

Stock code: 5536



**Handbook for the 2016  
Annual Meeting of Shareholders**

**MEETING TIME: May 31, 2016**

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# **I. Meeting Procedure**

## **Acter Co., Ltd.**

### **Procedure for the 2016 Annual Meeting of Shareholders**

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

## **II. Agenda of Annual Meeting of Shareholders**

# **Acter Co., Ltd.**

## **Year 2016 Agenda of Annual Meeting of Shareholders**

**Time** : 09:00 a.m on Tuesday, 31 May, 2016

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

**Chairperson** : Chairman Liang, Chin-Li

### **1. Call the Meeting to Order**

### **2. Chairperson Remarks**

### **3. Discussion (i)**

(1) Discussion on the proposal to amend “Articles of Incorporation.”

### **4. Report Items**

(1) To report the distribution of 2015 employee and director compensation.

(2) 2015 Business Report.

(3) Audit Committee's Review Report of 2015 Financial Statements.

(4) To report the “Corporate Social Responsibility Best Practice Principles” and the execution of corporate social responsibility.

(5) To report the result of issuing 1,200,000 shares of new restricted employee shares approved by The 2014 Annual Shareholders' Meeting.

(6) To report the execution of the plan that the company proposes to offer to buy within 15% shares of directly or indirectly reinvestment companies by high-performance employees.

(7) To report the amendment of “Rules of Procedure for Board of Directors Meeting” 、 “Ethical Corporate Management Practice Principles” 、 “Ethical Corporate Management Operating Procedures and Conduct Guide” and “Code of Ethics. ”

### **5. Proposals**

(1) Adoption of the 2015 Business Report and Financial Statements.

(2) Adoption of the Proposal for Distribution of 2015 Profits.

## **6. Discussion (ii)**

- (1) Discussion of the listing plan of the company's subsidiary Nova Technology Corp. In order to meet the requirements of applicable laws and regulations, we intend to have the shareholders authorize through the meeting that the Board of Directors may handle related capital increase by cash and release of shares within one year for the subsidiary.
- (2) Discussion on the proposal to amend “Procedures for Loaning of Company Funds.”
- (3) Discussion on the proposal to amend “Regulations governing remuneration paid to directors and supervisors.”

## **7. Questions and Motions**

## **8. Adjournment**

### **III. Discussion (i)**

**Proposal No. 1 :** Discussion on the proposal to amend “Articles of Incorporation.” (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”Articles of Incorporation.”
- (2) Please refer to page 14 (Attachment 1) for details.

**Resolution :**

### **IV. Report Items**

**Report No. 1 :** To report the distribution of 2015 employee and director compensation. (Proposed by the Board of Directors)

**Explanation :**

- (1) In the official letter from Gin Shang Zi, No. 10402413890 of the Ministry of Economic Affairs on June 11, 2015, it was stated that “With the revisions made by the company on the articles of incorporation during the board meeting in 2016, employee compensation for 2015 shall be based on the new constitution given the special circumstances at the time of amendment.”
- (2) 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.



(3) The company proposed to allocate 4% for the remuneration of directors (not higher than 5%) in the amount of NTD 21,216,387. It also planned to allocate 8% for employee compensation (not less than 3%) in the amount of NTD 42,432,773.

**Report No. 2 :** 2015 Business Report. (Proposed by the Board of Directors)

**Explanation :** The 2015 Business Report is attached as pp. [15-25], Attachment 2 and Attachment 3.

**Report No. 3 :** Audit Committee's Review Report of 2015 Financial Statements.  
(Proposed by the Board of Directors)

**Explanation:** The 2015 Audit Committee's Review Report is attached as pp. [26], Attachment 4.

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

**Explanation:** In order to strengthen the importance of the corporate social responsibility, the company established "Corporate Social Responsibility Best Practice Principles" for compliance based on Article 7 of "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies." And the principle is attached as pp. [27-32], Attachment 5. Please refer to M.O.P.S website or the company's website for more information.

**Report No. 5 :** To report the result of issuing 1,200,000 shares of new restricted employee shares approved by The 2014 Annual Shareholders' Meeting. (Proposed by the Board of Directors)

**Explanation:** The issuance of 1,200,000 shares of new restricted employee shares that approved by The 2014 Annual Shareholders' Meeting has been completed since 480,000 shares have been issued on Jan 26, 2015 and 720,000 shares have been issued on Jan 11, 2016.

**Report No. 6 :** To report the execution of the plan that the company proposes to offer to buy within 15% shares of directly or indirectly reinvestment companies by high-performance employees.  
(Proposed by the Board of Directors)

**Explanation:** In a board resolution, the company has agreed to release 610,000 shares (approximately 2.41%) of NOVA TECHNOLOGY CORP. to its outstanding employees. And it will be completed in the second quarter.

**Report No. 7 :** To report the amendment of “Rules of Procedure for Board of Directors Meeting”、 “Ethical Corporate Management Practice Principles”、 “Ethical Corporate Management Operating Procedures and Conduct Guide” and “Code of Ethics.”  
(Proposed by the Board of Directors)

**Explanation:**

- (1) In order to conform to the amendments of related commercial laws and the audit committee operating, the company hereby amended “Rules of Procedure for Board of Directors Meeting”、 “Ethical Corporate Management Practice Principles”、 “Ethical Corporate Management Operating Procedures and Conduct Guide” and “Code of Ethics.”
- (2) Please refer to page 33-59 (Attachment 6~9) for details.

## **V.Proposals**

**Proposal No. 1 :** Adoption of the 2015 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. 25, 2016 and examined by the Audit Committee of Acter Company.

- (2) The 2015 Business Report, independent auditors' report, and the above-mentioned Financial Statements are attached in the Meeting Agenda as, pp. [15-25], Attachment 2 and Attachment 3.

**Resolution :**

**Proposal No. 2 :** Adoption of the Proposal for Distribution of 2015 Profits.  
(Proposed by the Board of Directors)

**Explanation :**

- (1) Please refer to the 2015 Profit Distribution Table as follows.

**Acter Co., Ltd.**  
**PROFIT DISTRIBUTION TABLE**  
**Year 2015**

Unit : NTD

Beginning retained earnings	656,420,737
Add: net profit after tax	416,345,299
Less: 10% legal reserve (2015)	41,634,530
Less: Defined benefit plans	1,377,064
Less: Recognition of special reserve for first adoption of IFRSs	2,998
Distributable net profit	1,029,751,444
Distributable items:	
Cash Dividend to shareholders(6 per share)	284,014,914
Stock Dividend to shareholders (0 per share)	0
Unappropriated retained earnings	745,736,530

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

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

**Resolution :**

## **VI. Discussion (ii)**

**Proposal No. 1 :** Discussion of the listing plan of the company's subsidiary Nova Technology Corp. In order to meet the requirements of applicable laws and regulations, we intend to have the shareholders authorize through the meeting that the Board of Directors may handle related capital increase by cash and release of shares within one year for the subsidiary. (Proposed by the Board of Directors)

**Explanation :**

- (1) In order to help with the operation and development of the subsidiary Nova Technology Corp. and help attract and retain required professional talent, listing of stock will be sought for Nova Technology Corp. in the future. As required under Article 3 Subparagraph 5 of the Taipei Exchange Supplemental Rules Governing Applications by Group Enterprises for TPEx Listing of Stock, the shares held by the company and all of its subsidiaries and affiliates may not exceed 70% of the total shares issued by Nova Technology Corp. Capital increase by cash and release of shares for Nova Technology Corp. will be conducted as follows:
  - A. The price per share in each capital increase by cash effort organized by Nova Technology Corp. in the future may not be lower than the net value per share as is shown in the most recently inspected and signed-off financial report of the company. In addition, among the shares issued as a result of the capital increase by cash , except for 10% to 15% that should be retained for

subscription by the company's employees according to law, the number of shares that may be subscribed by the company pro rata will be given up and will be prioritized for subscription by all shareholders of the company pro rata to the holding ratio as indicated in the shareholders' roster as of the most recent book closure date. Shares to be subscribed yet given up by shareholders or fractional shares will consistently be handled by the Chairman upon authorization by the Board of Directors of Nova Technology Corp.; the Chairman will approach specific persons for possible subscriptions. The total number of shares available for subscription by the company's shareholders will be calculated by their respective holding ratios as is shown in the shareholders' roster on the baseline date for capital increase by cash of Nova Technology Corp.; all shareholders will receive a payment notification sent by the company. We intend to let the shareholders authorize through the meeting that the company's Board of Directors may take charge of handling prioritized subscription by the whole shareholders of the company and other matters with regard to shares given up during Nova Technology Corp.'s capital increase by case in order to reduce the options toward Nova Technology Corp.

- B. In order to meet the criterion for diverging listed options, the company may release shares at a price with reference to the contemporary operation, profitability, and capital market status of Nova Technology Corp. and appraised by a third party. All shareholders of the company are entitled to subscribe the shares according to their holding ratio as is shown in the shareholders' roster as of the most recent book closure date or strategic or financial investors to the advantages of the future operation and development of Nova Technology Corp.

- C. After the company completes the capital increase by cash and release of shares as indicated above, its holding ratio of Nova Technology Corp. may not be lower than 51%.

**Resolution :**

**Proposal No. 2 :** Discussion on the proposal to amend “Procedures for Loaning of Company Funds.” (Proposed by the Board of Directors)

**Explanation :**

- (1) In order to conform to the needs of business development, the company hereby proposes to amend “Procedures for Loaning of Company Funds.”
- (2) Please refer to page 60 (Attachment 10) for details.

**Resolution :**

**Proposal No. 3 :** Discussion on the proposal to amend “Regulations governing remuneration paid to directors and supervisors.” (Proposed by the Board of Directors)

**Explanation :**

- (1) The company has established an audit committee instead of supervisors, therefore it proposes to amend “Regulations governing remuneration paid to directors and supervisors” and revised the title to “Regulations governing remuneration paid to directors.”
- (2) Please refer to page 61-62 (Attachment 11) for details.

**Resolution :**

## **VI. Questions and Motions**

## **VII. Adjournment**

## **VIII.Attachments**

## Attachment 1: Comparison Table of the Articles of Incorporation

Article	After The Revision	Before The Revision
Article 23	The expenses entailed through exercising their duties by the directors of the company shall be determined by the board of directors based on the common standard of the industry. The remuneration of all directors shall be in accordance with Article <del>27</del> <u>6-1</u> of the company's articles of association.	The expenses entailed through exercising their duties by the directors of the company shall be determined by the board of directors based on the common standard of the industry. The remuneration of all directors shall be in accordance with Article 27 of the company's articles of association.
Article 26-1	<u>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.</u>	
Article 27	<p>The company's profit following annual closing, if any, shall be distributed in the following order:</p> <ol style="list-style-type: none"> <li>1. Remit tax;</li> <li>2. Compensate loss;</li> <li>3. 10% legal reserve, unless the amount of legal reserve has reached the total capital amount;</li> <li>4. Special reserve in accordance with law and the competent authority.</li> <li><del>5. Director remuneration in the amount not exceeding 3% of the balance following reserves under subsections 1 to 4 above;</del></li> <li><del>6. Employee bonus in the amount not less than 2% of the balance following reserves under subsections 1 to 4 above; employee stock bonus may also be distributed to employees of subsidiaries;</del></li> <li><del>7.</del><u>5.</u> 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.</li> </ol>	<p>The company's profit following annual closing, if any, shall be distributed in the following order:</p> <ol style="list-style-type: none"> <li>1. Remit tax;</li> <li>2. Compensate loss;</li> <li>3. 10% legal reserve, unless the amount of legal reserve has reached the total capital amount;</li> <li>4. Special reserve in accordance with law and the competent authority.</li> <li>5. Director remuneration in the amount not exceeding 3% of the balance following reserves under subsections 1 to 4 above;</li> <li>6. Employee bonus in the amount not less than 2% of the balance following reserves under subsections 1 to 4 above; employee stock bonus may also be distributed to employees of subsidiaries;</li> <li>7. Certain parts of the balance shall be included into accumulated undistributed profit from previous year based on the company's current environment, growth stage and long term financial planning. The board of directors will distribute the remaining amount as shareholder dividend based on the capital situation and economic development of the current year. Cash dividend shall account for 10% or more of the total shareholder dividend and shall be proposed by the board of directors and submitted to the shareholder meeting for resolution.</li> </ol>
Article 30	<p>These articles of association were established on 10 February, 1979...</p> <p>Twenty third amendment was made on 28 May, 2015.</p> <p><u>Twenty fourth amendment was made on 31 May, 2016.</u></p>	<p>These articles of association were established on 10 February, 1979...</p> <p>Twenty third amendment was made on 28 May, 2015.</p>



