2019	2018	%
Operating revenue	12,674,886	14,220,653	(10.9)
Operating cost	10,102,547	11,684,474	(13.5)
Gross profit	2,572,339	2,536,179	1.4
Operating expenses	793,827	814,561	(2.5)
Operating income	1,778,512	1,721,618	3.3
Non-Operating income and expenses	87,954	117,428	(25.1)
Income before income taxes	1,866,466	1,839,046	1.5

(2). State of budget implementation

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

(3). Financial structure and profitability

Items		2019
Financial structure	Ratio of liabilities to assets (%)	53.73
	Ratio of long-term capital to fixed assets (%)	1,353.49
Solvency	Current ratio (%)	189.08

Items		2019	
	Quick ratio (%)	146.88	
Profitability	Return on total assets (%)	10.77	
	Return on stockholders' equity (%)	23.35	
	Ratio to issued capital (%)	Operating income	328.21
		Pre-tax income	344.45
	Profit ratio (%)	10.06	
Earnings per share (\$)	19.16		

(4).Research and development

The department in charge of technology, 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 and domestic universities and colleges to develop high purity distillation as the core technology, in order to realizing the high purity and reusing 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. Development of developer recovery and reuse system

The development process is an important part of the semiconductor and photovoltaic process. The developer will contain a large amount of amine after used, if it flows to the wastewater treatment system, then it will cause the problem of ammonia nitrogen treatment.

VII. 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.
 - d. The heat pump air-conditioning system is used in places where both cold and heat sources are required. In addition to the usual air-conditioning requirements, high-efficiency hot water sources can also be provided for use. In places such as restaurants, hotels, slaughterhouses, etc., this feature can improve the efficiency of energy use, reduce the amount of energy used, and achieve the best energy-saving design.
- 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, applying CFD (Computational Fluid Dynamics), detecting AMC (Airborne Molecular Contamination) technique 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.
- Heat recovery system for air conditioner: The air conditioner needs to be cooled by cooling tower. A heat recovery pipe system is designed to recover the heat as a heat source for the temperature and humidity control of industrial plants. Using this system can reduce the environmental pollution caused by waste heat and reduce the equipment expenditure for temperature and humidity control as well. While doing our best to be friendly to the environment, it can also reduce customer's costs.
- 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 2020

(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. Fulfill social responsibilities, strengthen corporate governance, enhance enterprise culture and achieve sustainable development
- II. Rooting deeply in this industry, continuously optimize engineering capabilities and provide 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, and deepening

of the professional technical capabilities such as green energy and environmental protection.

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 over 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).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 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, while considering the needs of its customers, the company shall maintain existing clients, acquire new ones, and enter new industries 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 and energy-saving and green eco-friendly economical engineering 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.

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.

Engineering system integration service is the core business of Acter. Therefore, when facing the challenges by climate change and industrial transformation, Acter will dedicate to the research and development of innovative green technology. Not only provides customers energy-saving and green eco-friendly economical engineering solutions from the technology end, but also integrates our professional skills, knowledge and experiences to, through cooperation with our subcontractors, build “high value, low power consumption and low pollution” quality spaces. We commit more effort to bring customers more general ideas of green sustainability and responsible services in the future in order to head towards prospects of sustainability.

4. 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, SEMI reported that sales of semiconductor equipment will resume positive growth in 2020, of which China will become the largest market. The most important factor for driving semiconductor demand recovery is the application of new technologies such as 5G and AI. In addition to the maturity of technology, the China government has also accelerated the formulation of relevant specifications and promoted the development of chip technology in order to gain technological advantages. According to SEMI’s estimate, the China government will input CNY 1.5 trillion in 5G field during 2019~2025, CAGR of AI reach 20%~25% in next decade, and the policy will generate huge market demand of chip and memory. It is estimated that China’s IC manufacturing self-sufficiency rate will grow from 15.3% in 2018 to 20.5% in 2023. The most important is above news will provide Acter favorable opportunities in cleanroom and semiconductor equipment field. However, as aforementioned, the COVID-19 may cause the progress of projects in China to be delayed and affect the revenue performance of the year.

5. Corporate Social Responsibility

Acter pursues corporate sustainability and fulfills corporate social responsibilities and takes “Protecting the Earth, Reducing Energy Consumption” as the appeals. 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.

Acter conducts industry-university cooperative projects to cultivate young talents and provide opportunities for students. It also participates in socially relevant activities such as emergency support and campaign to encourage reading which can benefit society and the community.

As Acter promotes engineering safety in accordance with government regulations, every project adheres to standard operating procedures 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.

Whatever we take from the society shall be used for the society: We plant the trees, hope for next generation can get the shade. With our core competence, Acter is doing our best to care for the society and sow the seeds for future generations. Acter encourages our staffs to join the line to do something that is really meaningful. This will surely continue generation after generation and we will become better year after another year.

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

Chairman: Liang, Chin-Li

Lai, Ming-Kun

General Manager:

Wang, Chun-Sheng

Accounting Supervisor : Tsao, Yun-Han

Attachment 2: 2019 Independent Auditors' Report and Financial Statements

Independent Auditors' Report

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

Opinion

We have audited the financial statements of Acter Group Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2019 and 2018, the statement of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No.1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the financial statements as of and for the year ended December 31, 2018 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 Financial Statements section of our report. We are independent of the Company 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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

Please refer to Note 4(p) "Revenue", Note 5(a) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty: Revenue recognition", and Notes 6(s) "Revenue from contracts with customers" to the financial statements.

Description of key audit matter

The Company assesses its 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 contract cost involves judgment and estimation uncertainty of the Company'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 Company'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 the contracts; comparing the actual construction costs incurred with the estimated construction costs to evaluate rationality of the estimation method; assessing whether the Company's accounting policy on revenue recognition is in accordance with the related accounting standards.

2. Assessment of impairment of receivables

Please refer to Note 4(f) "Financial instruments", Note 5(b) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty: Impairment of receivables", and Note 6(d) "The net of notes and accounts receivable" to the financial statements.

Description of key audit matter

The recoverability of the Company's receivables is closely related to its business cycle and its customers' operating situation. The Company's management estimates the impairment for receivables by assessing each customer's financial status and historical collection record. Impairment of receivables involves judgment and estimation uncertainty of the Company'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 accounts receivable; reviewing the collection of notes and accounts receivable during the subsequent period; evaluating Acter's assumption of impairment by performing receivables aging analysis and reviewing the historical collection record, comparing the allowance for impairment and actual unrecoverable receivables to assess the adequacy of allowance for impairment in order to assess whether the impairment is fairly presented.

3. Provisions

Please refer to Note 4(o) "Provisions", Note 5(c) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty: Recognition and measurement of provisions", and Note 6(m) "Provisions".

Description of key audit matter

The Company estimates the future probability of warranty occurrence based on its historical experience. Provisions for warranty involves judgment and estimation uncertainty of the Company's management. Consequently, provisions for 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 the 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investments accounted for using equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 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 27, 2020

Notes to Readers

The accompanying financial statements are intended only to present the statement of financial position, financial performance and its 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 audit such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent company only 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 independent auditors' report and financial statements, the Chinese version shall prevail.

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

ACTER GROUP CO., LTD.

Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2019		December 31, 2018		Liabilities and Equity		December 31, 2019		December 31, 2018	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a)and(v))	\$ 596,478	9	1,235,082	19	2130	Current contract liabilities (note 6(s)and7)	417,197	6	524,744	8
1110	Current financial assets at fair value through profit or loss (note 6(b)and(v))	20,631	-	163,697	3	2150	Notes payable (note 6(v))	3,528	-	2,950	-
1140	Current contract assets (note 6(s))	454,274	7	492,538	8	2170	Accounts payable (note 6(v))	833,254	13	834,955	13
1150	Notes receivable, net (note 6(d)and(v))	273,526	4	60,964	1	2180	Accounts payable to related parties (note 6(v)and7)	2,518	-	1,209	-
1170	Accounts receivable, net (note 6(d)and(v))	790,065	12	617,721	10	2201	Accrued salaries and bonuses	130,117	2	137,215	2
1180	Accounts receivable to related parties, net (note 6(d),(v)and7)	53,079	1	31,724	-	2230	Current income tax liabilities	17,248	-	75,841	1
1200	Other receivables (note 6(p)and(v))	44	-	1,296	-	2250	Current provisions (note 6(m))	33,792	1	40,828	1
1210	Other receivables to related parties (note 6(e),(v)and7)	12,357	-	24,549	-	2280	Current lease liabilities (note 6(l))	11,092	-	-	-
1461	Non-current assets held for sale (note 6(f))	-	-	51,400	1	2399	Other current liabilities and accrued expenses (note 9)	176,894	3	172,583	3
1476	Other current financial assets	238,409	4	289,424	5			1,625,640	25	1,790,325	28
1479	Other current assets	91,757	2	27,125	-						
		<u>2,530,620</u>	<u>39</u>	<u>2,995,520</u>	<u>47</u>	Non-Current liabilities:					
Non-current assets:						2570	Deferred tax liabilities (note 6(o))	322,322	5	222,273	4
1517	Non-current financial assets at fair value though other comprehensive income (note 6(c)and(v))	130,000	2	3,177	-	2580	Non-current lease liabilities (note 6(l))	45,680	1	-	-
1550	Investments accounted for using equity method (note 6(g))	3,421,506	52	3,009,740	47	2640	Non-current provisions for employee benefits (note 6(n))	20,657	-	20,229	-
1600	Property, plant and equipment (note 6(i))	98,024	2	100,617	2	2645	Guarantee deposits received	150	-	84	-
1755	Right-of-use assets (note 6(j))	56,526	1	-	-			388,809	6	242,586	4
1760	Investment property, net (note 6(k))	240,767	4	243,254	4		Total liabilities	2,014,449	31	2,032,911	32
1840	Deferred tax assets (note 6(o))	31,429	-	22,128	-						
1990	Other non-current assets	9,160	-	7,601	-	Equity attributable to owners of parent (note 6 (p)):					
		<u>3,987,412</u>	<u>61</u>	<u>3,386,517</u>	<u>53</u>	3100	Ordinary shares	541,868	8	542,028	8
						3200	Capital surplus	1,392,119	21	1,393,239	22
						3300	Retained earnings	2,698,781	42	2,483,445	39
						3400	Other equity interest	(129,185)	(2)	(69,586)	(1)
							Total equity	4,503,583	69	4,349,126	68
Total assets		<u>\$ 6,518,032</u>	<u>100</u>	<u>6,382,037</u>	<u>100</u>		Total liabilities and equity	<u>\$ 6,518,032</u>	<u>100</u>	<u>6,382,037</u>	<u>100</u>

See accompanying notes to financial statements.

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

ACTER GROUP CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

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

		2019		2018	
		Amount	%	Amount	%
Operating Revenues:					
4521	Construction revenue (note 6(s) and 7)	\$ 2,996,461	100	4,228,140	100
4529	Less: allowances	(4,129)	-	(3,200)	-
		<u>2,992,332</u>	<u>100</u>	<u>4,224,940</u>	<u>100</u>
4800	Other operating revenue (note 6(s) and 7)	11,325	-	9,925	-
		<u>3,003,657</u>	<u>100</u>	<u>4,234,865</u>	<u>100</u>
Operating costs:					
5520	Construction cost (note 6 (n) and 7(b))	2,485,569	83	3,555,078	84
5800	Other operating costs	9,736	-	9,716	-
		<u>2,495,305</u>	<u>83</u>	<u>3,564,794</u>	<u>84</u>
Gross profit from operations		<u>508,352</u>	<u>17</u>	<u>670,071</u>	<u>16</u>
Operating expenses(note 6(n)):					
6100	Selling expenses	19,498	1	22,474	1
6200	Administrative expenses	174,246	6	184,376	4
6450	Expected credit loss	5,798	-	7,143	-
		<u>199,542</u>	<u>7</u>	<u>213,993</u>	<u>5</u>
Net operating income		<u>308,810</u>	<u>10</u>	<u>456,078</u>	<u>11</u>
Non-operating income and expenses:					
7050	Finance costs	(594)	-	(1)	-
7010	Other income (note 6(v))	15,518	-	28,453	1
7070	Shares of loss of associates accounted for using equity method, net	864,020	29	752,482	18
7020	Other gains and losses, net (note 6(v))	24,704	1	2,974	-
		<u>903,648</u>	<u>30</u>	<u>783,908</u>	<u>19</u>
Profit before income tax		<u>1,212,458</u>	<u>40</u>	<u>1,239,986</u>	<u>30</u>
Less: Income tax expense (note 6(o))		<u>176,364</u>	<u>6</u>	<u>190,966</u>	<u>5</u>
Profit		<u>1,036,094</u>	<u>34</u>	<u>1,049,020</u>	<u>25</u>
8300	Other comprehensive income (loss):				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements effects on defined benefit plans	(1,358)	-	(1,736)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(577)	-	(873)	-
8330	Share of loss (profit) of associates and joint ventures accounted for using equity method though other comprehensive income, net, that may not be reclassified to profit or loss	(6,358)	-	(2,973)	-
8349	Income tax related to components of other comprehensive income that may not be reclassified to profit or loss	-	-	-	-
		<u>(8,293)</u>	<u>-</u>	<u>(5,582)</u>	<u>-</u>
8360	Items that will be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	(74,749)	(2)	(13,536)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(o))	14,951	-	2,898	-
		<u>(59,798)</u>	<u>(2)</u>	<u>(10,638)</u>	<u>-</u>
8300	Other comprehensive income, net of tax	<u>(68,091)</u>	<u>(2)</u>	<u>(16,220)</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 968,003</u>	<u>32</u>	<u>1,032,800</u>	<u>25</u>
Profit, attributable to:					
Comprehensive income attributable to:					
9750	Basic earnings per share(In new Taiwan dollars) (note 6(r))	\$ 19.16		\$ 19.52	
9850	Diluted earnings per share(In new Taiwan dollars) (note 6(r))	\$ 18.94		\$ 18.98	

See accompanying notes to financial statements.

ACTER GROUP CO., LTD.
Statements of Changes in Equity
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

Reviewed only, not audited in accordance with the generally accepted auditing standards.

	Equity attributable to owners of parent											
	Retained earnings						Other equity interest					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange difference on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) of available-for-sale financial assets	Others	Total Other equity interest	Total equity
Balance, January 1, 2018	\$ 471,529	1,412,098	428,722	44,052	1,584,541	2,057,315	(52,599)	-	(3,962)	(10,088)	(66,649)	3,874,293
Adjustment	-	-	-	-	65,534	65,534	-	(4,700)	3,962	-	(738)	64,796
Balance, January 1, 2018	471,529	1,412,098	428,722	44,052	1,650,075	2,122,849	(52,599)	(4,700)	-	(10,088)	(67,387)	3,939,089
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	84,216	-	(84,216)	-	-	-	-	-	-	-
Special reserve	-	-	-	12,508	(12,508)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(612,986)	(612,986)	-	-	-	-	-	(612,986)
Stock dividends	70,729	-	-	-	(70,729)	(70,729)	-	-	-	-	-	-
	542,258	1,412,098	512,938	56,560	869,636	1,439,134	(52,599)	(4,700)	-	(10,088)	(67,387)	3,326,103
Change in ownership of a subsidiary	-	(17,244)	-	-	-	-	-	-	-	-	-	(17,244)
Share-based payment	(230)	(1,615)	-	-	-	-	-	-	-	9,312	9,312	7,467
	542,028	1,393,239	512,938	56,560	869,636	1,439,134	(52,599)	(4,700)	-	(776)	(58,075)	3,316,326
Profit for the period	-	-	-	-	1,049,020	1,049,020	-	-	-	-	-	1,049,020
Other comprehensive income for the period	-	-	-	-	(4,709)	(4,709)	(10,638)	(873)	-	-	(11,511)	(16,220)
Total comprehensive income	-	-	-	-	1,044,311	1,044,311	(10,638)	(873)	-	-	(11,511)	1,032,800
Balance, December 31, 2018	<u>\$ 542,028</u>	<u>1,393,239</u>	<u>512,938</u>	<u>56,560</u>	<u>1,913,947</u>	<u>2,483,445</u>	<u>(63,237)</u>	<u>(5,573)</u>	<u>-</u>	<u>(776)</u>	<u>(69,586)</u>	<u>4,349,126</u>
Balance, January 1, 2019	\$ 542,028	1,393,239	512,938	56,560	1,913,947	2,483,445	(63,237)	(5,573)	-	(776)	(69,586)	4,349,126
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	104,902	-	(104,902)	-	-	-	-	-	-	-
Special reserve	-	-	-	12,249	(12,249)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(813,042)	(813,042)	-	-	-	-	-	(813,042)
	542,028	1,393,239	617,840	68,809	983,754	1,670,403	(63,237)	(5,573)	-	(776)	(69,586)	3,536,084
Share-based payment	(160)	(1,120)	-	-	-	-	-	-	-	776	776	(504)
	541,868	1,392,119	617,840	68,809	983,754	1,670,403	(63,237)	(5,573)	-	-	(68,810)	3,535,580
Profit for the period	-	-	-	-	1,036,094	1,036,094	-	-	-	-	-	1,036,094
Other comprehensive income for the period	-	-	-	-	(7,716)	(7,716)	(59,798)	(577)	-	-	(60,375)	(68,091)
Total comprehensive income	-	-	-	-	1,028,378	1,028,378	(59,798)	(577)	-	-	(60,375)	968,003
Balance, December 31 2019	<u>\$ 541,868</u>	<u>1,392,119</u>	<u>617,840</u>	<u>68,809</u>	<u>2,012,132</u>	<u>2,698,781</u>	<u>(123,035)</u>	<u>(6,150)</u>	<u>-</u>	<u>-</u>	<u>(129,185)</u>	<u>4,503,583</u>

See accompanying notes to financial statements.

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

ACTER GROUP CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	<u>2019</u>	<u>2018</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,212,458	1,239,986
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses (including investment property)	17,200	7,716
Amortization expenses	3,363	2,735
Expected credit losses / Provisions for bad debt expense	5,798	7,143
Interest expense	594	1
Interest income	(3,338)	(5,215)
Share-based payments	(504)	7,467
Shares of loss (profit) of associates and joint ventures accounted for using equity method	(864,020)	(752,482)
Losses on disposal of property, plant and equipment	25	130
Gains on disposal of investment	(19,515)	-
Others	-	3,336
Total adjustments to reconcile profit (loss)	<u>(860,397)</u>	<u>(729,169)</u>
Changes in operating assets and liabilities:		
Decrease (increase) in current financial assets at fair value through profit or loss	143,066	(90,196)
Decrease in current contract assets	38,264	162,912
Increase in notes receivable	(212,562)	(28,423)
Decrease (increase) in accounts receivable	(199,497)	116,948
Increase in other financial assets	(1,385)	(274,059)
Total changes in operating assets	<u>(232,114)</u>	<u>(112,818)</u>
Changes in operating liabilities:		
Increase (decrease) in current contract liabilities	(107,547)	297,109
Increase in notes payable	578	852
Increase (decrease) in accounts payable	(392)	24,970
Increase (decrease) in provisions	(7,036)	9,984
Decrease in other current liabilities	(5,429)	(48,421)
	<u>(119,826)</u>	<u>284,494</u>
Total adjustments	<u>(1,212,337)</u>	<u>(557,493)</u>
Cash inflow generated from operations	121	682,493
Interest received	4,550	4,161
Interest paid	(594)	(1)
Income taxes paid	(129,258)	(67,814)
Net cash flows from operating activities	<u>(125,181)</u>	<u>618,839</u>
Cash flows from (used in) investing activities:		
Measured at fair value through other comprehensive income	(127,400)	-
Acquisition of investments accounted for using equity method	-	(26,052)
Proceeds from disposal of non-current assets held for sale	72,627	-
Acquisition of property, plant and equipment	(632)	(1,796)
Increase construction deposits paid	(7)	(32)
Acquisition of intangible assets	(4,915)	(1,740)
Dividends received	371,147	256,418
Net cash flows used in investing activities	<u>310,820</u>	<u>226,798</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in guarantee deposits received	66	(230)
Payment of lease liabilities	(11,267)	-
Cash dividends paid	(813,042)	(612,986)
Disposal of ownership interests in subsidiaries (without losing control)	-	119,302
Net cash flows from (used in) financing activities	<u>(824,243)</u>	<u>(493,914)</u>
Net increase in cash and cash equivalents	<u>(638,604)</u>	<u>351,723</u>
Cash and cash equivalents at beginning of period	<u>1,235,082</u>	<u>883,359</u>
Cash and cash equivalents at end of period	<u>\$ 596,478</u>	<u>1,235,082</u>

See accompanying notes to financial statements.

Representation Letter

The entities that are required to be included in the combined financial statements of Acter Group Co., Ltd. as of and for the year ended December 31, 2019 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 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Acter Group Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Acter Group Co., Ltd.

Chairman: Liang, Chin-Li

Date: February 27, 2020

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Acter Group Co., Ltd. (“the Company”) and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, 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, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No.1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2018 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

Please refer to Note 4(q) “Revenue”, Note 5(a) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty: Revenue recognition”, and Notes 6(v) “Revenue from contracts with customers” to the consolidated financial statements.

Description of key audit matter

The Group assesses its 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 contract 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 the actual construction costs incurred with the estimated construction costs to evaluate rationality of the estimation method; assessing whether the Group's accounting policy on revenue recognition is in accordance with the related accounting standards.

2. Assessment of impairment of receivables

Please refer to Note 4(g) "Financial instruments", Note 5(b) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty: Impairment of receivables", and Note 6(d) "The net of notes and accounts receivable" to the consolidated financial statements.

Description of key audit matter

The recoverability of the Group's receivables is closely related to its business cycle and its customers' operating situation. The Group's management estimates the impairment for receivables by assessing each customer's financial status and historical collection 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 accounts receivable; reviewing the collection of notes and accounts receivable during the subsequent period; evaluating the Group's assumption of impairment by performing receivables aging analysis and reviewing the historical collection record, comparing the allowance for impairment and actual unrecoverable receivables to assess the adequacy of allowance for impairment in order to assess whether the impairment is fairly presented.

3. Provisions

Please refer to Note 4(p) "Provisions", Note 5(c) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty: Recognition and measurement of provisions", Note 6(p) "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 its historical experience. For the construction lawsuit which is still in trial, the Group also makes provisions for construction loss. Provisions for 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 the 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 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

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2019 and 2018, 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, IFRC, SIC endorsed and issued into effect 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 (including the Audit Committee) 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 and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 27, 2020

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance 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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated 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 independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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

ACTER GROUP CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2019		December 31, 2018				Liabilities and Equity		December 31, 2019		December 31, 2018	
		Amount	%	Amount	%					Amount	%	Amount	%
Current assets:								Current liabilities:					
1100	Cash and cash equivalents (note 6(a) and (y))	\$ 3,874,953	32	4,424,731	38	2100	Short-term borrowings (note 6(n) and (y))	\$ 136,609	1	135,278	1		
1110	Current financial assets at fair value through profit or loss (note 6(b) and (y))	172,400	1	310,257	3	2130	Current contract liabilities (note 6(v))	1,224,181	10	1,718,930	15		
1140	Current contract assets (note 6(v))	1,496,769	13	1,079,944	9	2150	Notes payable (note 6(y))	63,637	1	175,364	1		
1150	Notes receivable, net (note 6(d) and (y))	453,149	4	323,497	3	2170	Trade payables (note 6(y))	3,110,389	26	2,761,469	23		
1170	Trade receivables, net (note 6(d) and (y))	3,480,867	30	3,143,806	27	2180	Trade payables to related parties (note 6(y) and 7)	313	-	396	-		
1200	Other receivables (note 6(e) and (y))	20,424	-	28,654	-	2201	Accrued salaries and bonuses	341,137	3	301,655	3		
1220	Current income tax assets	2,305	-	-	-	2230	Current income tax liabilities	154,619	1	170,007	1		
1310	Inventories, net (note 6(f))	484,731	4	321,315	3	2250	Current provisions (note 6(p))	322,699	3	352,256	3		
1461	Non-current assets held for sale (note 6(g))	-	-	51,400	-	2280	Current lease liabilities (note 6(o) and (y))	35,299	-	-	-		
1476	Other current financial assets (note 6(y) and 8)	390,060	3	614,238	5	2399	Other current liabilities and accrued expenses (note 9)	325,730	3	305,846	3		
1479	Other current assets	430,050	4	594,347	5			5,714,613	48	5,921,201	50		
		<u>10,805,708</u>	<u>91</u>	<u>10,892,189</u>	<u>93</u>								
Non-current assets:								Non-Current liabilities:					
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	130,000	1	3,177	-	2570	Deferred tax liabilities (note 6(r))	594,441	5	428,151	4		
1550	Investments accounted for using equity method (note 6(h))	-	-	811	-	2580	Non-current lease liabilities (note 6(o) and (y))	74,965	1	-	-		
1600	Property, plant and equipment (note 6(k))	463,872	4	417,228	4	2640	Net defined benefit liabilities, non-current (note 6(q))	59,869	-	49,841	-		
1755	Right-of-use assets (note 6(l))	138,875	1	-	-	2645	Guarantee deposits received (note 6(ab))	150	-	84	-		
1760	Investment property, net (note 6(m))	240,767	2	243,254	2			729,425	6	478,076	4		
1840	Deferred tax assets (note 6(r))	173,994	1	152,661	1			<u>6,444,038</u>	<u>54</u>	<u>6,399,277</u>	<u>54</u>		
1985	Long-term prepaid rents	-	-	33,027	-								
1990	Other non-current assets (note 8)	39,864	-	38,442	-								
		<u>1,187,372</u>	<u>9</u>	<u>888,600</u>	<u>7</u>								
		<u>\$ 11,993,080</u>	<u>100</u>	<u>11,780,789</u>	<u>100</u>								
Total assets								Total liabilities					
								Equity attributable to owners of parent (note 6 (s)):					
						3100	Ordinary shares	541,868	5	542,028	5		
						3200	Capital surplus	1,392,119	11	1,393,239	12		
						3300	Retained earnings	2,698,781	22	2,483,445	21		
						3400	Other equity	(129,185)	(1)	(69,586)	(1)		
								4,503,583	37	4,349,126	37		
								Total equity attributable to owners of parent					
						36XX	Non-controlling interests	1,045,459	9	1,032,386	9		
								5,549,042	46	5,381,512	46		
								Total equity					
								<u>\$ 11,993,080</u>	<u>100</u>	<u>11,780,789</u>	<u>100</u>		
								Total liabilities and equity					
								<u>\$ 11,993,080</u>	<u>100</u>	<u>11,780,789</u>	<u>100</u>		

See accompanying notes to consolidated financial statements.