## Attachment 2: Business Report

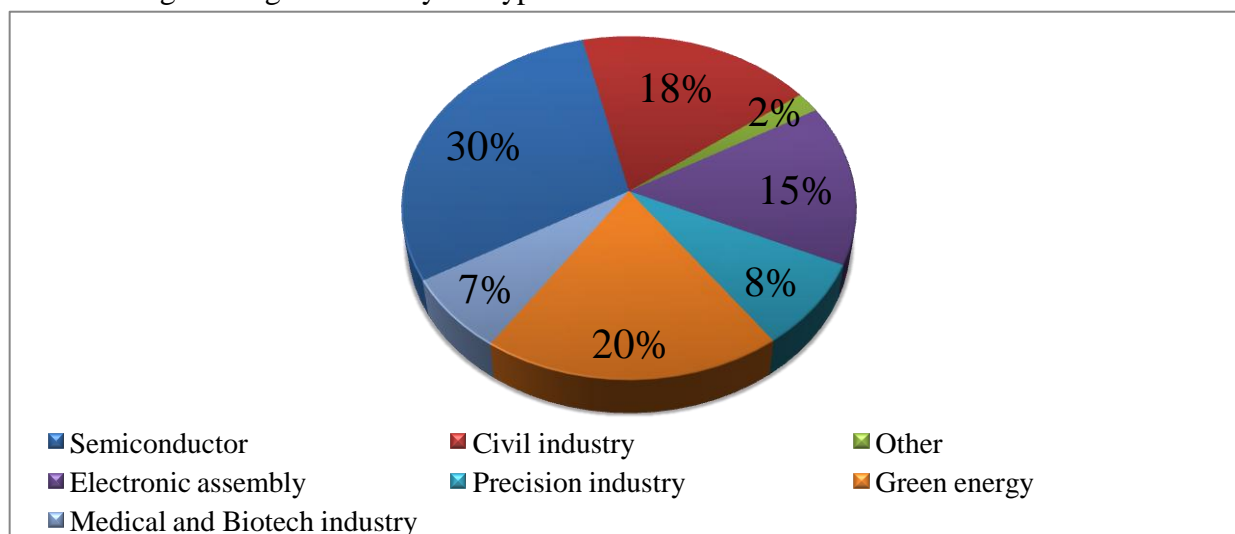
### Acter Co., Ltd. 2015 Business Report

#### 1. 2015 Business results

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

In 2015, despite the challenges of recession and decline in Taiwanese and Chinese markets, Acter still managed to achieve consolidated sales revenues of NTD 8,558 million, attaining 13% growth compared to last year, followed by the development of multi-market strategies. In terms of profitability, its net profit after tax reached NTD 416 million.

Ratios of engineering turnover by the type



Unit : In thousands of New Taiwan Dollars

Items	2015	%
Operating revenue	8,558,768	100
Operating cost	7,447,159	87
Gross profit	1,111,609	13
Operating expenses	633,335	7
Operating income	478,274	6
Non-Operating income and expenses	36,548	0
Income before income taxes	514,822	6

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

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

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

Items		2015	
Financial structure	Ratio of liabilities to assets (%)	62.57	
	Ratio of long-term capital to fixed assets (%)	822.07	
Solvency	Current ratio (%)	152.83	
	Quick ratio (%)	95.56	
Profitability	Return on total assets (%)	5.54	
	Return on stockholders' equity (%)	15.12	
	Ratio to issued capital (%)	Operating income	102.59
		Pre-tax income	110.43
	Profit ratio (%)	4.86	
Earnings per share (\$)	9.02		

#### (4).Research and development

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

##### I. 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.

##### II. Pre-fabrication Technique for Large Cement Tanks

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

##### III. 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.

##### IV. Continued Developments in Respective Engineering Aspects

- Electrical and mechanical engineering: Taking advantage of night-time off-peak hours to run the refrigerant compressor and produce ice. When the compressor is running and the brine water temperature is below 0°C, water inside the tank and container will experience phase changes and freeze in order to store lots of latent heat. The stored ice will then melt to release cold energy during the day when power utilization reaches the peak to satisfy the air-conditioning load demand and accomplish the goal of reducing the uptime of the compressor. By shifting air-conditioning power consumption from peak hours to off-peak ones, it successfully transfers peak air-conditioning load during the day and reduce electricity bills accordingly.
- Special engineering: Taking advantage of air pressure differences between outdoors and indoors; the surrounding outdoor air will only flow toward the negative pressure area indoors because of the characteristic that air is flowing from a high pressure area to a lower one. Negative pressure is an important protection mechanism that blocks an

area from an outside environment; it is often used as a means to control air dispersion as it helps ensure that air flows toward an anticipated direction. ACTER successfully applied the negative pressure technology to help hospitals configure isolated negative-pressure patient wards.

- Bio-tech engineering: PIC/S GMP standards have more rigid requirements for clean rooms configured in pharmaceutical manufacturing facilities; they differ from existing cGMP standards in Taiwan the most in facilities and operations that help prevent against cross contamination.
- Clean room engineering: ACTER helps businesses complete clean room engineering by controlling the temperature, humidity, airflow, air pressure, and particles of indoor air along with indoor illumination and dust-free building materials.
- Ultra-high building engineering: Taking advantage of separation through the turn layer to successfully reduce the pressure resistance level of pipeline, increase operation stability and security, and significantly cut the overall engineering cost.
- Livelihood engineering: Using air-conditioning waste heat and heat source from outdoor air as the hot water usage in life and achieving the reduction of equipment by eliminating the boiler system. In addition to assisting companies in reducing the equipment costs, it can also reduce fuel usage and lower CO2 emissions.
- Manufacturing process engineering: It is merging cold source supply system through deeply understanding the manufacturing process system to effectively elevate the system utilization rate.

## 2. Summary of business plan for 2016

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

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

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

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

### 3. Future development strategies

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

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

### 4. Major production and sales policies

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

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

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

Due to economic recession and challenges of the macro environment in recent years, the company has encountered drastic competition in the market. As a result, there was price competition in the engineering industry which includes electricity and machine rooms and cleanrooms. In some cases, profitability declined due to lower prices from competitors. In addition, 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.

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, a weak growth momentum is expected to continue in 2016 based on the estimated growth rate of 3.1% in 2015. This is according to the IMF's global economic outlook. The global economy is expected to have a growth rate of 3.4%. It is also estimated to slip to 6.3% with the decline in the 2016 economic growth rate of China and Southeast Asia at 4.8%. Acter will continuously focus on cross-strait and international economic issues while maintaining its professional capabilities and actively expanding its domestic and overseas markets in search of new clients in order to achieve stable growth and development.

#### 6. Corporate Social Responsibility

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

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

Chairman: Liang , Chin-Li

General Manager: Hsu, Chung-Cheng

Accounting Supervisor : Tsao, Yun-Han

## **Attachment 3: 2015 Independent Auditors' Report and Financial Statements**

### **Representation Letter**

The entities that are required to be included in the combined financial statements of Acter Co., Ltd. as of and for the year ended December 31, 2015, under the Criteria Governing the Presentation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commissions R.O.C. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Acter Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Acter Co., Ltd.

MR. Liang, Chairman

February 25, 2016

## **Independent Auditors' Report**

The Board of Directors  
Acter Co., Ltd.:

We have audited the accompanying consolidated statements of financial position of Acter Co., Ltd. (the "Company") and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred in the first paragraph present fairly, in all material respects, the consolidated financial position of Acter Co., Ltd. and subsidiaries as of December 31, 2015 and 2014, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations as well as SIC Interpretations endorsed by the Financial Supervisory Commission of the Republic of China with its effective dates.

We have audited the parent – company – only financial statements as of and for the years ended December 31, 2015 and 2014 on which we have expressed an unqualified opinion.

February 25, 2016

### **Note to Readers**

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

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

**Acter Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Financial Position**  
**December 31, 2015, and 2014**  
**(In Thousands of New Taiwan Dollars)**

Assets		December 31,2015		December 31,2014		Liabilities and Equity		December 31,2015		December 31,2014	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current Assets:</b>						<b>Current Liabilities:</b>					
1100	Cash and cash equivalents (Note 6 (1)and (21))	\$ 1,495,223	19	1,141,445	17	2100	Short-term loans (Note 6 (12) and(21))	\$ 183,857	2	78,235	1
1125	Available-for-sale financial assets—current (Note 6 (2)and (21))	211,765	3	233,202	3	2150	Notes payable (Note 6 (21))	268,998	3	285,161	4
1150	Notes receivable, net (Note 6 (3) and (21))	245,882	3	165,462	2	2170	Accounts payable (Note 6 (21))	2,346,595	29	2,081,856	30
1170	Accounts receivable, net (Note 6 (3) and (21))	2,496,791	30	1,682,364	24	2180	Payables to related parties (Note 6 (21) and 7 (3))	459	-	218	-
1190	Construction contracts receivable (Note 6 (4))	1,419,880	17	1,387,905	20	2190	Construction contracts payable (Note 6 (4))	539,968	7	503,955	8
1200	Other receivables (Note 6 (3)and (21))	36,402	-	43,703	1	2201	Accrued salaries and bonuses	196,919	2	149,017	2
1220	Current income tax assets	12,096	-	21	-	2230	Current income tax liabilities	55,447	1	29,898	-
1310	Inventories, net (Note 6 (5))	1,150,641	14	1,075,392	16	2250	Provisions—current (Note 6 (11))	192,982	2	195,917	3
1476	Other financial assets—current (Note 8)	201,263	3	259,544	4	2311	Advance sales receipts (Note 6 (13))	975,010	12	613,712	9
1479	Other current assets	<u>242,109</u>	<u>3</u>	<u>263,847</u>	<u>4</u>	2399	Other current liabilities and accrued expenses (Note 9)	<u>154,869</u>	<u>2</u>	<u>86,991</u>	<u>1</u>
		<u>7,512,052</u>	<u>92</u>	<u>6,252,885</u>	<u>91</u>			<u>4,915,104</u>	<u>60</u>	<u>4,024,960</u>	<u>58</u>
<b>Non-current assets:</b>						<b>Non-current liabilities:</b>					
1523	Available-for-sale financial assets—noncurrent (Note 6 (2))	15,221	-	25,909	-	2570	Deferred tax liabilities (Note 6 (19))	172,129	2	157,568	2
1550	Investment accounted for using equity method (Note 6 (6))	1,138	-	1,407	-	2640	Non-current provisions for employee benefits (Note 6 (14))	34,905	-	34,742	1
1600	Property, plant and equipment (Note 6 (9))	380,354	5	340,595	5	2645	Guarantee deposit received	<u>252</u>	<u>-</u>	<u>252</u>	<u>-</u>
1760	Investment property, net (Note 6 (10))	30,537	-	30,868	-			<u>207,286</u>	<u>2</u>	<u>192,562</u>	<u>3</u>
1840	Deferred tax assets (Note 6 (19))	155,981	2	105,346	2		<b>Total Liabilities</b>	<u>5,122,390</u>	<u>62</u>	<u>4,217,522</u>	<u>61</u>
1985	Long-term prepaid rents	40,308	-	41,414	1		<b>Equity Attributable to owners of parent company (Note 6 (15))</b>				
1990	Other non-current assets (Note 6 (2))	<u>50,616</u>	<u>1</u>	<u>87,476</u>	<u>1</u>	3100	Common stock	466,159	6	461,359	7
		674,155	8	633,015	9	3200	Capital surplus	978,475	12	936,951	13
						3300	Retained earnings	1,451,733	18	1,129,996	17
						3400	Other equity interest	<u>23,145</u>	<u>-</u>	<u>55,867</u>	<u>1</u>
							Total equity attributable to owners of parent company	<u>2,919,512</u>	<u>36</u>	<u>2,584,173</u>	<u>38</u>
						36XX	Non-controlling interests (Note 6 (7))	<u>144,305</u>	<u>2</u>	<u>84,205</u>	<u>1</u>
							<b>Total Equity</b>	<u>3,063,817</u>	<u>38</u>	<u>2,668,378</u>	<u>39</u>
<b>Total Assets</b>		<u>\$ 8,186,207</u>	<u>100</u>	<u>6,885,900</u>	<u>100</u>		<b>Total Liabilities And Equity</b>	<u>\$ 8,186,207</u>	<u>100</u>	<u>6,885,900</u>	<u>100</u>

See accompanying notes to consolidated financial statements.