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

ACTER GROUP CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

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

		2019		2018	
		Amount	%	Amount	%
Operating Revenues:					
4521	Construction revenue (note 6(v))	\$ 12,085,519	95	13,905,949	98
4529	Less: allowances	(24,914)	-	(8,324)	-
		<u>12,060,605</u>	<u>95</u>	<u>13,897,625</u>	<u>98</u>
4110	Sales	516,240	4	254,458	2
4800	Other operating revenue	<u>98,041</u>	<u>1</u>	<u>68,570</u>	<u>-</u>
		12,674,886	100	14,220,653	100
Operating costs:					
5520	Construction cost (note 6(q) and 7(b))	9,691,442	77	11,453,453	81
5110	Costs of goods sold	365,643	3	203,042	1
5800	Other operating costs	<u>45,462</u>	<u>-</u>	<u>27,979</u>	<u>-</u>
		<u>10,102,547</u>	<u>80</u>	<u>11,684,474</u>	<u>82</u>
		2,572,339	20	2,536,179	18
Gross profit from operations					
Operating expenses (note 6(q)):					
6100	Selling expenses	120,129	1	115,464	1
6200	Administrative expenses	545,916	4	551,540	4
6300	Research and development expenses	146,433	1	127,218	1
6450	Expected credit loss	<u>(18,651)</u>	<u>-</u>	<u>20,339</u>	<u>-</u>
		<u>793,827</u>	<u>6</u>	<u>814,561</u>	<u>6</u>
Net operating income					
		<u>1,778,512</u>	<u>14</u>	<u>1,721,618</u>	<u>12</u>
Non-operating income and expenses:					
7050	Finance costs	(5,254)	-	(4,899)	-
7010	Other income (note 6(x))	62,152	1	66,499	4
7070	Shares of loss of associates accounted for using equity method, net	(61)	-	(9)	-
7020	Other gains and losses, net (note 6(x))	<u>31,117</u>	<u>-</u>	<u>55,837</u>	<u>-</u>
		<u>87,954</u>	<u>1</u>	<u>117,428</u>	<u>-</u>
Profit before income tax					
		1,866,466	15	1,839,046	12
7950	Less: Income tax expenses (note 6(r))	<u>590,182</u>	<u>5</u>	<u>563,614</u>	<u>4</u>
Profit					
		<u>1,276,284</u>	<u>10</u>	<u>1,275,432</u>	<u>8</u>
Other comprehensive income (loss):					
Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurements effects on defined benefit plans	(11,300)	-	(5,594)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(577)	-	(873)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		<u>(11,877)</u>	<u>-</u>	<u>(6,467)</u>	<u>-</u>
Items that will be reclassified subsequently to profit or loss					
8360	Exchange differences on translation of foreign operations	(97,810)	(1)	(24,242)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(r))	<u>24,349</u>	<u>-</u>	<u>7,647</u>	<u>-</u>
		<u>(73,461)</u>	<u>(1)</u>	<u>(16,595)</u>	<u>-</u>
8300	Other comprehensive income, net of tax	<u>(85,338)</u>	<u>(1)</u>	<u>(23,062)</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 1,190,946</u>	<u>9</u>	<u>1,252,370</u>	<u>8</u>
Profit, attributable to:					
8610	Owners of parent	\$ 1,036,094	8	1,049,020	7
8620	Non-controlling interests	<u>240,190</u>	<u>2</u>	<u>226,412</u>	<u>1</u>
		<u>\$ 1,276,284</u>	<u>10</u>	<u>1,275,432</u>	<u>8</u>
Comprehensive income attributable to:					
8710	Owners of parent	\$ 968,003	7	1,032,800	7
8720	Non-controlling interests	<u>222,943</u>	<u>2</u>	<u>219,570</u>	<u>1</u>
		<u>\$ 1,190,946</u>	<u>9</u>	<u>1,252,370</u>	<u>8</u>
Earnings per share (Expressed in New Taiwan Dollars)(note 6(u))					
9750	Basic earnings per share	<u>\$ 19.16</u>		<u>19.52</u>	
9850	Diluted earnings per share	<u>\$ 18.94</u>		<u>18.98</u>	

See accompanying notes to consolidated financial statements.

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

ACTER GROUP CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												Non-controlling interests	Total equity
	Retained earnings						Other equity							
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Others	Total Other equity			
Balance at January 1, 2018	\$ 471,529	1,412,098	428,722	44,052	1,584,541	2,057,315	(52,599)	-	(3,962)	(10,088)	(66,649)	790,228	4,664,521	
Effects of retrospective application	-	-	-	-	65,534	65,534	-	(4,700)	3,962	-	(738)	39,404	104,200	
Balance at January 1, 2018 after adjustments	471,529	1,412,098	428,722	44,052	1,650,075	2,122,849	(52,599)	(4,700)	-	(10,088)	(67,387)	829,632	4,768,721	
Appropriation and distribution of retained earnings:														
Legal reserve	-	-	84,216	-	(84,216)	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	12,508	(12,508)	-	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(612,986)	(612,986)	-	-	-	-	-	-	(612,986)	
Stock dividends	70,729	-	-	-	(70,729)	(70,729)	-	-	-	-	-	-	-	
	542,258	1,412,098	512,938	56,560	869,636	1,439,134	(52,599)	(4,700)	-	(10,088)	(67,387)	829,632	4,155,735	
Changes in ownership interest in subsidiaries	-	(17,244)	-	-	-	-	-	-	-	-	-	-	(17,244)	
Share-based payment	(230)	(1,615)	-	-	-	-	-	-	-	9,312	9,312	-	7,467	
	542,028	1,393,239	512,938	56,560	869,636	1,439,134	(52,599)	(4,700)	-	(776)	(58,075)	829,632	4,145,958	
Profit for the year ended December 31, 2018	-	-	-	-	1,049,020	1,049,020	-	-	-	-	-	226,412	1,275,432	
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	(4,709)	(4,709)	(10,638)	(873)	-	-	(11,511)	(6,842)	(23,062)	
Total comprehensive income	-	-	-	-	1,044,311	1,044,311	(10,638)	(873)	-	-	(11,511)	219,570	1,252,370	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(16,816)	(16,816)	
Balance at December 31, 2018	\$ 542,028	1,393,239	512,938	56,560	1,913,947	2,483,445	(63,237)	(5,573)	-	(776)	(69,586)	1,032,386	5,381,512	
Balance at January 1, 2019	\$ 542,028	1,393,239	512,938	56,560	1,913,947	2,483,445	(63,237)	(5,573)	-	(776)	(69,586)	1,032,386	5,381,512	
Appropriation and distribution of retained earnings:														
Legal reserve	-	-	104,902	-	(104,902)	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	12,249	(12,249)	-	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(813,042)	(813,042)	-	-	-	-	-	-	(813,042)	
	542,028	1,393,239	617,840	68,809	983,754	1,670,403	(63,237)	(5,573)	-	(776)	(69,586)	1,032,386	4,568,470	
Share-based payments	(160)	(1,120)	-	-	-	-	-	-	-	776	776	-	(504)	
	541,868	1,392,119	617,840	68,809	983,754	1,670,403	(63,237)	(5,573)	-	-	(68,810)	1,032,386	4,567,966	
Profit for the year ended December 31, 2019	-	-	-	-	1,036,094	1,036,094	-	-	-	-	-	240,190	1,276,284	
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	(7,716)	(7,716)	(59,798)	(577)	-	-	(60,375)	(17,247)	(85,338)	
Total comprehensive income	-	-	-	-	1,028,378	1,028,378	(59,798)	(577)	-	-	(60,375)	222,943	1,190,946	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(209,870)	(209,870)	
Balance at December 31, 2019	\$ 541,868	1,392,119	617,840	68,809	2,012,132	2,698,781	(123,035)	(6,150)	-	-	(129,185)	1,045,459	5,549,042	

See accompanying notes to consolidated financial statements.

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

ACTER GROUP CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	<u>2019</u>	<u>2018</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,866,466	1,839,046
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses (including investment property)	68,350	27,687
Amortization expenses	7,219	7,254
Expected credit loss (gain)	(18,651)	20,339
Interest expense	5,254	4,899
Interest income	(40,425)	(41,089)
Compensation cost arising from employee stock options	(504)	7,467
Shares of loss of associates accounted for using equity method	61	9
Gain on disposal of non-current assets held for sale	(19,515)	-
Gain on disposal of investment	-	(651)
Others	142	3,391
Total adjustments to reconcile profit (loss)	<u>1,931</u>	<u>29,306</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in current financial assets at fair value through profit or loss	137,857	(114,593)
(Increase) decrease in current contract assets	(416,825)	568,355
Increase in notes receivable	(129,652)	(167,459)
Increase in trade receivables	(313,770)	(723,996)
Increase in inventories	(163,416)	(63,688)
Decrease (increase) in other financial assets	395,276	(467,467)
Total changes in operating assets	<u>(490,530)</u>	<u>(968,848)</u>
Changes in operating liabilities:		
(Decrease) increase in current contract liabilities	(494,749)	657,138
Decrease in notes payable	(111,727)	(44,882)
Increase in trade payables	348,920	134,036
(Decrease) increase in provisions	(21,414)	21,107
Increase in other current liabilities	54,215	117,933
Total changes in operating liabilities	<u>(224,755)</u>	<u>885,332</u>
Total adjustments	<u>(713,354)</u>	<u>(54,210)</u>
Cash inflow generated from operations	1,153,112	1,784,836
Interest received	41,883	39,464
Interest paid	(3,170)	(5,405)
Income taxes paid	(438,350)	(332,190)
Net cash flows from operating activities	<u>753,475</u>	<u>1,486,705</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(127,400)	-
Proceeds from disposal of investments accounted for using equity method	747	-
Proceeds from disposal of non-current assets as held for sale	72,627	-
Acquisition of property, plant and equipment	(79,960)	(96,017)
Proceeds from disposal of property, plant and equipment	102	1,064
Acquisition of right-of-use assets	(1,030)	-
Increase in other non-current assets	(10,091)	(8,134)
Net cash flows used in investing activities	<u>(145,005)</u>	<u>(103,087)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	236,289	163,515
Decrease in short-term loans	(230,664)	(363,265)
Increase (decrease) in guarantee deposits	66	(230)
Payment of lease liabilities	(36,129)	-
Cash dividends paid	(813,042)	(612,986)
Change in non-controlling interests	(204,685)	(34,060)
Net cash flows used in financing activities	<u>(1,048,165)</u>	<u>(847,026)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(110,083)</u>	<u>(38,751)</u>
Net (decrease) increase in cash and cash equivalents	<u>(549,778)</u>	<u>497,841</u>
Cash and cash equivalents at beginning of period	<u>4,424,731</u>	<u>3,926,890</u>
Cash and cash equivalents at end of period	<u>\$ 3,874,953</u>	<u>4,424,731</u>

See accompanying notes to consolidated financial statements.

Attachment 3: Audit Committee's Review Report

ACTER GROUP CORPORATION LIMITED

Audit Committee's Review Report

This company's 2019 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 2019 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.