**Acter Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2015, and 2014**  
(In Thousands of New Taiwan Dollars)

		2015		2014	
		Amount	%	Amount	%
<b>Operating revenues:</b>					
4521	Construction revenue (Note 6 (4) and 7)	\$ 6,995,530	82	6,464,876	85
4529	Less: allowances	(21,049)	-	(5,594)	-
		6,974,481	82	6,459,282	85
4110	Sales	1,552,071	18	1,087,273	14
4800	Other operating revenue	32,216	-	34,997	1
		8,558,768	100	7,581,552	100
<b>Operating cost:</b>					
5520	Construction cost (Note 6 (4) and 7)	6,162,921	72	6,048,954	80
5110	Cost of goods sold (Note 6 (5))	1,277,277	15	902,706	12
5800	Other operating cost	6,961	-	7,597	-
		7,447,159	87	6,959,257	92
		1,111,609	13	622,295	8
<b>Gross profit</b>					
<b>Operating expenses:</b>					
6100	Selling	113,466	1	120,931	2
6200	General and administrative (Note 6 (3))	439,303	5	397,932	5
6300	Research and development	80,566	1	49,551	-
		633,335	7	568,414	7
		478,274	6	53,881	1
<b>Operating income</b>					
<b>Non-operating income and expenses:</b>					
7050	Finance costs	(2,054)	-	(3,500)	-
7010	Other income (Note 6 (17))	20,797	-	26,345	-
7070	Share of loss of associates accounted for using equity method (Note 6 (6))	(319)	-	(218)	-
7020	Other gains and losses, net (Note 6 (17))	18,124	-	8,795	-
		36,548	-	31,422	-
7900	<b>Profit before tax</b>	514,822	6	85,303	1
7950	<b>Income tax expense (benefit) (Note 6 (19))</b>	91,792	1	(3,731)	-
	<b>Profit for the year</b>	<b>423,030</b>	<b>5</b>	<b>89,034</b>	<b>1</b>
8300	<b>Other comprehensive income, net of tax:</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8311	Remeasurements effects on defined benefit plans	(1,154)	-	(1,299)	-
8330	Share of other comprehensive income fo subsidiaries and associates	(222)	-	(1,769)	-
		(1,376)	-	(3,068)	-
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Foreign currency translation differences — foreign operations	(21)	-	29,352	-
8362	Net change in fair value of available-for-sale financial assets	(11,949)	-	(16,079)	-
8399	Less: Income tax relating to components of other comprehensive income that may be reclassified subsequently to profit or loss (note 6(19))	30	-	(6,331)	-
		(11,940)	-	6,942	-
8300	Other comprehensive income, net of tax	(13,316)	-	3,874	-
8500	<b>Total comprehensive income</b>	<b>\$ 409,714</b>	<b>5</b>	<b>92,908</b>	<b>1</b>
<b>Profit attributable to:</b>					
8610	Owners of parent	\$ 416,345	5	94,830	1
8620	Non-controlling interests	6,685	-	(5,796)	-
		<b>\$ 423,030</b>	<b>5</b>	<b>89,034</b>	<b>1</b>
<b>Comprehensive income attributable to:</b>					
8710	Owners of parent company	\$ 403,092	5	106,594	1
8720	Non-controlling interests	6,622	-	(13,686)	-
		<b>\$ 409,714</b>	<b>5</b>	<b>92,908</b>	<b>1</b>
<b>Earnings per share (attributable to owner of parent company) (Note 6 (20))</b>					
9750	<b>Basic earnings per share(In New Taiwan Dollars)</b>	<b>\$ 9.02</b>		<b>2.06</b>	
9850	<b>Diluted earnings per share(In New Taiwan Dollars)</b>	<b>\$ 8.93</b>		<b>2.05</b>	

See accompanying notes to consolidated financial statements.

**Acter Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the Years ended December 31, 2015 and 2014**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Attributable to owners of parent											Non-controlling interests	Total equity
	Retained earnings						Other equity interest						
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Foreign currency translation adjustments	Unrealized gains(losses) on available-for-sale financial assets	Other	Total			
<b>Balance, January 1, 2014</b>	\$ 461,359	896,599	287,337	36,885	1,175,370	1,499,592	27,590	13,445	-	41,035	-	2,898,585	
Appropriation and distribution of retained earnings for the year ended 2014:													
Legal reserve	-	-	46,639	-	(46,639)	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(461,358)	(461,358)	-	-	-	-	-	(461,358)	
	461,359	896,599	333,976	36,885	667,373	1,038,234	27,590	13,445	-	41,035	-	2,437,227	
Changes in ownership interest in subsidiaries	-	40,352	-	-	-	-	-	-	-	-	-	40,352	
	461,359	936,951	333,976	36,885	667,373	1,038,234	27,590	13,445	-	41,035	-	2,477,579	
Comprehensive income for the year ended 2014													
Profit	-	-	-	-	94,830	94,830	-	-	-	-	(5,796)	89,034	
Changes in comprehensive income	-	-	-	-	(3,068)	(3,068)	30,911	(16,079)	-	14,832	(7,890)	3,874	
Total comprehensive income	-	-	-	-	91,762	91,762	30,911	(16,079)	-	14,832	(13,686)	92,908	
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	97,891	97,891	
<b>Balance, December 31, 2014</b>	<b>\$ 461,359</b>	<b>936,951</b>	<b>333,976</b>	<b>36,885</b>	<b>759,135</b>	<b>1,129,996</b>	<b>58,501</b>	<b>(2,634)</b>	<b>-</b>	<b>55,867</b>	<b>84,205</b>	<b>2,668,378</b>	
Appropriation and distribution of retained earnings for the year ended 2015:													
Legal reserve	-	-	9,483	-	(9,483)	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(93,232)	(93,232)	-	-	-	-	-	(93,232)	
	461,359	936,951	343,459	36,885	656,420	1,036,764	58,501	(2,634)	-	55,867	84,205	2,575,146	
Changes in ownership interest in subsidiaries	-	6,724	-	-	-	-	-	-	-	-	-	6,724	
Issuance of restricted shares of stock to employees	4,800	34,800	-	-	-	-	-	-	(20,845)	(20,845)	-	18,755	
	466,159	978,475	343,459	36,885	656,420	1,036,764	58,501	(2,634)	(20,845)	35,022	84,205	2,600,625	
Comprehensive income for the year ended 2015													
Profit	-	-	-	-	416,345	416,345	-	-	-	-	6,685	423,030	
Changes in comprehensive income	-	-	-	-	(1,376)	(1,376)	72	(11,949)	-	(11,877)	(63)	(13,316)	
Total comprehensive income	-	-	-	-	414,969	414,969	72	(11,949)	-	(11,877)	6,622	409,714	
Recognition of special reserve for first adoption of IFRSs	-	-	-	3	(3)	-	-	-	-	-	-	-	
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	53,478	53,478	
<b>Balance, December 31, 2015</b>	<b>\$ 466,159</b>	<b>978,475</b>	<b>343,459</b>	<b>36,888</b>	<b>1,071,386</b>	<b>1,451,733</b>	<b>58,573</b>	<b>(14,583)</b>	<b>(20,845)</b>	<b>23,145</b>	<b>144,305</b>	<b>3,063,817</b>	

See accompanying notes to consolidated financial statements.

**Acter Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the Years ended December 31, 2015 and 2014**  
**(All Amount Expressed in Thousands of New Taiwan Dollars)**

	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities:</b>		
<b>Profit before tax</b>	\$ 514,822	85,303
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation (Including investment property)	24,632	24,489
Amortization	8,243	8,463
Provision for bad debt expense	42,149	71,566
Compensation cost arising from employee stock options	18,755	-
Provision for (Gain on reversal of) inventory obsolescence	(21,342)	1,299
Gain on disposal of investment	(2,830)	(3,309)
Share of loss (gain) of associates accounted for using equity method	319	218
Other	(8,001)	14,108
	61,925	116,834
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease (increase) in notes receivable	(80,420)	9,429
Decrease (increase) in accounts receivable	(845,641)	173,019
Decrease (increase) in construction contracts receivable	(31,975)	2,508
Increase in inventories	(53,907)	(247,959)
Decrease (increase) in other financial assets	77,945	(174,960)
	(933,998)	(237,963)
<b>Changes in operating liabilities:</b>		
Increase (decrease) in notes payable	(16,163)	129,280
Increase in accounts payable	262,244	52,090
Increase in construction contracts payable	36,013	168,440
Increase in advance sales receipts	361,298	75,963
Increase (decrease) in other current liabilities	114,932	(54,862)
	758,324	370,911
Total adjustments	(113,749)	249,782
Cash inflow generated from operations	401,073	335,085
Interest received	10,867	10,670
Interest paid	(2,178)	(4,283)
Income taxes paid	(109,355)	(157,462)
<b>Net cash generated from operating activities</b>	<b>300,407</b>	<b>184,010</b>
<b>Cash flows from investing activities:</b>		
Acquisition of available-for-sale financial assets	(180,000)	(307,162)
Proceeds from disposal of available-for-sale financial assets	203,816	330,268
Acquisition of subsidiaries	-	15,429
Acquisition of property, plant and equipment	(11,596)	(16,779)
Proceeds from disposal of property, plant and equipment	431	275
Increase in other non-current assets	(27,045)	(21,746)
<b>Net cash generated from (used in) investing activities</b>	<b>(14,394)</b>	<b>285</b>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term loans	105,622	(209,597)
Payment of cash dividends	(93,232)	(461,358)
Changes in non-controlling interests	53,478	97,891
<b>Net cash generated from (used in) financing activities</b>	<b>65,868</b>	<b>(573,064)</b>
Effect of exchange rate changes on cash and cash equivalents	1,897	73,988
Net decrease in cash and cash equivalents	353,778	(314,781)
Cash and cash equivalents at beginning of year	1,141,445	1,456,226
Cash and cash equivalents at end of year	<b>\$ 1,495,223</b>	<b>1,141,445</b>

See accompanying notes to consolidated financial statements.

## **Attachment 4: Audit Committee's Review Report**

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

This company's 2015 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 2015 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.

2016 shareholders meeting of Acter Co., Ltd.

**Acter Co., Ltd.**

Chairman of the Audit Committee: Yeh, Hui-Hsin

February 25, 2016

## **Attachment 5: Corporate Social Responsibility Best Practice Principles**

### **Chapter 1. General Principles**

#### **Article 1.**

In order to fulfill the corporate social responsibility initiatives and to promote economic, social and environmental balance and sustainable development, the company established these principles for compliance based on “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies.”

#### **Article 2.**

The principles apply to the entire operations of the company and its business group.

The company shall actively fulfill its corporate social responsibility in the course of its business operations so as to achieve a balance among environmental concerns, social responsibility, and corporate governance to follow the international trend and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as a responsible corporate citizen, and to enhance competitive edges built on corporate social responsibility.

#### **Article 3.**

In fulfilling corporate social responsibility initiatives, the company shall, in its corporate management and operations, give due consideration to the social mores and the rights and interests of the interested parties and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

#### **Article 4.**

To implement corporate social responsibility initiatives, the company follows the principles below:

1. Exercise corporate governance.
2. Foster a sustainable environment.
3. Preserve public welfare.
4. Enhance disclosure of corporate social responsibility information.

#### **Article 5.**

The company shall comply with relevant laws, regulations, its articles of incorporation, agreements entered into with the TWSE or GTSM, and other relevant rules. Further, it is advised to take into consideration the development of domestic and international corporate social responsibility principles and the operation of individual company and of its respective business groups as a whole in establishing its policies, systems or relevant management protocols for corporate social responsibility programs, which shall be approved by the board of directors.

## **Chapter 2.Exercising Corporate Governance**

### **Article 6.**

The board of directors of the company shall exercise the due care of good administrators to urge the company to perform its corporate social responsibility initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its corporate social responsibility policies.

The board of directors of the company is advised to uphold corporate social responsibility by:

1. Making corporate social responsibility the guiding principle of the company's operations and development;
2. Identifying the company's corporate social responsibility mission (or vision, values) and declaring its corporate social responsibility policy; and
3. Enhancing the disclosure of corporate social responsibility information.

### **Article 7.**

For the purpose of managing corporate social responsibility initiatives, the general administration division serves as the exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the corporate social responsibility policies or systems of the company and to report on the same to the board of directors on a periodic basis.

### **Article 8.**

The company shall respect the rights and interests of any interested parties, identify and understand the reasonable expectations and demands of such parties through proper communication with them and allowing their participation, and shall adequately respond to the important corporate social responsibility issues which such parties are concerned about.

### **Article 9.**

The company follows Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies and Code of Ethical Conduct for TWSE/GTSM listed Companies to establish effective corporate governance framework and relevant ethical standards so as to enhance corporate governance.

### **Article 10.**

The company shall comply with relevant laws and regulations and observe the following guidelines to maintain a fair competition environment:

1. Avoid engaging in unfair competition.
2. Faithfully fulfill tax-related obligations.
3. Not tolerate bribery or corruption and establish appropriate management systems.
4. Corporate endowments should be made in accordance with the company's internal procedures.

**Article 11.**

The company is advised to, on a regular basis, organize training on business ethics and promotion of matters prescribed in the preceding Article for directors, supervisors and employees, and should incorporate the foregoing into its employee performance appraisal system to establish a clear and effective reward and discipline system.

**Chapter 3.Fostering a Sustainable Environment****Article 12.**

The company shall follow relevant environmental laws and regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business activities.

**Article 13.**

The company is advised to endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

**Article 14.**

The company is advised to establish proper environment management systems based on the characteristics of their industries. Such environment management systems shall include the following tasks:

1. Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.
2. Establishing measurable goals and examining whether such goals should be maintained and whether they are still relevant on a regular basis.
3. Examining the purpose of the environmental sustainability goals or their achievement on a regular basis.

**Article 15.**

Environmental Safety Department serves as the dedicated unit for environment management to maintain the environment management system and should hold environment education courses for their managerial officers and other employees on a periodic basis.

**Article 16.**

The company is advised to take into account the effect on ecological efficiency, promote and educate consumers on the concept of sustainable consumption, and conduct research and development, production and services in accordance with the following principles to reduce the impact on the natural environment from their business operations:

1. Reduce resource and energy consumption of their products and services.
2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.

3. Improve recyclability and reusability of raw materials or products.
4. Maximize the sustainability of renewable resources.
5. Enhance the durability of products.
6. Improve efficiency of products and services.

**Article 17.**

To improve water use efficiency, the company shall properly and sustainably use water resources and establish relevant management measures. The company shall avoid polluting water, air and land in the course of its business operations. If pollution is unavoidable, the company shall take into account cost efficiency, technology and financial feasibility and use its best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

**Article 18.**

The company is advised to monitor the impact of climate change on its operations and should establish company strategies for energy conservation and carbon and greenhouse gas reduction based upon its operations and the result of a greenhouse gas volume check. Such strategies should include obtaining carbon credits to promote and minimize the impact of its business operations on the natural environment.

**Chapter 4. Preserving Public Welfare**

**Article 19.**

The company shall comply with relevant labor laws and regulations, protect the legal rights and interests of employees, respect internationally recognized principles of the labor force's human rights, and shall not commit violations against the fundamental labor rights.

The human resources policies of the company shall be founded on the principles of the labor force's human rights and shall contain appropriate management methods and procedures.

**Article 20.**

The company shall provide information for its employees so that the employees have knowledge of their rights under the labor laws of the countries where the company has business operations.

**Article 21.**

The company is advised to provide safe and healthful work environments for its employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees safety and health and to prevent occupational accidents.

**Article 22.**

The company is advised to create an environment conducive to the development of its employees' careers and establish effective training programs to foster career skills.



**Article 23.**

The company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the company's operations, management and decisions.

**Article 24.**

To maintain construction service responsibility and uphold marketing ethics, the company is advised to establish and disclose policies on consumer rights and interests and enforce such consumer rights and interests policies.

**Article 25.**

The company shall ensure the quality of its products and services by following the laws and regulations of the government and relevant standards of its industries.

The company shall follow the laws and regulations of the government and relevant international guidelines when marketing or advertising its products or services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers trust or damage consumers rights or interests.

**Article 26.**

The company is advised to provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, shall comply with relevant laws and regulations for respecting consumers rights of privacy and shall protect personal data provided by consumers.

**Article 27.**

The company is advised to assess the impact its procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with its suppliers on environmental protection, safety, or health, etc. to jointly foster a stronger sense of corporate social responsibility.

**Article 28.**

The company is advised to evaluate the impact of its business operations on the community and employ qualified personnel to enhance community acceptance.

The company may, through commercial activities, non-cash property endowments, volunteering service or other free professional services, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

## **Chapter 5.Enhancing Disclosure of Corporate Social Responsibility Information**

### **Article 29.**

The company shall disclose information according to relevant laws and regulations and the Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies and shall fully disclose relevant and reliable information relating to its corporate social responsibility initiatives to improve information transparency.

Relevant information relating to corporate social responsibility which the company shall disclose includes:

1. The management scheme, strategy, policy and management guidelines for corporate social responsibility initiatives resolved by the board of directors.
2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for realizing the corporate social responsibility initiatives established by the company.
4. Result of implementing corporate social responsibility initiatives.
5. Other information relating to corporate social responsibility initiatives.

### **Article 30.**

The company is advised to produce corporate social responsibility report disclosing the status of its implementation of the corporate social responsibility policy. The report is advised to include:

1. The framework, policy and proposal of implementing corporate social responsibility initiatives.
2. Major interested parties and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment and preservation of public welfare.
4. Future improvements and goals.

## **Chapter 6.Supplementary Provisions**

### **Article 31.**

The company shall at all times monitor the development of domestic and international corporate social responsibility framework and the change of business environment so as to examine and improve its established corporate social responsibility framework and to obtain better results from the implementation of the corporate social responsibility policy.

### **Article 32.**

These principles, and any amendments hereto, shall be implemented after adoption by board of directors.

These principles were established on 29 April, 2014.

## Attachment 6: Comparison Table of the Rules of Procedure for Board of Directors Meeting

Aritcle	After The Revision	Before The Revision
Aritcle 3	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 <del>and supervisors</del> seven days in advance. However, a meeting may be convened at any time in case of emergency.	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 and supervisors seven days in advance. However, a meeting may be convened at any time in case of emergency.
Aritcle 5	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. <del>Supervisors and a</del> 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.	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. Supervisors and 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.
Aritcle 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>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</p> <p>, 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.</p> <p>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.</p> <p><del>When supervisors attend a board meeting to state their opinions, they may participate in the discussion of the issue. However, they have no voting rights for matters reserved as duties of the board of directors.</del></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> <p>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</p> <p>, 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.</p> <p>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.</p> <p>When supervisors attend a board meeting to state their opinions, they may participate in the discussion of the issue. However, they have no voting rights for matters reserved as duties of the board of directors.</p>

Article	After The Revision	Before The Revision
Article 17	<p>Discussions in board meetings shall be recorded into the minutes. The minutes shall record the following matters in detail:</p> <ol style="list-style-type: none"> <li>1. Term (or year) of the meeting, time and location;</li> <li>2. Chairman’s name;</li> <li>3. Director attendance status, including names and numbers of attendees, those on leave and those absent;</li> <li>4. Names and titles of attendees;</li> <li>5. Name of minutes taker;</li> <li>6. Report matters;</li> <li>7. Discussion matters: Resolution method and result of each proposal, summary opinions by directors, <del>supervisors</del>, 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.</li> <li>8. Motion: Name of proposer, resolution method and result of proposal, summary opinions of directors, <del>supervisors</del>, 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.</li> <li>9. Other matters to be recorded.</li> </ol> <p>The meeting affairs staff of the board of directors shall property compile and record meeting reports.</p> <p>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:</p>	<p>Discussions in board meetings shall be recorded into the minutes. The minutes shall record the following matters in detail:</p> <ol style="list-style-type: none"> <li>1. Term (or year) of the meeting, time and location;</li> <li>2. Chairman’s name;</li> <li>3. Director attendance status, including names and numbers of attendees, those on leave and those absent;</li> <li>4. Names and titles of attendees;</li> <li>5. Name of minutes taker;</li> <li>6. Report matters;</li> <li>7. Discussion matters: Resolution method and result of each proposal, summary opinions by directors, supervisors, 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.</li> <li>8. Motion: Name of proposer, resolution method and result of proposal, summary opinions of directors, supervisors, 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.</li> <li>9. Other matters to be recorded.</li> </ol> <p>The meeting affairs staff of the board of directors shall property compile and record meeting reports.</p> <p>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:</p>

Article	After The Revision	Before The Revision
	<p>1. Matters for which independent director has any objection or reservation opinion with record or written statement.</p> <p>2. Matters not approved by the audit committee of any company that has an audit committee and approved by 2/3 of all directors.</p> <p>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 <del>and supervisor</del> 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.</p>	<p>1. Matters for which independent director has any objection or reservation opinion with record or written statement.</p> <p>2. Matters not approved by the audit committee of any company that has an audit committee and approved by 2/3 of all directors.</p> <p>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 <del>and supervisor</del> 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.</p>
Article 22	<p>These rules were established on June 16, 2009. ....</p> <p>These rules were amended on October 30, 2012.</p> <p><a href="#">These rules were amended on July 30, 2015.</a></p>	<p>These rules were established on June 16, 2009. ....</p> <p>These rules were amended on October 30, 2012.</p>

## Attachment 7: Comparison Table of the Ethical Corporate Management Practice Principles

Aritcle	After The Revision	Before The Revision
Aritcle 2	<p>When engaging in commercial activities, directors, <del>supervisors</del>, managers, employees, <u>and mandataries</u> 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.</p>	<p>When engaging in commercial activities, directors, supervisors, managers, employees 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.</p>
Aritcle 6	<p>The company shall, <del>based on the management philosophy and policy, prescribe in their own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and</del> the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.</p> <p>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.</p> <p>In the course of developing the prevention programs, the company is advised to negotiate with staff, labor unions members <del>or members of any other representative entities and interested groups</del>, <u>important trading counterparties, or other stakeholders</u>.</p>	<p>The company shall, based on the management philosophy and policy, prescribe the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.</p> <p>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.</p> <p>In the course of developing the prevention programs, the company is advised to negotiate with staff, labor unions members or members of any other representative entities and interested groups.</p>
Aritcle 7	<p>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.</p> <p>The prevention programs adopted by the company shall at least include preventive measures against the following:</p> <ol style="list-style-type: none"> <li>1. Offering and acceptance of bribes.</li> <li>2. Illegal political donations.</li> <li>3. Improper charitable donations or sponsorship.</li> <li><u>4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.</u></li> </ol>	<p>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.</p> <p>The prevention programs adopted by the company shall at least include preventive measures against the following:</p> <ol style="list-style-type: none"> <li>1. Offering and acceptance of bribes.</li> <li>2. Illegal political donations.</li> <li>3. Improper charitable donations or sponsorship.</li> <li>4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.</li> </ol>

Article	After The Revision	Before The Revision
	<p><u>5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.</u></p> <p><u>6. Engaging in unfair competitive practices.</u></p> <p><del>4.</del><u>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.</u></p>	
Article 8	<p>The company and its respective business group shall clearly specify in their rules and external documents the ethical corporate management policies, <del>and the board of directors and management shall commit to implement such policies rigorously and thoroughly,</del> <u>and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies,</u> and shall carry out the policies in internal management and <del>external</del> <u>in</u> commercial activities.</p>	<p>The company and its respective business group shall clearly specify in their rules and external documents the ethical corporate management policies, and the board of directors and management shall commit to implement such policies rigorously and thoroughly, and shall carry out the policies in internal management and external commercial activities.</p>
Article 9	<p>The company shall engage in commercial activities in a fair and transparent manner <u>based on the principle of ethical management.</u></p> <p>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 <del>record</del>, and shall avoid any dealings with persons so involved.</p> <p>When entering into contracts with <del>others</del> <u>their agents, suppliers, clients, or other trading counterparties,</u> the company <del>is advised to</del> <u>shall</u> 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.</p>	<p>The company shall engage in commercial activities in a fair and transparent manner.</p> <p>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 record, and shall avoid any dealings with persons so involved.</p> <p>When entering into contracts with others, the company is advised to 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.</p>
Article 10	<p>When conducting business, the company and its directors, <del>supervisors,</del> managers, employees, <u>mandataries,</u> and substantial controllers, may not directly or indirectly offer, promise to offer, request or accept any improper benefits in whatever form, <del>including rebate, commission or facilitation</del></p>	<p>When conducting business, the company and its directors, supervisors, managers, employees and substantial controllers, may not directly or indirectly offer, promise to offer, request or accept any improper benefits in whatever form, including rebate, commission or facilitation payment, or via</p>