2020 shareholders meeting of ACTER GROUP CORPORATION LIMITED

ACTER GROUP CORPORATION LIMITED

Chairman of the Audit Committee: Yeh, Hui-Hsin

February 27, 2020

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

Article	After The Revision	Before The Revision
Article 5	<p>For regular board meetings convened by the company, the meeting affairs department designated by the board of directors (president's office) shall seek each director's opinions in advance in order to plan and prepare the agenda for the board meeting. All directors shall be notified according to the time provided under Section 1, Article 3 to attend the meeting. Audit supervisors shall also be invited to attend the meeting. Sufficient meeting information shall be provided and sent together with the notice to convene the meeting.</p> <p>If any director deems that the meeting information is not sufficient, it may request the meeting affairs division (president's office) to supplement the information. If any director deems that the proposal information is not sufficient, the board of directors may resolve to postpone the discussion.</p>	<p>For regular board meetings convened by the company, the meeting affairs department designated by the board of directors (president's office) shall seek each director's opinions in advance in order to plan and prepare the agenda for the board meeting. All directors shall be notified according to the time provided under Section 1, Article 3 to attend the meeting. Audit supervisors shall also be invited to attend the meeting. Sufficient meeting information shall be provided and sent together with the notice to convene the meeting.</p> <p>If any director deems that the meeting information is not sufficient, it may request the meeting affairs division (president's office) to supplement the information. If any director deems that the proposal information is not sufficient, the board of directors may resolve to postpone the discussion.</p>
Article 6	<p>When the company convenes a board meeting, an attendance sheet shall be prepared for signatures by attending directors. Directors shall attend board meetings in person. Any director who cannot attend the meeting in person may appoint another director as his representative to attend the meeting in accordance with the articles of association. Any director attending the meeting through video conference shall be deemed to have participated in the meeting in person, provided that a faxed attendance card shall be provided in lieu of attendance signature.</p>	<p>When the company convenes a board meeting, an attendance sheet shall be prepared for signatures by attending directors. Directors shall attend board meetings in person. Any director who cannot attend the meeting in person may appoint another director as his representative to attend the meeting in accordance with the articles of association. Any director attending the meeting through video conference shall be deemed to have participated in the meeting in person, provided that a faxed attendance card shall be provided in lieu of attendance signature.</p>
Article 10	<p>The chairman shall convene board meetings of the company and serve as the chairman of such meetings. However, the first board meeting of each term shall be convened by the director that received the most votes in the shareholder meeting. Such person shall also serve as the chairman of the meeting. If there are two or more persons having the right to convene the meeting, one person shall be elected from among them to serve as the</p>	<p>The chairman shall convene board meetings of the company and serve as the chairman of such meetings. However, the first board meeting of each term shall be convened by the director that received the most votes in the shareholder meeting. Such person shall also serve as the chairman of the meeting. If there are two or more persons having the right to convene the meeting, one person shall be elected from among them to serve as the</p>

Article	After The Revision	Before The Revision
	<p>chairman. <u>Where a meeting of the board of directors is called by the chairperson of the board, the meeting shall be chaired by the chairperson. However, where the first meeting of each newly elected board of directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.</u></p> <p><u>Where a meeting of the board of directors is called by a majority of directors on their own initiative in accordance with Article 203, paragraph 4 or Article 203-1, paragraph 3 of the Company Act, the directors shall choose one person by and from among themselves to chair the meeting.</u></p>	<p>chairman.</p>
Article 11	<p>When the company convenes a board meeting, the meeting affairs department designated by the board of directors (president's office) shall prepare relevant information for reference at any time by participating directors.</p>	<p>When the company convenes a board meeting, the meeting affairs department designated by the board of directors (president's office) shall prepare relevant information for reference at any time by participating directors.</p>
Article 16	<p>Directors and other corporate representatives shall have a high degree of self discipline. During review of the following agendas, they may state the important aspects of the interested party relationship at the respective meeting and reply to questions but may not participate in the discussion or voting, should excuse themselves during discussion and voting and shall not exercise voting rights on behalf of other directors:</p> <ol style="list-style-type: none"> 1. A director or a juristic person that the director represents is an interested party in relation to an agenda item and therefore prejudice the interest of the company. 2. The director deems avoidance necessary. 3. Avoidance is resolved by the board of directors. <p><u>Where the spouse, a blood relative within</u></p>	<p>Directors and other corporate representatives shall have a high degree of self discipline. During review of the following agendas, they may state the important aspects of the interested party relationship at the respective meeting and reply to questions but may not participate in the discussion or voting, should excuse themselves during discussion and voting and shall not exercise voting rights on behalf of other directors:</p> <ol style="list-style-type: none"> 1. A director or a juristic person that the director represents is an interested party in relation to an agenda item and therefore prejudice the interest of the company. 2. The director deems avoidance necessary. 3. Avoidance is resolved by the board of directors.

Article	After The Revision	Before The Revision
	<p><u>the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.</u></p> <p>Regarding board resolutions and directors who shall not exercise voting rights in accordance with the <u>two preceding</u> previous section, Section 2, Article 180 of the Company Law shall be applied mutatis mutandis in accordance with Section 34, Article 206.</p>	<p>Regarding board resolutions and directors who shall not exercise voting rights in accordance with the previous section, Section 2, Article 180 of the Company Law shall be applied mutatis mutandis in accordance with Section 3, Article 206.</p>
Article 22	<p>These rules were established on June 16, 2009.</p> <p>These rules were amended on August 10, 2017.</p> <p><u>These rules were amended on February 27, 2020.</u></p>	<p>These rules were established on June 16, 2009.</p> <p>These rules were amended on August 10, 2017.</p>

Attachment 5: Comparison Table of the Ethical Corporate Management Practice Principles

Article	After The Revision	Before The Revision
Article 5	The company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and <u>obtain approval from the board of directors, and</u> establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.	The company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.
Article 7	When establishing the prevention programs, the company shall analyze which business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures. <u>The company shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.</u> The prevention programs adopted by the company shall at least include preventive measures against the following: <u>It is advisable for the company to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following:</u>	When establishing the prevention programs, the company shall analyze which business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures. The prevention programs adopted by the company shall at least include preventive measures against the following:
Article 8	<u>The company shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</u> The company and its respective business group shall clearly specify in their rules and external documents <u>and on the company website</u> the ethical corporate management policies and the commitment by the board of directors and the <u>senior</u> management on rigorous and thorough	The company and its respective business group shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall

Article	After The Revision	Before The Revision
	<p>implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p> <p><u>The company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.</u></p>	<p>carry out the policies in internal management and in commercial activities.</p>
<p>Article 17</p>	<p>The directors, managers, employees, mandataries, and substantial controllers of the company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management, the company shall establish a dedicated unit that is under the board of directors and <u>avails itself of adequate resources and staffs itself with competent personnel</u>, responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis <u>(at least once a year)</u>:</p> <ol style="list-style-type: none"> 1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. <u>Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope.</u> Aadopting <u>accordingly</u> programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business. 	<p>The directors, managers, employees, mandataries, and substantial controllers of the company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management, the company shall establish a dedicated unit that is under the board of directors and responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis:</p> <ol style="list-style-type: none"> 1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.

Article	After The Revision	Before The Revision
Article 20	<p>The company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of athe company shall, <u>based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans including auditees, audit scope, audit items, audit frequency, etc., and periodically</u>—examine <u>accordingly</u> the company's compliance with the foregoing systems<u>prevention programs</u>—and prepare audit reports and submit the same to the board of directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p> <p><u>The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and reduced to writing in the form of an audit report to be submitted to the board of directors.</u></p>	<p>The company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of a the company shall periodically examine the company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p>
Article 23	<p>The company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</p> <ol style="list-style-type: none"> 1. An independent mailbox, internally established and publicly announced, to allow company insiders to submit reports. 2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior manager—<u>management</u> shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted. 3. <u>Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where</u> 	<p>The company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</p> <ol style="list-style-type: none"> 1. An independent mailbox, internally established and publicly announced, to allow company insiders to submit reports. 2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior manager shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.

Article	After The Revision	Before The Revision
	<p>necessary, a case shall be reported to the competent authority or referred to the judicial authority.</p> <p>3.4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>4.5. Confidentiality of the identity of whistle-blowers and the content of reported cases, and an undertaking regarding anonymous reporting.</p> <p>5.6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>6.7. Whistle-blowing incentive measures.</p>	<p>3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>4. Confidentiality of the identity of whistle-blowers and the content of reported cases.</p> <p>5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>6. Whistle-blowing incentive measures.</p>
Article 28	<p>These Principles were drafted on March 25, 2011.</p> <p>These Principles were revised on July 30, 2015.</p> <p>These Principles were revised on August 12, 2019.</p>	<p>These Principles were drafted on March 25, 2011.</p> <p>These Principles were revised on July 30, 2015.</p>

Attachment 6: Comparison Table of the Rules of Procedure for Shareholder Meetings

Article	After The Revision	Before The Revision
Article 5	<p>1. Unless otherwise provided by law, the company’s shareholder meetings shall be convened by the board of directors.</p> <p>2. The company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the company and its shareholder services agent as well as being distributed on-site at the meeting place.</p> <p>3. The reasons for convening a shareholders’ meeting shall be specified in the meeting notice and public announcement.</p> <p>4. Election or dismissal of directors, amendments to the articles of incorporation, <u>reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares,</u></p>	<p>1. Unless otherwise provided by law, the company’s shareholder meetings shall be convened by the board of directors.</p> <p>2. The company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the company and its shareholder services agent as well as being distributed on-site at the meeting place.</p> <p>3. The reasons for convening a shareholders’ meeting shall be specified in the meeting notice and public announcement.</p> <p>4. Election or dismissal of directors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act or Articles 26-1 and 43-6 of the Securities and Exchange Act or Articles 56-1 and</p>

Article	After The Revision	Before The Revision
	<p><u>reserve distributed in the form of new shares</u>, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act or Articles 26-1 and 43-6 of the Securities and Exchange Act or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting <u>itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders</u>. None of the above matters may be raised by an extraordinary motion. <u>The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</u></p> <p><u>5. If the meeting notice has specified the re-election of directors and the date they assumed their duties, as the re-election is completed on the shareholders' meeting, resolution of assuming date should not be changed by means of an extraordinary motion or other means in the same meeting.</u></p> <p>5.6.<u>A shareholder holding 1 percent or more of the total number of issued shares may submit to the company a written</u> proposal for discussion at a regular shareholders meeting. Such proposals are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. <u>However, a shareholder proposal proposed for urging the company to promote public interests or fulfill its social responsibilities may still be included by the board of directors.</u> In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.</p>	<p>60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.</p> <p>5. A shareholder holding 1 percent or more of the total number of issued shares may submit to the company a written proposal for discussion at a regular shareholders meeting. Such proposals are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.</p>

Article	After The Revision	Before The Revision
	<p>6.7. Prior to the book closure date before a regular shareholders meeting is held, the company shall publicly announce that it will receive shareholder proposals <u>in writing or by way of electronic transmission</u>, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.</p> <p>7.8. Prior to the date for issuance of notice of a shareholders meeting, the company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>	<p>6. Prior to the book closure date before a regular shareholders meeting is held, the company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.</p> <p>7. Prior to the date for issuance of notice of a shareholders meeting, the company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>
Article 12	<p>1. If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. <u>Relevant proposals (including the extraordinary motions or amendment of the existing proposals) shall be resolved case by case.</u> The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.</p> <p>2. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.</p> <p>3. The chairman may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions),</p>	<p>1. If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.</p> <p>2. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.</p> <p>3. The chairman may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions),</p>

Article	After The Revision	Before The Revision
	<p>except by a resolution of the shareholders meeting. If the chairman declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chairman in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.</p> <p>4. The chairman shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairman may announce the discussion closed and <u>call for a vote, and arrange an adequate time to vote.</u></p>	<p>except by a resolution of the shareholders meeting. If the chairman declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chairman in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.</p> <p>4. The chairman shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairman may announce the discussion closed and call for a vote.</p>
Article 15	<p>1. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares.</p> <p>2. When the company holds a shareholders' meeting, it <u>shall adopt electronic voting and</u> may allow the shareholders to exercise voting rights by correspondence or electronic means in writing. When voting rights are exercised in writing or by electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights in writing or by electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.</p>	<p>1. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares.</p> <p>2. When the company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised in writing or by electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights in writing or by electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.</p>
Article 17	<p>1. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairman of the meeting and a copy distributed to each</p>	<p>1. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairman of the meeting and a copy distributed to each</p>

Article	After The Revision	Before The Revision
	<p>shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.</p> <p>2. The company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the Market Observation Post System.</p> <p>3. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairman’s full name, the methods by which resolutions were adopted, and a summary of the deliberations, and their <u>the voting results (including the weighted voting). When an election of directors is held, the number of weighted votes each candidate wins shall be disclosed,</u> and <u>The meeting minutes</u> shall be retained for the duration of the existence of the company.</p>	<p>shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.</p> <p>2. The company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the Market Observation Post System.</p> <p>3. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairman’s full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the company.</p>
Article 22	<p>These rules were established on 3 May 2005.</p> <p>These rules were amended on 28 May 2015.</p> <p><u>These rules were amended on 27 May 2020.</u></p>	<p>These rules were established on 3 May 2005.</p> <p>These rules were amended on 28 May 2015.</p>

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

Article	After The Revision	Before The Revision
Article 16	The company shall not give up capital increase in any future year for Sheng Huei International Co., Ltd., Nova Technology Corp., or Ho Shou Her Suo Engineering Co., Ltd. <u>or Ho Shou Her Suo Engineering Co., Ltd.</u> or Nova Technology Singapore Pte., Ltd. If the company must abandon the capital increase for the above companies or disposes of the above companies due to consideration for strategic alliance or other consideration with the approval of the Gre-Tai Securities Market, approval shall be required by special resolution of the board of directors of the company.	The company shall not give up capital increase in any future year for Sheng Huei International Co., Ltd., Nova Technology Corp., Ho Shou Engineering Co., Ltd. or Nova Technology Singapore Pte., Ltd. If the company must abandon the capital increase for the above companies or disposes of the above companies due to consideration for strategic alliance or other consideration with the approval of the Gre-Tai Securities Market, approval shall be required by special resolution of the board of directors of the company.
Article 21	This procedure was established on 3 May 2005... This procedure was amended on 29 May 2019. This procedure was amended on 27 May 2020.	This procedure was established on 3 May 2005... This procedure was amended on 29 May 2019.