Article	After The Revision	Before The Revision
	<del>payment, or via other channels to or from clients, agents, contractors, suppliers, public servants, or other stakeholders, unless the same complies with the laws applicable in the place of the company's operation.</del> <u>to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.</u>	other channels to or from clients, agents, contractors, suppliers, public servants, or other stakeholders, unless the same complies with the laws applicable in the place of the company's operation.
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, <del>supervisors,</del> managers, employees, <u>mandataries,</u> 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.	When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the company and its directors, supervisors, managers, employees 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, <del>supervisors,</del> managers, employees, <u>mandataries,</u> and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.	When making or offering donations and sponsorship, the company and its directors, supervisors, managers, employees 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, <del>supervisors,</del> managers, employees, <u>mandataries,</u> 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.	The company and its directors, supervisors, managers, employees 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	<u>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.</u>	
Article 15	<u>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.</u>	



Article	After The Revision	Before The Revision
Article 16	<p><u>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.</u></p>	
Article 17	<p>The <del>company's board of directors</del> <u>directors, managers, employees, mandataries, and substantial controllers of the company</u> 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 <del>have</del> <u>establish</u> a dedicated unit <u>that is under the board of directors and</u> responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. <u>The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis:</u></p> <p><u>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</u></p>	<p>The company's board of directors 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 have a dedicated unit responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs.</p>

Article	After The Revision	Before The Revision
	<p><u>management in compliance with the requirements of laws and regulations.</u></p> <p>2. <u>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.</u></p> <p>3. <u>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.</u></p> <p>4. <u>Promoting and coordinating awareness and educational activities with respect to ethics policy.</u></p> <p>5. <u>Developing a whistle-blowing system and ensuring its operating effectiveness.</u></p> <p>6. <u>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.</u></p>	
Article 18	The company and its directors, <del>supervisors</del> , managers, employees, <u>mandataries</u> , and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.	The company and its directors, supervisors, managers, employees and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.
Article 19	<p>The company shall adopt policies for preventing conflicts of interest <u>to identify, monitor, and manage risks possibly resulting from unethical conduct,</u> and shall also offer appropriate means for directors, <del>supervisors and</del> managers, <u>and other stakeholders attending or present at board meetings</u> to voluntarily explain whether their interests would potentially conflict with those of the company</p> <p><del>The company's directors shall maintain a high degree of selfdiscipline. When a proposal at a given board of directors meeting concerns the personal interest or the interest of the juristic person represented by the director, and such a relationship is likely</del></p>	<p>The company shall adopt policies for preventing conflicts of interest, and shall also offer appropriate means for directors, supervisors and managers to voluntarily explain whether their interests would potentially conflict with those of the company</p> <p>The company's directors shall maintain a high degree of selfdiscipline. When a proposal at a given board of directors meeting concerns the personal interest or the interest of the juristic person represented by the director, and such a relationship is likely</p>

Aritcle	After The Revision	Before The Revision
	<p><del>to prejudice the company's interest, that director may express opinions and answer questions, but may not participate in the discussion nor vote on that proposal. Meanwhile, that director shall recuse himself or herself when the discussion and voting is in progress, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</del><u>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.</u></p> <p>The company's directors, <del>supervisors and</del> managers, <u>employees, mandataries, and substantial controllers</u> 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.</p>	<p>to prejudice the company's interest, that director may express opinions and answer questions, but may not participate in the discussion nor vote on that proposal. Meanwhile, that director shall recuse himself or herself when the discussion and voting is in progress, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p> <p>The company's directors, supervisors and managers 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.</p>
Aritcle 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><del>The company's internal audit personnel shall periodically examine the company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors.</del><u>The internal audit unit of a the company shall periodically examine</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 company's internal audit personnel shall periodically examine the company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors.</p>

Article	After The Revision	Before The Revision
	<p><u>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.</u></p>	
Article 21	<p>The company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, <del>supervisors</del>, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:</p>	<p>The company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, supervisors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:</p>
Article 22	<p><u>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.</u></p> <p>The company shall periodically organize training and awareness programs for directors, <del>supervisors</del>, managers, employees, <u>mandataries</u>, 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.</p>	<p>The company shall periodically organize training and awareness programs for directors, supervisors, managers, employees 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.</p>
Article 23	<p><del>The company shall provide fair whistle-blowing channels and shall keep the complainant's identity and contents of the complaint confidential strictly.</del> <u>The company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</u></p> <ol style="list-style-type: none"> <li><u>1. An independent mailbox, internally established and publicly announced, to allow company insiders to submit reports.</u></li> <li><u>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.</u></li> <li><u>3. Documentation of case acceptance.</u></li> </ol>	<p>The company shall provide fair whistle-blowing channels and shall keep the complainant's identity and contents of the complaint confidential strictly.</p>

Article	After The Revision	Before The Revision
	<p><u>investigation processes, investigation results, and relevant documents.</u></p> <p><u>4. Confidentiality of the identity of whistle-blowers and the content of reported cases.</u></p> <p><u>5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</u></p> <p><u>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.</u></p>	
Article 24	The company shall adopt <u>and publish</u> 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.	The company shall adopt 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	<p><del>The company shall disclose the status of implementation of its ethical corporate management principles on the company's website, annual reports and prospectus.</del><u>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.</u></p>	The company shall disclose the status of implementation of its ethical corporate management principles on the company's website, annual reports and prospectus.
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, <del>supervisors</del> , managers, and employees to make suggestions, based on which the adopted ethical corporate	The company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate

Article	After The Revision	Before The Revision
	management <del>principles</del> <u>policies and measures taken</u> will be reviewed and improved with a view to achieving better implementation of ethical management.	management principles will be reviewed and improved with a view to achieving better implementation of ethical management.
Article 27	<p><del>This Principle shall be implemented after the resolution and approval of the board of directors, and shall be sent to each supervisor and be presented to the shareholders' meeting, and the same shall apply to revisions.</del> <u>These Principles shall be implemented after over half of all audit committee members agreed, and 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.</u></p> <p><u>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.</u></p>	This Principle shall be implemented after the resolution and approval of the board of directors, and shall be sent to each supervisor and be presented to the shareholders' meeting, and the same shall apply to revisions.
Article 28	<p>These Principles were drafted on March 25, 2011.</p> <p><u>These Principles were revised on July 30, 2015.</u></p>	These Principles were drafted on March 25, 2011.

## Attachment 8: Comparison Table of the Ethical Corporate Management Operating Procedures and Conduct Guide

Article	After The Revision	Before The Revision
Article 1	Based on the principles of fairness, honesty, credibility and transparency in business activities, in order to implement an ethical corporate management policy and actively take precautions against unethical conduct, this company has therefore drafted this operating procedure and conduct guide in accordance with the "Ethical Corporate Management Best Practice Principles for TSE/GTSM Listed Companies" <a href="#">and the applicable laws and regulations of the places where this Company and its business groups and organizations operate</a> so as to provide specific guidelines for business operations carried out by the employees of this company.	Based on the principles of fairness, honesty, credibility and transparency in business activities, in order to implement an ethical corporate management policy and actively take precautions against unethical conduct, this company has therefore drafted this operating procedure and conduct guide in accordance with the "Ethical Corporate Management Best Practice Principles for TSE/GTSM Listed Companies" so as to provide specific guidelines for business operations carried out by the employees of this company.
Article 3	The employees of this company mentioned in this operating procedure and conduct guide refer to this company, business groups, and the organization's directors, <del>supervisors,</del> managers, employees, <a href="#">mandatary</a> and persons who possess actual controlling power. Any <del>money, gifts, presents, commissions, positions, services, preferential treatment, sales commissions, facilitating payments, entertainment, hospitality, or other</del> <a href="#">improper</a> benefits that are provided, promised, requested, or received by the employees of this company by means of a third party are presumed to be actions carried out by the employees of this company.	The employees of this company mentioned in this operating procedure and conduct guide refer to this company, business groups, and the organization's directors, supervisors, managers, employees, and persons who possess actual controlling power. Any money, gifts, presents, commissions, positions, services, preferential treatment, sales commissions, facilitating payments, entertainment, hospitality, or other benefits that are provided, promised, requested, or received by the employees of this company by means of a third party are presumed to be actions carried out by the employees of this company.
Article 6	The <del>general administration division</del> <a href="#">audit office</a> of this company shall serve as the responsible unit (referred to below as "the responsible unit of this company") <a href="#">under the board of directors</a> , and shall handle revision, implementation, explanation and consulting matters in connection with this operating procedure and conduct guide, and shall enter and file reports, monitor compliance, <a href="#">be in charge of the following matters</a> and report to the board of directors on a regular basis. <a href="#">1. Assisting in incorporating ethics and moral values into this Corporation'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.</a>	The general administration division of this company shall serve as the responsible unit (referred to below as "the responsible unit of this company"), and shall handle revision, implementation, explanation and consulting matters in connection with this operating procedure and conduct guide, and shall enter and file reports, monitor compliance, and report to the board of directors on a regular basis.

Article	After The Revision	Before The Revision
	<p><u>2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.</u></p> <p><u>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.</u></p> <p><u>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</u></p> <p><u>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</u></p> <p><u>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.</u></p>	
Article 7	<p>Except for the following situations, the employees of this company shall follow the "Ethical Corporate Management Best Practice Principles for TSE/GTSM Listed Companies" and the regulations of this operating procedure and conduct guide, and shall handle matters in accordance with relevant procedures prior to directly or indirectly providing, receiving, promising or requesting any <del>money, gifts, presents, commissions, positions, services, preferential treatment, sales commissions, facilitating payments, entertainment, hospitality, or other</del> benefits <u>as specified in Article 5.</u></p> <p><del>1. Compliance with the requirements of local law.</del></p> <p><u>2.1.</u> Compliance with local etiquette, practices and customs due to business needs when visiting at home or abroad, receiving overseas guests, promoting business and performing communication/coordination.</p> <p><u>3.2.</u> Participation in or invitation of others to normal social activities that are based on normal social etiquette, for business purposes and promotion of relationship.</p>	<p>Except for the following situations, the employees of this company shall follow the "Ethical Corporate Management Best Practice Principles for TSE/GTSM Listed Companies" and the regulations of this operating procedure and conduct guide, and shall handle matters in accordance with relevant procedures prior to directly or indirectly providing, receiving, promising or requesting any money, gifts, presents, commissions, positions, services, preferential treatment, sales commissions, facilitating payments, entertainment, hospitality, or other benefit.</p> <p>1. Compliance with the requirements of local law.</p> <p>2. Compliance with local etiquette, practices and customs due to business needs when visiting at home or abroad, receiving overseas guests, promoting business and performing communication/coordination.</p> <p>3. Participation in or invitation of others to normal social activities that are based on normal social etiquette, for business purposes and promotion of relationship.</p>



Article	After The Revision	Before The Revision
	<p><del>4.3.</del> Invitation of clients to or participation at invitation in certain business activities and factory visits motivated by business needs, and in which, the payment method, number of participants, hotel grade and activity period is clearly specified.</p> <p><del>5.4.</del> Participation in folk celebration activities that are held publicly and are open to the public.</p> <p><del>6.5.</del> Incentives, relief, consolation and appreciation payments from an executive.</p> <p><del>7.6.</del> Money, property or other benefit is provided to or received from people other than family members or close friends, and the market value is under NT\$10,000; or properties gifted to numerous employees of this company by a third party, and the total market value is under NT\$10,000. However, when gifted properties come from the same source or are provided to the same person in the same year, the total market value shall not exceed NT\$50,000.</p> <p><del>8.7.</del> A gifted property received as a result of engagement, wedding, birth, moving, employment, promotion, retirement, resignation, loss of a job, injury/illness, or death of the recipient, spouse or immediate family member, where the market value is under NT\$100,000.</p> <p><del>9.8.</del> Other circumstances that comply with the regulations of this company.</p>	<p>4. Invitation of clients to or participation at invitation in certain business activities and factory visits motivated by business needs, and in which, the payment method, number of participants, hotel grade and activity period is clearly specified.</p> <p>5. Participation in folk celebration activities that are held publicly and are open to the public.</p> <p>6. Incentives, relief, consolation and appreciation payments from an executive.</p> <p>7. Money, property or other benefit is provided to or received from people other than family members or close friends, and the market value is under NT\$10,000; or properties gifted to numerous employees of this company by a third party, and the total market value is under NT\$10,000. However, when gifted properties come from the same source or are provided to the same person in the same year, the total market value shall not exceed NT\$50,000.</p> <p>8. A gifted property received as a result of engagement, wedding, birth, moving, employment, promotion, retirement, resignation, loss of a job, injury/illness, or death of the recipient, spouse or immediate family member, where the market value is under NT\$100,000.</p> <p>9. Other circumstances that comply with the regulations of this company.</p>
Article 8	<p>Except for the situations mentioned above, such matters shall be handled in accordance with the following procedures when the employees of this company find themselves provided or promised <del>money, gifts, presents, commissions, positions, services, preferential treatment, sales commissions, facilitating payments, entertainment, hospitality, and other</del> <u>any</u> benefits <u>as specified in Article 5</u> from a third party:</p> <ol style="list-style-type: none"> <li>1. When the provider or promiser does not have a professional conflict of interest with the receiver, the latter shall report to his/her direct supervisor or department supervisor, and, when necessary, report the case to the responsible unit of this company within three days of receiving the gift.</li> <li>2. When the provider or promiser does have a professional conflict of interest with the</li> </ol>	<p>Except for the situations mentioned above, such matters shall be handled in accordance with the following procedures when the employees of this company find themselves provided or promised money, gifts, presents, commissions, positions, services, preferential treatment, sales commissions, facilitating payments, entertainment, hospitality, and other benefits from a third party:</p> <ol style="list-style-type: none"> <li>1. When the provider or promiser does not have a professional conflict of interest with the receiver, the latter shall report to his/her direct supervisor or department supervisor, and, when necessary, report the case to the responsible unit of this company within three days of receiving the gift.</li> <li>2. When the provider or promiser does have a professional conflict of interest with the</li> </ol>

Article	After The Revision	Before The Revision
	<p>receiver, the latter shall return or refuse the gift, and report to his/her direct supervisor or department supervisor, and report to the responsible unit of this company. When the receiver cannot return the gift, he/she shall entrust the matter to the responsible unit of this company within three days of receiving the gift.</p> <p>The above-mentioned professional conflict of interest with the receiver shall refer to one of the following situations:</p> <ol style="list-style-type: none"> <li>1. A relationship involving business dealings, supervision or granting of awards or subsidies.</li> <li>2. The party is currently seeking or establishing or has already established a contractual relationship involving contracting, sales, or other matters.</li> <li>3. Other situations involving the company's decisions, actions or inaction, or resulting from favorable or unfavorable conditions.</li> </ol> <p>Based on the nature and value of the <del>property</del>benefit in paragraph 1, the responsible unit of this company shall propose either to return or pay for the gift, make the gift a public possession, donate the gift to a charity or other appropriate suggestion, and then proceed after reporting to the CEO for approval.</p>	<p>receiver, the latter shall return or refuse the gift, and report to his/her direct supervisor or department supervisor, and report to the responsible unit of this company. When the receiver cannot return the gift, he/she shall entrust the matter to the responsible unit of this company within three days of receiving the gift.</p> <p>The above-mentioned professional conflict of interest with the receiver shall refer to one of the following situations:</p> <ol style="list-style-type: none"> <li>1. A relationship involving business dealings, supervision or granting of awards or subsidies.</li> <li>2. The party is currently seeking or establishing or has already established a contractual relationship involving contracting, sales, or other matters.</li> <li>3. Other situations involving the company's decisions, actions or inaction, or resulting from favorable or unfavorable conditions.</li> </ol> <p>Based on the nature and value of the property in paragraph 1, the responsible unit of this company shall propose either to return or pay for the gift, make the gift a public possession, donate the gift to a charity or other appropriate suggestion, and then proceed after reporting to the CEO for approval.</p>
Article 12	<p><del>The directors of this company must have a high degree of self-restraint. If a this</del> <u>Company's directors, —officers or other stakeholders attending or present at the board meeting, or the juristic person represented—thereby,</u> has any conflict of interest with any board resolution involving either the director personally or the juridical person represented by that director, <u>officers or stakeholders shall state the important aspects of the conflict of interest in the meeting,</u> and this conflict of interest may be injurious to the company's interests, the director <del>present his/her views and ask questions, but</del> may not otherwise engage in discussion or voting, and must recues himself/herself from discussion and voting. Such a director absolutely may not exercise his/her voting rights on behalf of another director. The directors must maintain self-restraint, and may not support each other for improper purposes.</p>	<p>The directors of this company must have a high degree of self-restraint. If a director has any conflict of interest with any board resolution involving either the director personally or the juridical person represented by that director, and this conflict of interest may be injurious to the company's interests, the director present his/her views and ask questions, but may not otherwise engage in discussion or voting, and must recues himself/herself from discussion and voting. Such a director absolutely may not exercise his/her voting rights on behalf of another director. The directors must maintain self-restraint, and may not support each other for improper purposes.</p>

Article	After The Revision	Before The Revision
Article 13	<p>This company shall establish a responsible unit <del>to handle business secrets</del>. This unit shall be responsible for drafting and implementing <del>operating</del> procedures <u>for managing, preserving, and maintaining the confidentiality of this Company's trade secrets, trademarks, patents, works and other intellectual properties governing the management, preservation and confidentiality of the company's business secrets</u>, and <del>it</del> shall regularly examine implementation results to ensure the continued effectiveness of <del>such operating</del> <u>the confidentiality</u> procedures.</p> <p><u>All personnel of this Company shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of this Company of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of this Company unrelated to their individual duties.</u></p>	<p>This company shall establish a responsible unit to handle business secrets. This unit shall be responsible for drafting and implementing operating procedures governing the management, preservation and confidentiality of the company's business secrets, and shall regularly examine implementation results to ensure the continued effectiveness of such operating procedures.</p>
Article 14	<p><del>The employees of this company must strictly follow operating regulations governing the company's business secrets, may not disclose known business secrets of the company to others, and may not inquire or gather the company's business secrets that are unrelated to their positions.</del> <u>This Company shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, 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.</u></p>	<p>The employees of this company must strictly follow operating regulations governing the company's business secrets, may not disclose known business secrets of the company to others, and may not inquire or gather the company's business secrets that are unrelated to their positions.</p>
Article 15	<p><del>The employees of this company shall follow the regulations of the Securities and Exchange Act, and shall not use known but undisclosed information in insider trading, and, to prevent others from using undisclosed information for insider trading, shall not disclose such information to others.</del> <u>This Company shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel</u></p>	<p>The employees of this company shall follow the regulations of the Securities and Exchange Act, and shall not use known but undisclosed information in insider trading, and, to prevent others from using undisclosed information for insider trading, shall not disclose such information to others.</p>

Article	After The Revision	Before The Revision
	<p><u>of this Company to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.</u></p> <p><u>This Company shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.</u></p> <p><u>Where there are media reports, or sufficient facts to determine, that this Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, this Company shall, within three days, recall those products or suspend the services, verify the facts and present a review and improvement plan.</u></p> <p><u>The responsible unit of this Company shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the board of directors.</u></p>	
<p>Article 16</p>	<p><u>The employees of this company shall follow the regulations of the Securities and Exchange Act, and shall not use known but undisclosed information in insider trading, and, to prevent others from using undisclosed information for insider trading, shall not disclose such information to others.</u></p> <p>Organizations or personnel who participate in this company's merger, split, acquisition, assignation of shares, important memorandum, strategic alliance, other business cooperation plan or important contract shall sign a nondisclosure agreement with this company, pledging that it/he/she will not disclose known business secrets or other important information of this company to others, and will not use this information without the permission of this company.</p>	<p>Organizations or personnel who participate in this company's merger, split, acquisition, assignation of shares, important memorandum, strategic alliance, other business cooperation plan or important contract shall sign a nondisclosure agreement with this company, pledging that it/he/she will not disclose known business secrets or other important information of this company to others, and will not use this information without the permission of this company.</p>
<p>Article 19</p>	<p>During any business actions, the employees of this company must explain the company's ethical corporate management policy and relevant regulations to business partners, and shall explicitly refuse improper benefits that are directly or indirectly provided, promised, requested or received, <del>including brokerages,</del></p>	<p>During any business actions, the employees of this company must explain the company's ethical corporate management policy and relevant regulations to business partners, and shall explicitly refuse improper benefits that are directly or indirectly provided, promised, requested or received, including brokerages,</p>

Article	After The Revision	Before The Revision
	<del>commissions, facilitating payments and improper benefits that are provided or received through other channels.</del>	commissions, facilitating payments and improper benefits that are provided or received through other channels.
Article 20	This company shall avoid conducting business with <del>unethical</del> agents, suppliers, customers and other business partners <u>that are involved in unethical conduct</u> , and shall immediately terminate a business relationship when it is found that a business/cooperating partner has unethical conduct, in which case the company shall be listed as a refused customer/partner in order to ensure this company's realization of its ethical corporate management policy.	This company shall avoid conducting business with unethical agents, suppliers, customers and other business partners, and shall immediately terminate a business relationship when it is found that a business/cooperating partner has unethical conduct, in which case the company shall be listed as a refused customer/partner in order to ensure this company's realization of its ethical corporate management policy.
Article 21	<p>When signing a contract, this company shall fully grasp the other party's ethical corporate management situation, and shall include the compliance of the ethical corporate management <u>policy of this Company</u> in the contract; the following items shall be specified in contracts:</p> <ol style="list-style-type: none"> <li>1. When either party becomes aware that personnel have violated contractual terms prohibiting <u>of acceptance of</u> commissions, facilitating payments, or other <u>improper</u> benefits, that party shall immediately truthfully report the identity of the employee, the method of provision, promise, requirement, or receipt, and the amount or other <u>improper</u> benefit to the other party, and shall provide relevant evidence and cooperate with the other party's investigation. If either party suffers damage because of this, that party may request a certain percentage of the contract amount from the other party as compensation for damages, and may deduct such an amount from the payable contract price.</li> <li>2. When one party is involved in unethical conduct while engaging in business activities, the other party may unconditionally terminate or cancel the contract at any time.</li> <li>3. Explicit and reasonable payment details, including payment location, method, and relevant tax regulations that shall be complied with, must be drafted.</li> </ol>	<p>When signing a contract, this company shall fully grasp the other party's ethical corporate management situation, and shall include the compliance of the ethical corporate management in the contract; the following items shall be specified in contracts:</p> <ol style="list-style-type: none"> <li>1. When either party becomes aware that personnel have violated contractual terms prohibiting commissions, facilitating payments, or other benefits, that party shall immediately truthfully report the identity of the employee, the method of provision, promise, requirement, or receipt, and the amount or other benefit to the other party, and shall provide relevant evidence and cooperate with the other party's investigation. If either party suffers damage because of this, that party may request a certain percentage of the contract amount from the other party as compensation for damages, and may deduct such an amount from the payable contract price.</li> <li>2. When one party is involved in unethical conduct while engaging in business activities, the other party may unconditionally terminate or cancel the contract at any time.</li> <li>3. Explicit and reasonable payment details, including payment location, method, and relevant tax regulations that shall be complied with, must be drafted.</li> </ol>
Article 22	<del>When company employees find any unethical conduct by any personnel, they can report</del>	When company employees find any unethical conduct by any personnel, they can report

Article	After The Revision	Before The Revision
	<p><del>through the complaint mailbox or confess by the personnel involved in the case. The general administration division of the company shall immediately investigate the facts of the matter. When it has been proved that relevant regulations or this company's ethical corporate management policy and regulations have been violated, the company shall immediately demand the perpetrator to cease relevant actions, and shall implement appropriate measures. In order to maintain the company's reputation and rights, the company may, when necessary, demand compensation through legal procedures.</del></p> <p><del>In dealing with unethical conduct that has already taken place, the company shall instruct the relevant unit to evaluate relevant internal control system and operating procedures, and propose improvement measures to prevent the recurrence such conduct.</del></p> <p><del>The responsible unit of this company shall report the unethical conduct, handling method and follow-up evaluation and improvement measures to the board of directors.</del><u>As an incentive to insiders for informing of unethical or unseemly conduct, this Corporation will grant a reward of more than NT\$6,000 depend on the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.</u></p> <p><u>This Corporation shall internally establish and publicly announce on its website, or provide through an independent mailbox, for Company insiders to submit reports. A whistleblower shall at least furnish the following information:</u></p> <ol style="list-style-type: none"> <li><u>1. The whistleblower's name and an address, telephone number and e-mail address where it can be reached.</u></li> <li><u>2. The informed party's name or other information sufficient to distinguish its identifying features.</u></li> <li><u>3. Specific facts available for investigation.</u></li> </ol> <p><u>Company personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information</u></p>	<p>through the complaint mailbox or confess by the personnel involved in the case. The general administration division of the company shall immediately investigate the facts of the matter. When it has been proved that relevant regulations or this company's ethical corporate management policy and regulations have been violated, the company shall immediately demand the perpetrator to cease relevant actions, and shall implement appropriate measures. In order to maintain the company's reputation and rights, the company may, when necessary, demand compensation through legal procedures.</p> <p>In dealing with unethical conduct that has already taken place, the company shall instruct the relevant unit to evaluate relevant internal control system and operating procedures, and propose improvement measures to prevent the recurrence such conduct.</p> <p>The responsible unit of this company shall report the unethical conduct, handling method and follow-up evaluation and improvement measures to the board of directors.</p>