IX.Appendices

Appendix 1:Articles of Incorporation

Articles of Incorporation

Chapter 1 General

Article 1. The company is organized and incorporated as a company limited by stock in accordance with the Company Law and is named ACTER GROUP CORPORATION LIMITED.

Article 2. The company operates the following businesses:

1. E501011 Water Pipe Construction
2. E599010 Pipe Lines Construction
3. E601010 Electric Appliance Construction
4. E601020 Electric Appliance Installation
5. E602011 Frozen and Air-conditioning Engineering
6. E603010 Cables Construction
7. E603040 Fire Fighting Equipments Construction
8. E603050 Cybernation Equipments Construction
9. E603090 Illumination Equipments Construction
10. E603100 Electric Welding Construction
11. E606010 Electricity Equipments Checking and Maintenance
12. E801010 Building Maintenance and Upholstery
13. E801020 Doors and Windows Construction
14. E801030 Interior Light Rigid Frame Construction
15. EZ05010 Apparatus Installation Construction
16. EZ09010 Static Electricity Protecting and Clearing Construction
17. EZ15010 Warming and Cooling Maintainance Construction
18. J101050 Sanitary and Pollution Controlling Services
19. J101060 Wastewater (Sewage) Treatment
20. IG03010 Energy Technical Services
21. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

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

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

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

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

Chapter 2 Shares

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

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

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

Article 9-1. Treasury stocks bought back by the company in accordance with the Company Act, new shares issued by the company, employee stock warrants or the restricted employee shares can be granted to employees of parents or subsidiaries of the company whom meeting certain conditions set by the company.

Chapter 3 Shareholder Meetings

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

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

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

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

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

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

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

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

Chapter 4 Directors

Article 16. The company has 5 to 9 directors, all to be elected from among the nominees listed in the roster of director candidates under the candidate nomination system by the shareholder meeting for terms of 3 years. The same person may be elected again upon expiry of the term.

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

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

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

Article 16-2. The company may have independent directors among the above-mentioned number of directors in accordance with Article 14-2 of the Securities Transaction Act. The number of independent directors will not less than three in number and not less than one-fifth of the total number of directors. They shall be elected under the candidate nomination system under Article 192-1 of the Company Law. The professional qualifications, shareholding, restrictions on serving other functions, determination of independence and other compliance matters with regard to independent directors shall be in accordance with relevant rules of the securities competent authority.

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

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

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

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

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

Article 20. Unless otherwise provided for in other law, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors. In case a director appoints another director to attend a meeting of the board of directors in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting, the others director may accept the appointment to act as the proxy referred to in the preceding paragraph of one other director only. In case a meeting of the board of directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting

in person.

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

Article 22. The company is configured with an audit committee in compliance with the requirements established under Article 14-4 of the Securities and Exchange Act. The Audit Committee shall consist of all independent directors. The Committee or its members are in charge of exercising functions as supervisors indicated in the Company Act, the Securities and Exchange Act, and other laws and regulations.

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.

Chapter 5 Managers and Staff

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

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

Chapter 6 Closing

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

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

Article 26-1. 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. The "surplus profits" here refers to the balance of pre-tax profit before deducting the employees' and directors' compensation. The distribution of dividends and bonuses in whole or in part that be paid in cash or compensation to

employees and directors shall be resolved with a majority vote of directors attended by at least two-thirds of total directors and reported to the shareholder's meeting. Compensation to employees can be distributed in the form of shares or in cash and employees of parents or subsidiaries of the company meeting certain conditions set by the company can receive it as well.

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

1. Compensate loss;
2. 10% legal reserve, unless the amount of legal reserve has reached the total capital amount;
3. Special reserve in accordance with law and the competent authority.
4. Certain parts of the balance shall be included into accumulated undistributed profit from previous year based on the company's current environment, growth stage and long term financial planning. The board of directors will distribute the remaining amount as shareholder dividend based on the capital situation and economic development of the current year. Cash dividend shall account for 10% or more of the total shareholder dividend and shall be proposed by the board of directors and submitted to the shareholder meeting for resolution.

Chapter 7 Miscellaneous

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

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

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

First amendment was made on 23 July, 1981.

Second amendment was made on 7 February, 1983.

Third amendment was made on 8 September, 1984.

Fourth amendment was made on 29 July, 1991.

Fifth amendment was made on 15 December, 1993.

Sixth amendment was made on 21 January, 1994.

Seventh amendment was made on 27 July, 1995.

Eighth amendment was made on 28 March, 1997.

Ninth amendment was made on 15 November, 1999.

Tenth amendment was made on 1 December, 2001.

Eleventh amendment was made on 12 March, 2002.

Twelfth amendment was made on 5 April, 2002.

Thirteenth amendment was made on 20 June, 2002.
Fourteenth amendment was made on 3 May, 2004.
Fifteenth amendment was made on 29 October, 2004.
Sixteenth amendment was made on 3 May, 2005.
Seventeenth amendment was made on 10 November, 2008.
Eighteenth amendment was made on 16 June, 2009.
Nineteenth amendment was made on 4 November, 2009.
Twentieth amendment was made on 10 June, 2010.
Twenty first amendment was made on 15 June, 2011.
Twenty second amendment was made on 18 June, 2012.
Twenty third amendment was made on 28 May, 2015.
Twenty fourth amendment was made on 31 May, 2016.
Twenty fifth amendment was made on 26 May, 2017.
Twenty sixth amendment was made on 30 May, 2018.
Twenty seventh amendment was made on 29 May, 2019.

ACTER GROUP CORPORATION LIMITED

Chairman: Liang, Chin-Li

Appendix 2: Rules of Procedure for Shareholder Meetings < Before the revision >

Rules of Procedure for Shareholder Meetings

Article 1. Basis and Purpose of Establishment

To establish a strong governance system and sound supervisory capabilities for the company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2. Scope

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

Article 3. Definition

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

Article 4. The rules of procedures for the company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 5. Convening Shareholder Meetings and Meeting Notices

1. Unless otherwise provided by law, the company's shareholder meetings shall be convened by the board of directors.
2. The company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the company and its shareholder services agent as well as being distributed on-site at the meeting place.
3. The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement.
4. Election or dismissal of directors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the

Company Act or Articles 26-1 and 43-6 of the Securities and Exchange Act or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

5. A shareholder holding 1 percent or more of the total number of issued shares may submit to the company a written proposal for discussion at a regular shareholders meeting. Such proposals are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.
6. Prior to the book closure date before a regular shareholders meeting is held, the company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.
7. Prior to the date for issuance of notice of a shareholders meeting, the company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 6. Attending Shareholder Meetings by Proxy and Authorization

1. For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the company and stating the scope of the proxy's authorization.
2. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the company before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
3. After a proxy form has been delivered to the company, if the shareholder intends to attend the meeting in person or to exercise voting rights in writing or by electronic means, a written notice of proxy cancellation shall be submitted to the company before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 7. Principles determining the time and place of a shareholders meeting

The venue for a shareholders meeting shall be the premises of the company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no

earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 8. Preparation of Documents such as Attendance Book

1. The company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.
2. The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.
3. Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The company may not freely add other supporting documents that shareholders attending meetings should present. Solicitors soliciting proxy forms shall also bring identification documents for verification.
4. The company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
5. The company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.
6. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 9. The chairman and non-voting participants of a shareholders meeting

1. If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chairman, or, if there are no managing directors, one of the directors shall be appointed to act as chairman. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chairman.
2. When a managing director or a director serves as chairman, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chairman.
3. The Chairman shall preside over shareholders' meetings called for by the Board of Directors in person and more than half of all Board directors plus at least one member from respective

functional committees shall attend the meetings and document their attendance in shareholders' meeting minutes.

4. If a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chairman from among themselves.
5. The company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.
6. The tasks of the chairman are as follows:
 - (1) Calling the general meeting to order at the time scheduled and adjourning or recessing the meeting, and presiding over the meeting in accordance with the procedure.
 - (2) Maintaining the order at the meeting place and ensuring the compliance with the Rules of Procedure.
 - (3) Admitting the status of spokesman.
 - (4) Referring the motions.
 - (5) Calling to discuss and vote of proposals in order and announcing the voting results.
 - (6) Signing the meeting minutes and relevant documents.
 - (7) Replying to all the parliamentary inquiries and determining the question of privilege and point of order.

Article 10. Audio or Video Recording of Shareholder Meetings Proceedings

The company shall make full audio or video recordings of the proceedings of the shareholders' meetings and retain them for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

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

1. Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards.
2. The chairman shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairman shall declare the meeting adjourned.
3. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting

shall be convened within 1 month.

4. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairman may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 12.Discussions of Proposals

1. If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.
2. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.
3. The chairman may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chairman declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chairman in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.
4. The chairman shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairman may announce the discussion closed and call for a vote.

Article 13.Shareholder speech

1. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairman.
2. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.
3. Except with the consent of the chairman, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chairman may terminate the speech.
4. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairman and the shareholder that has the floor; the chairman shall stop any violation.
5. When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

6. After an attending shareholder has spoken, the chairman may respond in person or direct relevant personnel to respond.

Article 14. Calculation of voting shares and recusal system

1. Voting at a shareholders meeting shall be calculated based the number of shares.
2. With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
3. When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.
4. The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.
5. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

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

1. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares.
2. When the company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised in writing or by electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights in writing or by electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.
3. A shareholder intending to exercise voting rights in writing or by electronic means under the preceding paragraph shall deliver a written declaration of intent to the company before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.
4. After a shareholder has exercised voting rights in writing or by electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the company, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is

submitted after that time, the voting rights already exercised in writing or by electronic means shall prevail. When a shareholder has exercised voting rights both in writing or by electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

5. Except as otherwise provided in the Company Act and in the company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. The results of approval, rejection, and abstention votes among the shareholders shall be released on the public information observatory on the day the shareholders' meeting is completed. If voting is done on a case-by-case basis for proposals, at the time of a vote, for each proposal, the chairman or a person designated by the chairman shall first announce the total number of voting rights represented by the attending shareholders.
6. An agenda item shall be deemed approved and shall have the same effect as if it was voted by casting ballots if no objection is voiced by all attending shareholders after solicitation by the chairman. If there is any objection, the agenda item shall be put to a vote by casting ballots in accordance with the foregoing paragraph.
7. If a shareholder of a company whose shares have been issued in public holds shares for others, such shareholder may exercise his/her/its voting power separately.
8. When there is an amendment or an alternative to a proposal, the chairman shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
9. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chairman, provided that all monitoring personnel shall be shareholders of the company.
10. Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 16. Election Matters

1. The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.
2. Where re-election of all directors is effected, by a resolution adopted by a shareholders' meeting, prior to the expiration of the term of office of existing directors, and in the absence of a resolution that existing directors will not be discharged until the expiry of their present term of office, all existing directors shall be deemed discharged in advance. The aforesaid resolution of re-election shall be attended by shareholders who represent more than one-half of the total number of issued and outstanding shares

3. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 17. Meeting Records and Signature Matters

1. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairman of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.
2. The company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the Market Observation Post System.
3. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairman's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the company.

Article 18. Public Disclosure

1. On the day of a shareholders meeting, the company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.
2. If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, the company shall upload the content of such resolution to the Market Observation Post System within the prescribed time period.

Article 19. Maintaining order at the meeting place

1. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
2. The chairman may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
3. At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the company, the chairman may prevent the shareholder from so doing.
4. When a shareholder violates the rules of procedure and defies the chairman's correction, obstructing the proceedings and refusing to heed calls to stop, the chairman may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 20. Recess and resumption of a shareholders meeting

1. When a meeting is in progress, the chairman may announce a break based on time considerations. If a force majeure event occurs, the chairman may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
2. If the meeting venue is no longer available for continued use and not all of the items on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.
3. A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.
4. When a shareholder meeting is ended, no shareholder shall elect another chairman to continue the meeting either in the same location or in a different location.

Article 21. Implementation

These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

Article 22. Establishment and Amendment Dates

These rules were established on 3 May 2005.

These rules were amended on 16 June 2009.

These rules were amended on 15 June 2011.

These rules were amended on 18 June 2012.

These rules were amended on 19 June 2013.

These rules were amended on 28 May 2015.

Appendix 3: Rules of Procedure for Board of Directors Meeting< Before the revision >

Rules of Procedure for Board of Directors Meeting

Article 1.Purpose and Basis of Establishment

These rules are established in accordance with the “Board Meeting Rules for Publicly Traded Companies” and Article 31 of the “Practical Rules for Governance of Publicly Traded Companies” in order to establish good governance system for the company’s board of directors, sound supervision functions and reinforced management functions.

Article 2.Scope of Rules

Unless otherwise provided by relevant legislations or the company’s articles of association, meeting rules of the company’s board of directors shall be in accordance with these rules.

Article 3.Convening and Notice of Meetings

The company’s board of directors shall meet at least once every quarter. The agenda shall be specified when a meeting is convened and notified to all directors seven days in advance. However, a meeting may be convened at any time in case of emergency.

The notice to be given under the preceding paragraph may be effected by means of electronic transmission with the prior consent of the recipients.

In case of any event under Section 1, Article 8, unless there is an emergency or justifiable reason, the matter shall be included in the agenda for convening the meeting and shall not be raised as motion.

Article 4.Principles for Meeting Location and Time

Board meetings shall be held in the company’s location and within the company’s business hours or any other location or time that allows the directors to be present and appropriate for convening a board meeting.

Article 5.Meeting Notice and Meeting Information

For regular board meetings convened by the company, the meeting affairs department designated by the board of directors (president’s office) shall seek each director’s opinions in advance in order to plan and prepare the agenda for the board meeting. All directors shall be notified according to the time provided under Section 1, Article 3 to attend the meeting. Audit supervisors shall also be invited to attend the meeting. Sufficient meeting information shall be provided and sent together with the notice to convene the meeting.

If any director deems that the meeting information is not sufficient, it may request the meeting affairs division (president’s office) to supplement the information. If any director deems that the proposal information is not sufficient, the board of directors may resolve to postpone the discussion.

Article 6.Preparation of Documents such as Attendance Sheet and Director Attendance by Proxy

When the company convenes a board meeting, an attendance sheet shall be prepared for signatures by attending directors. Directors shall attend board meetings in person. Any director who cannot attend the meeting in person may appoint another director as his representative to attend the meeting in accordance with the articles of association. Any director attending the meeting through video conference shall be deemed to have participated in the meeting in person, provided that a faxed attendance card shall be provided in lieu of attendance signature.

When a director appoints another director to attend the board meeting on his behalf, a proxy shall be issued each time and the scope of authorization for the items under the agenda shall be specified. A proxy holder shall represent no more than one person.

Article 7.Agenda

The agenda of a regular board meeting shall include at least the following:

1. Report Items:
 - (1) Records and execution status of last meeting.
 - (2) Report about important financial activity.
 - (3) Report about internal audit activity.
 - (4) Other important report items.
2. Discussion Items:
 - (1) Discussion items reserved since last meeting.
 - (2) Discussion items of this meeting.
3. Motions.

Article 8.Matters subject to Board Discussion

The following matters of the company shall be subject to discussion by the board of directors:

1. The company's operational plan.
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).
3. Adoption or amendment of internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.
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.
5. Placement, offer or private placement of securities in the nature of share entitlement.
6. Dismissal of finance, accounting or internal audit supervisor.
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.

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.

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 capital as stated in the CPA-attested financial report for the most recent year.

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.

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.

At least one independent director shall attend the board meeting in person. For any matter that shall be submitted to the board of directors for approval under paragraph 1, all independent directors shall attend the meeting in person. If an independent director is unable to attend in person, it shall 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.

Article 9. Authorization Principle

Other than matters subject to discussions by the board of directors of the company under Section 1, Article 8, the chairman may be authorized by the board of directors in accordance with law or articles of association to exercise the duties of the board of directors during recess period of the board of directors. The scope of authorization is as follows:

1. Duties that may be authorized by the board of directors in accordance with law.
2. Provisions under the "Delegation of Authority Table" of the company.
3. In accordance with the company's management charter, system and rules.
4. Appointment of directors and supervisors of subsidiaries.
5. Determination of record date for capital increase or capital decrease and record date for cash dividend distribution.
6. All other important company matters that are not restricted by law, articles of association, shareholder resolution and board resolution, provided that matters involving company's important interest shall still be resolved by the board of directors.

Article 10. Chairman and Representative

The chairman shall convene board meetings of the company and serve as the chairman of such meetings. However, the first board meeting of each term shall be convened by the director that received the most votes in the shareholder meeting. Such person shall also serve as the chairman of the meeting. If there are two or more persons having the right to convene the meeting, one person shall be elected from among them to serve as the chairman.

If the chairman is on leave or cannot exercise the duty due to any reason, the vice chairman shall perform such duty. If there is no vice chairman or if the vice chairman is also on leave or cannot exercise the duty due to any reason, the chairman shall appoint one managing director to serve the duty. If there is no managing director, one director shall be appointed. If the chairman does not make an appointment, one person shall be elected from among the managing directors or directors.

Article 11. Reference Information and Attendees

When the company convenes a board meeting, the meeting affairs department designated by the board of directors (president's office) shall prepare relevant information for reference at any time by participating directors.

As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants, to report about the business status of the company, to answer questions raised by the directors and to assist directors to understand the current status of the company and make appropriate resolutions. When necessary, certified public accountants, attorneys, or other professionals retained by the company may also be invited to attend the meeting as non-voting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

Article 12. Procedure for Convening Meeting

The chairman of the board of directors shall announce the start of the meeting when the majority of all directors attend the meeting upon the meeting time.

However, if less than the majority of all directors attend the meeting upon the meeting time, the chairman may declare a postponement of the meeting. There shall be no more than two postponements. If the quorum is still not met after two postponements, the chairman shall re-convene the meeting in accordance with Section 1, Article 3 and shall not make any provisional resolution for the issues to be discussed in such board meeting.

All directors referred to above means directors actually in place.

Article 13. Discussion

Discussions in board meetings shall be carried out in accordance with the agenda fixed in the meeting notice. However, the order can be changed by agreement by the majority of attending directors. Without the consent by the majority of attending directors, the chairman shall not announce the end of the meeting.

During the proceeding of the board meeting, if the number of directors present is less than the majority of the attending directors and if a director present proposes a suspension, the chairman shall declare the suspension of the meeting and section 2 of the previous articles shall be applied mutatis mutandis. During the meeting, the chairman may declare recess or negotiation in consideration of the time.

After the attending directors speak, the chairman may give feedback, designate relevant staff to provide feedback or designate a professional attending the meeting to provide relevant and required information.

If any director speaks repeatedly about the same issue or if the opinion is outside the scope of the issue under discussion, affecting opinions to be stated by other directors or interfering with the proceedings of the meeting, the chairman may prevent such director from speaking.

Article 14. Voting Method

When the chairman considers that an issue has been duly discussed and that voting may take place, he may declare the end of discussion and propose voting.

When an issue is voted upon, if the chairman consults the attending directors and if there is no objection, the resolution shall be deemed passed with the same effect as passing a resolution by voting. If there is any objection after the chairman's consultation, the issue shall be subject to voting.

Voting shall take place in one of the following manners chosen by the chairman. If any attendee has any objection, the decision shall be made based on majority opinion:

1. Voting by show of hands or voting device.
2. Voting by verbal statement.
3. Voting by ballots.
4. Voting method chosen by the company.

Directors present under the previous two sections shall not include any director who is not allowed to exercise voting right in accordance with Section 1, Article 16.

Article 15. Voting, Vote Supervision and Vote Calculation Method

Unless otherwise provided by the Securities Transaction Act and the Company Law, resolutions by the board of directors of the company shall be approved by a majority of directors present in a meeting that is attended by the majority of all directors.

If any proposal is amended or replaced by an alternative proposal, the chairman shall decide the voting order together with the original proposal. If one of the proposals has already been passed, the other proposals shall be deemed denied and no further voting shall be necessary.

If voting for an issue requires vote supervision and vote calculation staff, the chairman shall designate such staff, provided that the vote supervision staff shall be a director.

The result of voting shall be reported and recorded immediately.

Article 16.System of Interest Avoidance

Directors and other corporate representatives shall have a high degree of self discipline. During review of the following agendas, they may state the important aspects of the interested party relationship at the respective meeting and reply to questions but may not participate in the discussion or voting, should excuse themselves during discussion and voting and shall not exercise voting rights on behalf of other directors:

1. A director or a juristic person that the director represents is an interested party in relation to an agenda item and therefore prejudice the interest of the company.
2. The director deems avoidance necessary.
3. Avoidance is resolved by the board of directors.

Regarding board resolutions and directors who shall not exercise voting rights in accordance with the previous section, Section 2, Article 180 of the Company Law shall be applied *mutatis mutandis* in accordance with Section 3, Article 206.

Article 17.Meeting Records and Signatures

Discussions in board meetings shall be recorded into the minutes. The minutes shall record the following matters in detail:

1. Term (or year) of the meeting, time and location;
2. Chairman's name;
3. Director attendance status, including names and numbers of attendees, those on leave and those absent;
4. Names and titles of attendees;
5. Name of minutes taker;
6. Report matters;
7. Discussion matters: Resolution method and result of each proposal, summary opinions by directors, experts and other persons, the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal, objection or reservation opinions with records or written statements, and written opinions of independent directors issued in accordance with Section 5, Article 8.
8. Motion: Name of proposer, resolution method and result of proposal, summary opinions of directors, experts and other persons, the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal, and objection or reservation opinions with records or written statements.
9. Other matters to be recorded.

The meeting affairs staff of the board of directors shall properly compile and record meeting reports.

If any of the following matters is discussed in a board meeting, in addition to recording it in the minutes, public announcement shall also be made on the information declaration website designated by the competent authority within 2 days from the date of the board meeting:

1. Matters for which independent director has any objection or reservation opinion with record or written statement.
2. Matters not approved by the audit committee of any company that has an audit committee and approved by 2/3 of all directors.

The attendance sheet of the board of directors is part of the minutes and should be maintained properly during the validity period of the company.

Minutes shall be signed with seal affixed by the chairman and minute keeper of the meeting and distributed to each director within 20 days from the meeting. Minutes shall be included as important files of the company and shall be maintained properly and permanently during the validity period of the company.

The preparation and issuance of the minutes under the first section may be done in electronic manner.

Article 18. Video or Audio Recording of Meeting

The proceedings of board meetings shall be fully recorded or videotaped and shall be kept for at least 5 years, which may be done in electronic manner.

Before expiry of the period of safekeeping under the previous section, in case of any litigation in relation to any matter resolved by the board of directors, the relevant audio or video recording information shall be kept until the end of litigation.

For any meeting held through video conference, the video and audio information are part of the meeting minutes and shall be kept properly within the validity period of the company.

Article 19. Public Announcement

If any matter resolved by the board of directors involves significant information defined by legislation or rules of the Gre-Tai Securities Market of the R.O.C., the company shall make public announcement on the information declaration website designated by the competent authority within the stipulated deadline.

Article 20. Cancellation of Board Meeting

If any board meeting of the company must be cancelled due to any special situation after the notice of meeting has been sent to each director, the person convening the meeting shall inform each director in writing at least three days prior to the original meeting date. In case of any sudden incident rendering it necessary to cancel the originally scheduled board meeting and the directors cannot be notified within the above deadline, the person convening the meeting may inform the directors by telephone or in other manner at least three hours prior to the originally scheduled meeting time and confirm that each director has received the notice.

Article 21.Implementation

The establishment of these meeting rules shall be approved by the board of directors of the company, and submitted and reported to the shareholder meeting. Any subsequent amendment hereof may be resolved by the board of directors under authorization.

Article 22.Date of Implementation and Amendment

These rules were established on June 16, 2009.

These rules were amended on March 25, 2011.

These rules were amended on April 30, 2012.

These rules were amended on October 30, 2012.

These rules were amended on July 30, 2015.

These rules were amended on August 10, 2017.

Appendix 4: Ethical Corporate Management Practice Principles < Before the revision >

Ethical Corporate Management Practice Principles

Article 1.

These Principles are adopted to assist company to foster a corporate culture of ethical management and sound management.

The company adopt its own ethical corporate management best practice principles applicable to its business groups and organizations, which comprise its subsidiaries, any foundation to which the company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by such company ("business group").

Article 2.

When engaging in commercial activities, directors, managers, employees, and mandataries of the company or persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.

Article 3.

"Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4.

The company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 5.

The company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article 6.

The company shall in their own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.