Article	After The Revision	Before The Revision
	<p><u>confidential. This Corporation also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing.</u></p> <p><u>The responsible unit of this Corporation shall observe the following procedure:</u></p> <ol style="list-style-type: none"> <li><u>1. Information shall be reported to the department head. However, if the rank or the file involves a director or a senior executive that shall report to an independent director.</u></li> <li><u>2. The responsible unit of this Corporation and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.</u></li> <li><u>3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or this Corporation's policy and regulations of ethical management, this Corporation shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, this Corporation will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.</u></li> <li><u>4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.</u></li> <li><u>5. With respect to confirmed information, this Corporation shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.</u></li> <li><u>6. The responsible unit of this Corporation shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.</u></li> </ol>	

Article	After The Revision	Before The Revision
Article 24	<p><u>The responsible unit of this Company shall organize awareness sessions each year and arrange for the chairperson, general manager, or senior management to communicate the importance of ethics to its directors, employees, and mandataries.</u></p> <p>This company shall include the ethical corporate management in its employee performance evaluations and human resources policy, and shall establish an explicit and effective rewards/punishments and complaint system.</p>	<p>This company shall include the ethical corporate management in its employee performance evaluations and human resources policy, and shall establish an explicit and effective rewards/punishments and complaint system.</p>
Article 25	<p>This operating procedure and conduct guide shall be implemented after the resolution and approval <u>by more than half of all audit committee members and submitted to</u> <del>of</del> the board of directors <u>for further approval</u>, and shall be <del>sent to each supervisor and be</del> presented to the shareholders' meeting, and the same shall apply to revisions.</p> <p><u>When these Procedures and Guidelines are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.</u></p>	<p>This operating procedure and conduct guide shall be implemented after the resolution and approval of the board of directors, and shall be sent to each supervisor and be presented to the shareholders' meeting, and the same shall apply to revisions.</p>
Article 26	<p>This operating procedure and conduct guide was drafted on December 6, 2011. ....This operating procedure and conduct guide was revised on April 29, 2014.<u>This operating procedure and conduct guide was revised on July 30, 2015.</u></p>	<p>This operating procedure and conduct guide was drafted on December 6, 2011. ....This operating procedure and conduct guide was revised on April 29, 2014.</p>



## Attachment 9: Comparison Table of the Code of Ethics

Aritcle	After The Revision	Before The Revision
Aritcle 1	This code is established in order to guide the actions by the directors, <del>supervisors</del> and managers of the company to comply with ethical standards and to allow interested parties of the company to better understand the company's code of conduct.	This code is established in order to guide the actions by the directors, supervisors and managers of the company to comply with ethical standards and to allow interested parties of the company to better understand the company's code of conduct.
Aritcle 2	This code is applicable to directors, <del>supervisors</del> and managers of the company.	This code is applicable to directors, supervisors and managers of the company.
Aritcle 3	The directors, <del>supervisors</del> and managers of the company shall perform their obligations with an honest attitude and in compliance with professional standards, including handling factual or obvious conflicts of interest between personal matters and their duties in a fair manner.	The directors, supervisors and managers of the company shall perform their obligations with an honest attitude and in compliance with professional standards, including handling factual or obvious conflicts of interest between personal matters and their duties in a fair manner.
Aritcle 4	<p>Directors, <del>supervisors</del> and managers of the company shall handle the company's business in an objective and efficient way and shall not take advantage of their duties to try to obtain undue benefit for themselves, their spouses, parents, children or other family members within <del>three</del><u>second</u> degrees of kinship.</p> <p>In order to prevent conflict of interest, any capital lending, endorsement and guarantee or significant transaction of asset between the company and the above persons or their affiliated enterprises shall be subject to prior approval by the board of directors and shall be carried out in accordance with relevant legislations and company rules. Product purchase (sale) shall be based on best interest of the company and conducted in accordance with relevant rules of the company's procurement and sales cycles.</p> <p>No manager or any of the affiliates shall serve in the same department as any employee who is a spouse or family member within <del>three</del><u>second</u> degrees of kinship, nor shall they serve any duties that should be managed separately under the internal control mechanism. If there is any special need for the above employee who is a spouse or family member within <del>three</del><u>second</u> degrees of kinship to serve the function, report to and approval by the board of directors shall be required.</p>	<p>Directors, supervisors and managers of the company shall handle the company's business in an objective and efficient way and shall not take advantage of their duties to try to obtain undue benefit for themselves, their spouses, parents, children or other family members within three degrees of kinship.</p> <p>In order to prevent conflict of interest, any capital lending, endorsement and guarantee or significant transaction of asset between the company and the above persons or their affiliated enterprises shall be subject to prior approval by the board of directors and shall be carried out in accordance with relevant legislations and company rules. Product purchase (sale) shall be based on best interest of the company and conducted in accordance with relevant rules of the company's procurement and sales cycles.</p> <p>No manager or any of the affiliates shall serve in the same department as any employee who is a spouse or family member within three degrees of kinship, nor shall they serve any duties that should be managed separately under the internal control mechanism. If there is any special need for the above employee who is a spouse or family member within three degrees of kinship to serve the function, report to and approval by the board of directors shall be required.</p>
Aritcle 5	Directors, <del>supervisors</del> and managers of the company shall comply with legislations	Directors, supervisors and managers of the company shall comply with legislations

Article	After The Revision	Before The Revision
	against insider trading and other securities legislations about stock transactions and handling of trade secrets. No relevant securities transactions shall be engaged while holding significant and unpublished information.	against insider trading and other securities legislations about stock transactions and handling of trade secrets. No relevant securities transactions shall be engaged while holding significant and unpublished information.
Article 6	In performing their duties, no director, <del>supervisor</del> or manager of the company shall request, offer, deliver or receive any form of gift, entertainment, kickback, bribe or other undue benefit for personal, company or third party interest, except if the gift or entertainment is allowed by social customs or company rules.	In performing their duties, no director, supervisor or manager of the company shall request, offer, deliver or receive any form of gift, entertainment, kickback, bribe or other undue benefit for personal, company or third party interest, except if the gift or entertainment is allowed by social customs or company rules.
Article 7	When the company faces an opportunity to seek profit, directors, <del>supervisors</del> and managers shall maintain or increase the fair and legal interest that may be obtained by the company. No director <del>supervisor</del> or manager shall use the company's property, information or take advantage of their due to seek private interest. Other than in accordance with rules of company law or articles of association, there shall be no conduct in competition with the company.	When the company faces an opportunity to seek profit, directors, supervisors and managers shall maintain or increase the fair and legal interest that may be obtained by the company. No director supervisor or manager shall use the company's property, information or take advantage of their due to seek private interest. Other than in accordance with rules of company law or articles of association, there shall be no conduct in competition with the company.
Article 8	Unless otherwise authorized or published in accordance with law, the directors, <del>supervisors</del> and managers of the company shall be obliged to keep confidential information of the company itself and its clients of product purchase (sale) and shall not use such information to seek private interest for themselves or third parties. Information to be kept confidential includes information that has not been published and that may be used by competitors or that may cause damage to the company or client after disclosure.	Unless otherwise authorized or published in accordance with law, the directors, supervisors and managers of the company shall be obliged to keep confidential information of the company itself and its clients of product purchase (sale) and shall not use such information to seek private interest for themselves or third parties. Information to be kept confidential includes information that has not been published and that may be used by competitors or that may cause damage to the company or client after disclosure.
Article 9	The company is dedicated to market competition through outstanding operational management and services and shall not seek results through illegal or unethical measures. Directors, <del>supervisors</del> and managers of the company shall treat the company's clients of product purchase (sale), competitors and employees fairly and shall not make any untruthful statement about any important matter or obtain undue profit in other unfair transaction manners through manipulation,	The company is dedicated to market competition through outstanding operational management and services and shall not seek results through illegal or unethical measures. Directors, supervisors and managers of the company shall treat the company's clients of product purchase (sale), competitors and employees fairly and shall not make any untruthful statement about any important matter or obtain undue profit in other unfair transaction manners through manipulation,

Article	After The Revision	Before The Revision
	hiding or misuse of information obtained through their duties.	hiding or misuse of information obtained through their duties.
Article 11	Directors, <del>supervisors</del> and managers of the company shall comply with rules under the Company Law, Securities Transaction Act and other legislations.	Directors, supervisors and managers of the company shall comply with rules under the Company Law, Securities Transaction Act and other legislations.
Article 12	<p>Directors, <del>supervisors</del> and managers of the company shall promote ethical rules and encourage employees to report to <del>supervisors,</del>—managers, internal audit supervisors or other appropriate staff with sufficient information in case of doubt or discovery of any violation of legislation or this code. Once any reported case is confirmed, the company shall grant a reward in accordance with the “Employee Reward and Discipline Rules”.</p> <p>The company shall <u>adopt a concrete whistle-blowing system and</u> properly handle the above reported information in a confidential and responsible manner and shall make its best effort to protect the safety of the reporter from any form of threat. For any malicious and false report, the company shall give guidance and, if required, impose a sanction to correct the discipline. If any person believes that he or she is subject to any revenge, threat or harassment due to the above conduct, it shall be reported to the immediate supervisor or manager immediately and the company shall take immediate and proper measures.</p>	<p>Directors, supervisors and managers of the company shall promote ethical rules and encourage employees to report to supervisors, managers, internal audit supervisors or other appropriate staff with sufficient information in case of doubt or discovery of any violation of legislation or this code. Once any reported case is confirmed, the company shall grant a reward in accordance with the “Employee Reward and Discipline Rules”.</p> <p>The company shall properly handle the above reported information in a confidential and responsible manner and shall make its best effort to protect the safety of the reporter from any form of threat. For any malicious and false report, the company shall give guidance and, if required, impose a sanction to correct the discipline. If any person believes that he or she is subject to any revenge, threat or harassment due to the above conduct, it shall be reported to the immediate supervisor or manager immediately and the company shall take immediate and proper measures.</p>
Article 13	<p>Any violation of this code by any director <del>or supervisor</del> of the company shall be reported to the board of directors or shareholder meeting for review. Sanctions shall be imposed based on the gravity of the matter. If any manager of the company violates this code, other than significant cases which shall be reported to the board of directors, sanction shall be imposed in accordance with the “Employee Reward and Sanction Rules” of the company. However, in case of significant violation of relevant legislation, the company shall pursue civil and criminal legal liability to protect the interest of the company and the shareholders.</p> <p>Following confirmation of the conduct in violation of this code under the previous section and sanction measures, information</p>	<p>Any violation of this code by any director or supervisor of the company shall be reported to the board of directors or shareholder meeting for review. Sanctions shall be imposed based on the gravity of the matter. If any manager of the company violates this code, other than significant cases which shall be reported to the board of directors, sanction shall be imposed in accordance with the “Employee Reward and Sanction Rules” of the company. However, in case of significant violation of relevant legislation, the company shall pursue civil and criminal legal liability to protect the interest of the company and the shareholders.</p> <p>Following confirmation of the conduct in violation of this code under the previous section and sanction measures, information</p>