When establishing the prevention programs, the company shall comply with relevant laws and regulations of the territory where the companies and their business group are operating.

In the course of developing the prevention programs, the company is advised to negotiate with staff, labor unions members , important trading counterparties, or other stakeholders.

Article 7.

When establishing the prevention programs, the company shall analyze which business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.

The prevention programs adopted by the company shall at least include preventive measures against the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

Article 8.

The company and its respective business group shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

Article 9.

The company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, the company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with their agents, suppliers, clients, or other trading counterparties, the company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the company may at any time terminate or rescind the contracts.

Article 10.

When conducting business, the company and its directors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 11.

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the company and its directors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12.

When making or offering donations and sponsorship, the company and its directors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13.

The company and its directors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 14.

The company and its directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15.

The company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 16.

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the company and its directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.

Article 17.

The directors, managers, employees, mandataries, and substantial controllers of the company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the company shall establish a dedicated unit that is under the board of directors and responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis:

1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 18.

The company and its directors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

Article 19.

The company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the company.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managers, and other stakeholders attending or present at board meetings of the company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The company's directors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 20.

The company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal audit unit of a the company shall periodically examine the company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

Article 21.

The company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:

1. Standards for determining whether improper benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.

5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
7. Handling procedures for violations of these Principles.
8. Disciplinary measures on offenders.

Article 22.

The chairperson, general manager, or senior management of the company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

The company shall periodically organize training and awareness programs for directors, managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 23.

The company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

1. An independent mailbox, internally established and publicly announced, to allow company insiders to submit reports.
2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior manager shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
4. Confidentiality of the identity of whistle-blowers and the content of reported cases.
5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
6. Whistle-blowing incentive measures.

When material misconduct or likelihood of material impairment to the company comes to its awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.

Article 24.

The company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 25.

The company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. They shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on their company websites, annual reports, and prospectuses, and shall disclose their ethical corporate management best practice principles on the Market Observation Post System.

Article 26.

The company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 27.

These Principles shall be implemented after over half of all audit committee members agreed, and shall be submitted to the board of directors for further approval, and be reported at the shareholders' meeting. The same procedures shall be followed when the principles have been amended.

When the ethical corporate management best practice principles are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

Article 28.

These Principles were drafted on March 25, 2011.

These Principles were revised on July 30, 2015.

Appendix 5: Procedure for Acquisition or Disposal of Assets< Before the revision >

Procedure for Acquisition or Disposal of Assets

Article 1. Purpose and Legislative Basis

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

Article 2. Scope of Assets

The term “assets” as used in this procedure includes the following:

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

Article 3. Definitions of Relevant Terms

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rates, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from

another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

3. Related party or subsidiary: As defined in Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or other fixed assets.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
8. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.
9. The term "latest financial statements" means the financial statements publicly certified or audited by accountants in accordance with law before the company acquires or disposes of assets.

Article 4.

Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the company.

3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

- (1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- (2) When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
- (3) They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
- (4) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 5. The limits on real property and right-of-use assets thereof or securities acquired by the company for non-business use.

1. The company's acquisition of non-business real property and right-of-use assets thereof or securities is limited to the following amount limits:
 - (1) The total amount of real property and right-of-use assets thereof acquired for non-business use shall not exceed 50% of the net value according to the latest financial statements of the company.
 - (2) The total amount of investment in securities shall not exceed 100% 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. Investment in securities with guaranteed principal, 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 shall not be included.
2. The company's investment in subsidiaries shall be done in accordance with resolutions of the board of directors as authorized by the company's articles of association and shall not be subject to the limit of not exceeding 40% of the paid-in capital under Article 13 of the Company Law.

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

1. 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:

2. Expert Opinions

In acquiring or disposing of securities, and if the transaction amount reaches 20% of the company's paid-in capital or NT\$300 Million and above, an accountant shall be engaged to provide an opinion about the reasonableness of the transaction price prior to the date of occurrence of the event. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

3. The calculation of the transaction amounts shall be done in accordance with Article 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.

4. The degree of authority delegated, the levels to which authority is delegated

- (1) Any investment in subsidiaries or disposal of shareholding thereof for operational purpose single transaction amount reaching more than 20% of the company's capital shall be submitted to the board of directors for approval. The chairman is authorized to approval transactions less than 20% of the company's capital shall be ratified at the next board of directors meeting.
- (2) Any acquisition or disposal of government bond, corporate bond, financial bond, domestic or overseas bond type fund, domestic or overseas currency type fund for financing purpose with single transaction amount reaching NT\$100 Million or above shall be submitted to the board of directors for approval. The chairman is authorized to approval transactions less than NT\$100 Million. Transactions amount exceeding NT\$70 Million shall be ratified at the next the board of directors meeting.
- (3) Any acquisition or disposal of other securities for financing purpose with a single transaction amount reaching NT\$70 Million or above shall be submitted to the board of directors for approval. The chairman is authorized to approval transactions less than NT\$70 Million. Transaction amount exceeding NT\$50 Million may be ratified at the next board of directors meeting.
- (4) Any acquisition or disposal not for investment in subsidiaries and not for financing purpose with single transaction amount reaching NT\$30 Million or above shall be submitted to the board of directors for approval. The chairman is authorized to approval transactions less than NT\$30 Million.
- (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 in accordance with the authority of the company.

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.

6. Transaction Process

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

Article 7. Evaluation and Procedure for Acquisition or Disposal of Real Property, equipment, or right-of-use assets thereof

1. The means of price determination and supporting reference materials

For acquisition or disposal of real property, equipment, or right-of-use assets thereof, 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.

2. Expert Appraisal Report

For any acquisition or disposal of real property, equipment, or right-of-use assets thereof, other than a transaction with a domestic government authority, delegated construction on self-owned land, delegated construction on leased land or acquisition or disposal of equipment or right-of-use assets thereof 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:

- (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- (2) If the transaction amount is NT\$1 Billion or above, at least 2 professional price appraisers shall be engaged to perform appraisal.
- (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the 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:

- i. The appraisal result deviates from the transaction amount by 20% or more.
 - ii. The appraisal results by two or more professional appraisers deviate from the transaction price by 20% or more.
- (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
- (5) Application in Construction Industry
Unless any fixed price, 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.
- (6) For assets acquired or disposed of through court auction procedure, documents of proof issued by the court may be used in lieu of price appraisal report or accountant's opinion.
- (7) The calculation of the transaction amounts shall be done in accordance with Article 6, paragraph 3 herein.
3. The degree of authority delegated, the levels to which authority is delegated
Any acquisition or disposal of real property, equipment, or right-of-use assets thereof with transaction amount less than 20% of the company's capital shall be submitted to the chairman for approval. Any transaction exceeding more than 20% of the company's capital shall only be carried out after approval by the board of directors.
4. The units responsible for implementation
Any acquisition or disposal of real property, equipment, or right-of-use assets thereof by the company shall be executed under the responsibility of the user department and relevant responsible department after approval in accordance with the authority provided under the previous section.
5. Transaction Process
The transaction flow for the acquisition or disposal of real property, equipment, or right-of-use assets thereof by the company shall be carried out in accordance with the procedure related to real property, plant and equipment cycles under the company's internal control system.

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

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

2. When the company engages in any acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or when it engages in any acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, except in trading of domestic 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:
- (1) The purpose, necessity and expected effect of acquisition or disposal of assets.
 - (2) Reason for selecting a related party as the transaction counterparty.
 - (3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information relating to the evaluation of reasonableness of contemplated transaction conditions in accordance with sections 2 and 3 of this article.
 - (4) The date, price and transaction party in the previous transaction engaged by the related party and the relationship between the company and the related party.
 - (5) Cash income and expense forecast table for each of the 12 months following the month on which the contract is contemplated to be signed and evaluation of the necessity of the transaction and reasonableness of the utilization of capital.
 - (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the article 1.
 - (7) Restrictive conditions and other important agreements under this transaction.
 - (8) When submission is made to the board of directors for discussion in accordance, opinions of independent directors shall be fully taken into consideration. Any objection or reservation by any independent director shall be recorded in the minutes of the board meeting.
 - (9) The calculation of the transaction amounts 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.
 - (10) With respect to the types of transactions listed below, when to be conducted between the company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the company's board of directors may pursuant to Article 7, paragraph 1, subparagraph 3 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:
 - i. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
 - ii. Acquisition or disposal of real property right-of-use assets held for business use.

3. Evaluation of Reasonableness of Transaction Cost

- (1) For any real property or right-of-use assets thereof to be acquired from a related party, the following method should be used to evaluate the reasonableness of the transaction cost:
 - i. Transaction price with the related party plus required capital interest and cost to be borne by the buyer in accordance with law. Required capital interest cost shall be calculated based on the weighted average interest rate of the loan taken out by the company during the year of asset acquisition, provided that it shall not be higher than the highest lending rate for non-financial industry published by the Ministry of Finance.
 - ii. If the related party has taken out a mortgaged loan from any financial institution based on the target, the total lending assessment value of the target by such financial institution, provided that the accumulated value of actual lending by such financial institution for the target shall be at least 70% of the total lending assessment value and the loan period must have exceeded one year. However, this shall not be applicable if the financial institution is a related party to either party to the transaction.
 - (2) If the land and housing under the same target is purchased or leased at the same time, the transaction cost for the land and the housing may be evaluated under any method under subsection (1) above.
 - (3) For any real property or right-of-use assets thereof to be acquired from a related party, the real property or right-of-use assets thereof cost shall be evaluated in accordance with subsections (1) and (2) above and an accountant shall be engaged to perform re-assessment and provide substantial opinion.
 - (4) For real property or right-of-use assets thereof to be acquired from a related party, if there is any of the following events, only section 2 of this article about evaluation and procedure shall be applicable. Provisions about the evaluation of reasonableness of transaction cost under subsections (1) to (3) above shall not be applicable.
 - i. The related party acquired the real property or right-of-use assets thereof through succession or gift.
 - ii. The contract by which the related party acquired the real property or right-of-use assets thereof was signed more than 5 years preceding the contract signature date for this transaction.
 - 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.
 - iv. The real property right-of-use assets for business use are acquired by the company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.
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:

- (1) The related party re-constructed following the acquisition of undeveloped land or leased land and evidence is provided to show that one of the following conditions are satisfied:
 - i. The combined value of evaluation of the undeveloped land in the method provided under section 3 and the construction cost of the housing by the related party plus reasonable construction profit exceeds the actual transaction price. Reasonable construction profit shall be based on the average business gross interest rate of the related party's construction department for the past three years or the latest construction industry gross interest rate published by the Ministry of Finance, whichever is lower.
 - ii. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
 - (2) Where the company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.
5. For any acquisition of real property or right-of-use assets thereof from a related party, if the result of evaluation under sections 3 and 4 is lower than the transaction price, the following matters shall be carried out:
- (1) The difference between the real property or right-of-use assets thereof transaction price and the evaluation cost shall be provided as special reserve in accordance with Section 1, Article 41 of the Securities Transaction Act and shall not be distributed in cash or in share through capital increase. If the investor evaluating the company's investment under the equity method is a publicly traded company, special reserve shall be provided based on the provided amount and the shareholding percentage in accordance with Section 1, Article 41 of the Securities Transaction Act.
 - (2) The independent directors of the audit committee shall proceed in accordance with Article 281 of the Company Law.

- (3) Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

6. For any real property or right-of-use assets thereof acquired by the company from a related party, if there is any other evidence showing that the transaction is inconsistent with operational norms, the previous section shall be followed.

Article 9. Evaluation and Procedure for Acquisition or Disposal of Intangible Assets or Right-of-use Assets Thereof or Memberships

1. The means of price determination and supporting reference materials

For the acquisition or disposal of any intangible assets or right-of-use assets thereof or memberships, the future possible proceeds from such asset and market fair value should be taken into consideration. If required, expert opinions should be referred to. Negotiation and determination shall be made with the transaction counterparty.

2. Expert Opinions

Any acquisition or disposal of intangible assets or right-of-use assets thereof or memberships with the transaction amount reaching 20% of the company's paid-in capital or NT\$300 Million or above, except in transactions with a domestic 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, paragraph 3.

3. The degree of authority delegated, the levels to which authority is delegated

- (1) Any acquisition or disposal of membership with the transaction amount of NT\$1 Million or below shall be approved internally by the company and submitted to the chairman for approval. If the transaction amount exceeds NT\$1 Million, it may only be carried out after approval by the board of directors.

- (2) Any acquisition or disposal of an intangible asset or right-of-use assets thereof with the transaction amount of NT\$1 Million or below shall be approved internally by the company, may only be carried out after approval by the chairman, and shall be submitted to the following board meeting. If the transaction amount exceeds NT\$1 Million, it may only be carried out after approval by the board of directors.

4. The units responsible for implementation

The company's acquisition or disposal of intangible assets or right-of-use assets thereof or memberships shall be executed under the responsibility of the user department and the relevant responsible department after approval in accordance with the previous section.

5. Transaction Process

The transaction process flow for the company's acquisition or disposal of intangible assets or right-of-use assets thereof or memberships shall be carried out in accordance with the company's rules about investment cycles under the internal control system.

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

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

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

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

1. Operational or Hedging Strategy

The company engages in transactions of derivative products for the purpose of avoiding risks arising out of fluctuation of foreign exchange rate, interest rate or asset price. Hedging is limited to foreign currency positions payable/receivable arising out of the company's business for the future six months.

2. Segregation of Duty

The highest-level executives of finance shall designate the staff of the finance department who may engage in derivative product transactions and confirmations.

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

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

(1) Total Transaction Contract Amount

Hedging Operation

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

Transactional Operation

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

(2) Loss Limits

Hedging Operations

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

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

Transactional Operations

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

4. Performance Review

Hedging Operations

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

5. The degree of authority delegated, the levels to which authority is delegated

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

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

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

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

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

6. Significant Derivative Product Transaction

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

7. The units responsible for implementation and Process

- (1) Confirm transaction position.
- (2) Analysis and judgment about relevant trend.
- (3) Determine specific hedging method:

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

8. Risk Management

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

9. Internal Control

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

independent from the finance department who reports to the board of directors and the chairman.

10. Regular Evaluation Method and Anomaly Handling

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

The evaluation shall include the following:

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

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

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

12. Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:

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

A company shall report to the soonest board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

13. The internal audit staff shall regularly understand the suitability of internal control of derivative product transaction and shall audit the compliance of transaction related departments with relevant provisions under this procedure on monthly basis. The transaction cycles shall also be analyzed and recorded into audit reports. If any significant violation is discovered, the Audit Committee shall be informed in writing.
14. The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 11-2 of Article 12-1 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of Article 20 shall be recorded in detail in the log book.
15. Any of the company's managers or responsible staff who engages in any derivative product transaction shall comply with the provisions under this procedure in order to avoid any inappropriate operational loss suffered by the company. In case of any violation of any relevant legislation or this procedure, the sanctions shall be imposed in accordance with relevant human resource regulations.
16. If any subsidiary of the company except Nova Technology Corp. and its subsidiaries 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.

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

1. Evaluation and Procedure

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

2. Transaction Consideration Determination Method and Reference Benchmark

If the company engages in any merger, division, acquisition or share transfer, it shall consider the past and future financial and operational status of the participating companies, estimate proceeds that may occur in the future and fair method for transaction price determined by the market. Professional opinions from accountants, attorneys or securities underwriters shall be referred to as well as the negotiated price by the counterparty participating in the merger, division, acquisition or share transfer.

3. Expert Opinions

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

the board of directors for discussion and approval. 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.

4. Decision Level

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

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

(1) If the company engages in any merger, division, acquisition or share transfer, important agreed provisions and relevant matters about the merger, division or acquisition shall be included into a public document brought to the attention of the shareholders before the shareholder meeting and sent to the shareholders together with expert opinions under Section 3 of this Article and notice for shareholder meetings to serve as reference as to whether the merger, division or acquisition proposal should be approved, except other merger, division or acquisition matters that do not require shareholder resolutions in accordance with laws.

(2) If the shareholder meeting of any company participating in the merger, division or acquisition cannot be held due to insufficient quorum or voting rights or other legal restrictions or if the proposal is rejected by the shareholder meeting, the companies participating in the merger, division or acquisition shall immediately make a public announcement about the reasons, subsequent steps and expected dates to convene their shareholder meetings.

6. Dates of Board Meeting and Shareholder Meeting

(1) Unless otherwise provided by law or in case of any special reason that is reported to and approved by the Financial Supervisory Commission in advance, companies participating in the merger, division or acquisition shall hold board meetings and shareholder meetings on the same day to resolve matters related to the merger, division or acquisition.

(2) Unless otherwise provided by law or in case of any special reason that is reported to and approved by the Financial Supervisory Commission in advance, companies participating in share transfer shall hold board meetings on the same day.

(3) Companies participating in the merger, division or acquisition whose are listed on stock exchange or whose shares are traded in securities dealers' premises shall make complete written records of the following information and keep them for five years for reference.

i. Basic staff information: Including persons who participated in the merger, division, acquisition or share transfer project or execution of the project prior to the disclosure of the news, their titles, names and ID numbers (passport numbers for foreigners).

ii. Dates of important events: Including dates of signing of letters of intent, memorandums of understanding, engagement of financial or legal advisors, signature of contracts and

board of directors.

- iii. Important documents and minutes: Including merger, division, acquisition or share transfer plan, letters of intent, memorandums of understanding, important contracts and minutes of the board meetings.

Companies participating in the merger, division or acquisition who are listed on stock exchange or whose shares are traded in securities dealers' premises shall, within 2 days commencing immediately from board resolution, submit the information under subsections (3) i and ii above in the regulated format through the Internet information system to the Financial Supervisory Commission for reference.

If any company participating in the merger, division or acquisition is not a company listed on any stock exchange or whose shares traded in securities dealers' premises, the companies who are listed on stock exchanges or whose shares are traded in securities dealers' premises shall sign an agreement with such company and proceed in accordance with the previous sections and sections 6 (3).

7. Confidentiality Obligation and Avoidance of Insider Trading

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

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

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

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

9. Matters to be Provided in Contract

In relation to any merger, division, acquisition or share transfer to which the company participates, the contract shall also specify the rights and obligations of the companies participating in the merger, division, acquisition or share transfer and specify the following matters:

- (1) Breach consequence.
- (2) Principle for handling securities in the nature of share entitlement previously issued or treasury shares repurchased by companies that will disappear or be divided following the merger.
- (3) The quantity of treasury shares that the participating company may repurchase in accordance with law after the record date for share swap percentage calculation and the principle for handling such treasury shares.
- (4) The method to handle increase, decrease or change of participating entities or the number of entities.
- (5) Expected execution progress and expected completion date of the plan.
- (6) If the plan is not completed within the deadline, relevant handling procedures such as the expected date of shareholder meeting to be convened in accordance with law.

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

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

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

Article 13. Procedure of Public Announcement

1. Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the Securities and Futures Bureau of the Financial Supervisory Commission's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:

- (1) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic 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).
- (2) Merger, demerger, acquisition, or transfer of shares.
- (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company
- (4) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - i. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
 - ii. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- (5) Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million or more; among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.
- (6) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million or more.
- (7) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - i. Trading of domestic government bonds.
 - ii. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or

futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange, except if the sale and purchase relates to securities of parent company, subsidiary or affiliate.

iii. Trading of bonds under repurchase/resale agreements, or subscription or repurchase of domestic money market funds issued by Securities Investment Trust Enterprises (SITEs).

2. The amount of transactions above shall be calculated as follows:

- (1) The amount of any individual transaction.
- (2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
- (3) The cumulative transaction amount of real property or right-of-use assets thereof acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
- (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
- (5) "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Regulations need not be counted toward the transaction amount.

3. The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the Securities and Futures Bureau of the Financial Supervisory Commission by the 10th day of each month.

4. When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

5. The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.

6. Where any of the following circumstances occurs with respect to a transaction that the company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the Securities and Futures Bureau within 2 days commencing immediately from the date of occurrence of the event:

- (1) Change, termination, or rescission of a contract signed in regard to the original transaction.
- (2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.

- (3) Change to the originally publicly announced and reported information.
7. If any subsidiary of the company is not a publicly traded company and its acquisition or disposal of asset reaches the threshold of public announcement under Articles 30 and 31 of the “Guidelines for Acquisition and Disposal of Asset by Publicly Traded Companies”, the company shall make public announcements on behalf of the subsidiary. The paid-in capital as a threshold for public announcement to be applied or the total assets by the subsidiary shall be based on the paid-in capital of the company or total assets.

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

1. The company shall see that each subsidiary establishes and executes the procedure for acquisition or disposal of asset in accordance with the “Guidelines for Acquisition and Disposal of Asset by Publicly Traded Companies” by the Financial Supervisory Commission.
2. Any acquisition or disposal of an asset by any subsidiary except Nova Technology Corp. and its subsidiaries which is subject to approval by the board of directors in accordance with the “Procedure for Acquisition or Disposal of Assets” it established or other legislations shall be reported to the company before the occurrence of the fact. The responsible department of the company shall evaluate the feasibility, necessity and reasonableness of such acquisition or disposal of asset, follow up on its execution afterwards and perform analysis and review.
3. The company’s internal audit staff shall regularly audit the subsidiary’s compliance with the “Procedure for Acquisition or Disposal of Assets” and prepare an audit report. After submission of the discoveries and suggestions in the audit report, the audited subsidiary shall be informed to make improvements. Regular follow up reports shall be prepared to ensure that timely and appropriate improvement measures have been undertaken.

Article 15. For the calculation of 10% of total assets under these procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20% of paid-in capital under these Procedure, 10% of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Procedure regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.

Article 16. The company shall not give up capital increase in any future year for Sheng Hwei International Co., Ltd., Nova Technology Corp., Ho Shou Engineering Co., Ltd. or Nova Technology Singapore Pte., Ltd. If the company must abandon the capital increase for the above companies or disposes of the above companies due to consideration for strategic alliance or other consideration with the approval of the

Gre-Tai Securities Market, approval shall be required by special resolution of the board of directors of the company.

Article 17. Penalty

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

Article 18. Relevant Legislations

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

Article 19.

"Acknowledgement by the Audit Committee shall be obtained" in this procedure means that approval by more than half of all members of the Audit Committee shall be obtained before submission to the Board of Directors for a final decision.

If approval by more than half of all members of the Audit Committee is not obtained as mentioned above, as long as approval from more than two-thirds of all members of the Board of Directors is obtained, it may be implemented and resolution reached by the Audit Committee shall be indicated in the Board of Director meeting minutes.

"All members of the Audit Committee" indicated in Paragraph 1 and "all members of the Board of Directors" indicated in the foregoing paragraph refer to the actual number of incumbent members.

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. The same procedure shall be followed when the procedure have been amended.

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

The establishment of this procedure shall be published as significant information on the Market Observation Post System.

Article 21. Date of Establishment and Amendment

This procedure was established on 3 May 2005.

This procedure was amended on 4 October 2005.

This procedure was amended on 16 June 2009.

This procedure was amended on 10 June 2010.

This procedure was amended on 15 June 2011.

This procedure was amended on 19 June 2013.

This procedure was amended on 18 June 2014.

This procedure was amended on 28 May 2015.

This procedure was amended on 26 May 2017.

This procedure was amended on 30 May 2018.

This procedure was amended on 29 May 2019.

Appendix 6: Shareholding of Directors

- As of March 29, 2020, the company's registered capital is NT\$720,000,000, the issued capital of the Company is NT\$541,867,420, the issued 54,186,742 common shares.
- The company has elected three independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors other than the independent directors shall be decreased by 20 percent. The actual collective shareholding of directors is 4,334,939 common shares. As the company has established the audit committee that satisfies the requirements of the Securities and Exchange Act, the minimum shareholding requirements for supervisors do not apply.
- As of March 29, 2020, the actual collective shareholdings of directors were shown as below:

Position	Name	Date elected	Term (Years)	Directors	
				Shares	Shareholding ratio (%)
Chairman	Liang, Chin-Li	May 30, 2018	3	2,126,566	3.92%
Directors	Yang, Jung-Tang	May 30, 2018	3	1,005,330	1.86%
Directors	Hu, Tai-Tsen	May 30, 2018	3	1,251,618	2.31%
Independent Director	Yeh, Hui-Hsin	May 30, 2018	3	3,450	0.01%
Independent Director	Wang, Mao-Rong	May 30, 2018	3	5,450	0.01%
Independent Director	Yang, Qian	May 30, 2018	3	0	0.00%
combined shareholding of all directors				4,392,414	8.11%

Note: Director Kao, Hsin-Ming resigned on Oct. 01, 2018 due to personal factors, and the number of shares held at her resignation was 1,330,176 shares.

Appendix 7: Directors and employees compensation

Unit : NTDS

Items	The Board adopted a proposal(A)	already expensed under the Company's 2019 income statements(B)	DIF (A-B)	Difference reason and dealing with the situation
Employees' stock compensation	0	0	0	No different
Employees' cash compensation	79,943,208	79,943,208	0	
Directors' compensation	39,971,604	39,971,604	0	

Appendix 8: The other explanation

1. The company's response about shareholder's proposal in this Annual Shareholder's Meeting :
 - (1) According to the article 172-1 of the Company Act, Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal and the number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words.
 - (2) The company has announced on the Market Observation Post System that the shareholders can submit a written proposal for discussion at the shareholders meeting. The period is March 16, 2020 to March 25, 2020.
 - (3) The company had not received any proposals from shareholders.
2. Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting:

There was no stock dividend distribution proposed or adopted at the most recent shareholders' meeting, so it is not applicable.