Article	After The Revision	Before The Revision																														
	such as <del>the title and name of the staff violating this code,</del> the date of violation, reason for violation, violated code and handling situation shall be disclosed on the Market Observation Post System in time and in accordance with the legislations.	such as the title and name of the staff violating this code, the date of violation, reason for violation, violated code and handling situation shall be disclosed on the Market Observation Post System in time and in accordance with the legislations.																														
Article 14	<p>If any director, <del>supervisor</del> or manager of the company violates this code, if evidence is available allowing for immediate complaint, relevant supporting information shall also be sent to appropriate staff, the board of directors or shareholder meeting (principle of avoidance to be respected in case of violation) for discussion and final resolution.</p> <table border="1" data-bbox="309 741 895 1106"> <thead> <tr> <th data-bbox="309 741 461 824">Violating Department</th> <th data-bbox="461 741 708 824">Department to Receive Complaint</th> <th data-bbox="708 741 895 824">Department to Determine Sanction</th> </tr> </thead> <tbody> <tr> <td data-bbox="309 824 461 936">Manager (excluding General manager)</td> <td data-bbox="461 824 708 936">General Manager</td> <td data-bbox="708 824 895 936">General Manager, Board of Directors</td> </tr> <tr> <td data-bbox="309 936 461 994">General manager</td> <td data-bbox="461 936 708 994">Board of Directors</td> <td data-bbox="708 936 895 994">Board of Directors</td> </tr> <tr> <td data-bbox="309 994 461 1050">Directors</td> <td data-bbox="461 994 708 1050"><u>Other Directors</u><del>Supervisors</del></td> <td data-bbox="708 994 895 1050">Shareholder's Meeting</td> </tr> <tr> <td data-bbox="309 1050 461 1106"><del>Supervisors</del></td> <td data-bbox="461 1050 708 1106"><del>Other Supervisors</del></td> <td data-bbox="708 1050 895 1106"><del>Shareholders' Meeting</del></td> </tr> </tbody> </table>	Violating Department	Department to Receive Complaint	Department to Determine Sanction	Manager (excluding General manager)	General Manager	General Manager, Board of Directors	General manager	Board of Directors	Board of Directors	Directors	<u>Other Directors</u> <del>Supervisors</del>	Shareholder's Meeting	<del>Supervisors</del>	<del>Other Supervisors</del>	<del>Shareholders' Meeting</del>	<p>If any director, supervisor or manager of the company violates this code, if evidence is available allowing for immediate complaint, relevant supporting information shall also be sent to appropriate staff, the board of directors or shareholder meeting (principle of avoidance to be respected in case of violation) for discussion and final resolution.</p> <table border="1" data-bbox="932 741 1509 1106"> <thead> <tr> <th data-bbox="932 741 1083 824">Violating Department</th> <th data-bbox="1083 741 1315 824">Department to Receive Complaint</th> <th data-bbox="1315 741 1509 824">Department to Determine Sanction</th> </tr> </thead> <tbody> <tr> <td data-bbox="932 824 1083 936">Manager (excluding General manager)</td> <td data-bbox="1083 824 1315 936">General Manager</td> <td data-bbox="1315 824 1509 936">General Manager, Board of Directors</td> </tr> <tr> <td data-bbox="932 936 1083 994">General manager</td> <td data-bbox="1083 936 1315 994">Board of Directors</td> <td data-bbox="1315 936 1509 994">Board of Directors</td> </tr> <tr> <td data-bbox="932 994 1083 1050">Directors</td> <td data-bbox="1083 994 1315 1050">Supervisors</td> <td data-bbox="1315 994 1509 1050">Shareholder's Meeting</td> </tr> <tr> <td data-bbox="932 1050 1083 1106">Supervisors</td> <td data-bbox="1083 1050 1315 1106">Other Supervisors</td> <td data-bbox="1315 1050 1509 1106">Shareholders' Meeting</td> </tr> </tbody> </table>	Violating Department	Department to Receive Complaint	Department to Determine Sanction	Manager (excluding General manager)	General Manager	General Manager, Board of Directors	General manager	Board of Directors	Board of Directors	Directors	Supervisors	Shareholder's Meeting	Supervisors	Other Supervisors	Shareholders' Meeting
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Supervisors	Other Supervisors	Shareholders' Meeting																														
Article 15	If any waiver is necessary for any director, <del>supervisor</del> or manager of the company from compliance with this code, a board resolution shall be required. Information such as <del>the title and name of the staff of waiver,</del> <u>the date of board meeting approving the waiver, objections or reservations of independent directors,</u> applicable duration of the wavier, reason for applying the waiver and rules for application of the waiver shall be disclosed timely on the Market Observation Post System in order to allow shareholders to evaluate whether the board resolution was appropriate, to prevent the occurrence of any unauthorized or doubtful waiver compliance rules and to ensure that any waiver from compliance with the code is subject to proper control mechanism to protect the company's interest.	If any waiver is necessary for any director, supervisor or manager of the company from compliance with this code, a board resolution shall be required. Information such as the title and name of the staff of waiver, date of board meeting approving the waiver, applicable duration of the wavier, reason for applying the waiver and rules for application of the waiver shall be disclosed timely on the Market Observation Post System in order to allow shareholders to evaluate whether the board resolution was appropriate, to prevent the occurrence of any unauthorized or doubtful waiver compliance rules and to ensure that any waiver from compliance with the code is subject to proper control mechanism to protect the company's interest.																														
Article 16	This code shall be disclosed <u>on the company website,</u> in the annual report, prospectus and Market Observation Post System. The same shall be applicable to any amendment.	This code shall be disclosed in the annual report, prospectus and Market Observation Post System. The same shall be applicable to any amendment.																														

Article	After The Revision	Before The Revision
Article 17	This code shall be implemented after approval by <u>more than half of all audit committee members and submitted to</u> the board of directors <u>for further approval</u> , <del>submission to the supervisors</del> and <u>then</u> report to the shareholders' meeting. The same shall be applicable to any amendment.	This code shall be implemented after approval by the board of directors, submission to the supervisors and report to the shareholders' meeting. The same shall be applicable to any amendment.
Article 18	This code was established on 25 March 2011. <u>This code was amended on 30 July 2015.</u>	This code was established on 25 March 2011.

## Attachment 10: Comparison Table of the Procedures for Loaning of Company Funds

Aritcle	After The Revision	Before The Revision
Aritcle 3	<p>1. Any Funds lending by the company to any other company or enterprise under business relationship shall be in accordance with Subsection 2, Section 1, Article 4.</p> <p>2. Funds lending to meet short term financing requirements as recognized by the board of directors shall be limited to the following:</p> <ol style="list-style-type: none"> <li>(1) Company with parent and subsidiary relationship with the company that requires short term financing due to business needs.</li> <li>(2) Company or enterprise invested by the company under the equity method that requires short term financing due to procurement of materials or operations.</li> <li>(3) <del>Funds lending may be conducted between among companies whose 100% voting shares are directly or indirectly held by the company.</del> <u>Other funds lending to meet short term financing requirements as recognized by the board of directors.</u></li> </ol> <p>Subsidiary and parent company referred to shall be determined in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>"net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>	<p>1. Any Funds lending by the company to any other company or enterprise under business relationship shall be in accordance with Subsection 2, Section 1, Article 4.</p> <p>2. Funds lending to meet short term financing requirements as recognized by the board of directors shall be limited to the following:</p> <ol style="list-style-type: none"> <li>(1) Company with parent and subsidiary relationship with the company that requires short term financing due to business needs.</li> <li>(2) Company or enterprise invested by the company under the equity method that requires short term financing due to procurement of materials or operations.</li> <li>(3) Funds lending may be conducted between among companies whose 100% voting shares are directly or indirectly held by the company.</li> </ol> <p>Subsidiary and parent company referred to shall be determined in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>"net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>
Aritcle 23	<p>This procedure was established on 3 May, 2005. ....The fifth amendment to this procedure was made on 28 May, 2015. <u>The sixth amendment to this procedure was made on 31 May, 2016.</u></p>	<p>This procedure was established on 3 May, 2005. ....The fifth amendment to this procedure was made on 28 May, 2015.</p>

## Attachment 11: Comparison Table of the Regulations governing remuneration paid to directors

Article	After The Revision	Before The Revision
Article 1	In accordance with Article 23 and <del>27</del> <u>6-1</u> of the Articles of Incorporation, this regulation is established to determine the remuneration of directors <del>and supervisors</del> .	In accordance with Article 23 and 27 of the Articles of Incorporation, this regulation is established to determine the remuneration of directors and supervisors.
Article 2	<p>The remuneration of directors <del>and supervisors</del> mentioned in this regulation refers to the following matters:</p> <ol style="list-style-type: none"> <li>1. The transportation and attendance fare for directors <del>and supervisors</del> attending the board meetings.</li> <li>2. The fixed amount of remuneration for independent directors <del>and independent supervisors</del> in accordance with the Articles of Incorporation.</li> <li>3. Executive business expense of the directors <del>and supervisors</del> in accordance with the Articles of Incorporation.</li> <li>4. The <u>annual</u> remuneration for directors <del>and supervisors from annual company earnings</del> in accordance with the Articles of Incorporation.</li> </ol>	<p>The remuneration of directors and supervisors mentioned in this regulation refers to the following matters:</p> <ol style="list-style-type: none"> <li>1. The transportation and attendance fare for directors and supervisors attending the board meetings.</li> <li>2. The fixed amount of remuneration for independent directors and independent supervisors in accordance with the Articles of Incorporation.</li> <li>3. Executive business expense of the directors and supervisors in accordance with the Articles of Incorporation.</li> <li>4. The remuneration for directors and supervisors from annual company earnings in accordance with the Articles of Incorporation.</li> </ol>
Article 3	<p>The amount and method of distribution of the remuneration of directors <del>and supervisors</del></p> <ol style="list-style-type: none"> <li>1. Transportation fare: NT\$6,000 dollars per meeting. It is determined on the basis of the actual attendance and shall be paid after each meeting.</li> <li>2. Attendance fare: NT\$6,000 dollars per meeting. It is determined on the basis of the actual attendance (including attendance via video conferencing) and shall be paid after each meeting.</li> <li>3. The board of directors is authorized to provide remuneration for independent directors <del>and independent supervisors</del> in the form of a fixed salary, <del>rather than distributions from the company earnings</del>. The fixed salary shall not more than NT\$50,000 dollars per month.</li> <li>4. The board of directors is authorized to provide business implementation expense for directors <del>and supervisors</del> based on the contents of executive business in accordance with the Articles of Incorporation.</li> <li>5. The remuneration of directors <del>and supervisors</del> (excluding independent directors <del>and independent supervisors</del>)</li> </ol>	<p>The amount and method of distribution of the remuneration of directors and supervisors</p> <ol style="list-style-type: none"> <li>1. Transportation fare: NT\$6,000 dollars per meeting. It is determined on the basis of the actual attendance and shall be paid after each meeting.</li> <li>2. Attendance fare: NT\$6,000 dollars per meeting. It is determined on the basis of the actual attendance (including attendance via video conferencing) and shall be paid after each meeting.</li> <li>3. The board of directors is authorized to provide remuneration for independent directors <del>and independent supervisors</del> in the form of a fixed salary, <del>rather than distributions from the company earnings</del>. The fixed salary shall not more than NT\$50,000 dollars per month.</li> <li>4. The board of directors is authorized to provide business implementation expense for directors <del>and supervisors</del> based on the contents of executive business in accordance with the Articles of Incorporation.</li> <li>5. The remuneration of directors and supervisors (excluding independent directors and independent supervisors)</li> </ol>

Article	After The Revision	Before The Revision
	<p><del>from distributed earnings, adopted</del><u>approved</u> by the <del>shareholders meeting</del> <u>board of directors</u>, shall be determine by following methods:</p> <p>(1) 1 basis point for each director <del>and supervisor</del>. For the directors <del>and supervisors</del> are elected within 1 year, the basis point is calculated based on the proportion of the period of serving. For the directors <del>and supervisors</del> resign during the year of distribution, he or she will not include in scoring (re-election are exempted from this restriction).</p> <p>(2) The chairman of the board gains an additional 0.5 basis points.</p> <p>(3) The directors <del>and supervisors</del> gain an additional 0.5 basis points if he or she offers endorsements / guarantees for company during the year of distribution.</p> <p>(4) The amount of remuneration for each director <del>and supervisor</del>: Total basis points of each director <del>and supervisor</del> divided by total basis points of all directors <del>and supervisors</del>, and multiply the total amount of remuneration of directors <del>and supervisors</del> <del>adopted</del> <u>approved</u> by the <del>shareholders meeting</del> <u>board of directors</u>.</p>	<p>from distributed earnings, adopted by the shareholders meeting, shall be determine by following methods:</p> <p>(1) 1 basis point for each director and supervisor. For the directors and supervisors are elected within 1 year, the basis point is calculated based on the proportion of the period of serving. For the directors and supervisors resign during the year of distribution, he or she will not include in scoring (re-election are exempted from this restriction).</p> <p>(2) The chairman of the board gains an additional 0.5 basis points.</p> <p>(3) The directors and supervisors gain an additional 0.5 basis points if he or she offers endorsements / guarantees for company during the year of distribution.</p> <p>(4) The amount of remuneration for each director and supervisor: Total basis points of each director and supervisor divided by total basis points of all directors and supervisors, and multiply the total amount of remuneration of directors and supervisors adopted by the shareholders meeting.</p>



## **IX.Appendices**

## **Appendix 1:Articles of Incorporation< Before the revision >**

### **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 Co., Ltd.

**Article 2.** The company operates the following businesses:

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

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

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

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

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

## **Chapter 2 Shares**

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

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

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

## **Chapter 3 Shareholder Meetings**

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

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

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

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

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

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

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

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

#### **Chapter 4 Directors**

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

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

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

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

## **Chapter 5 Managers and Staff**

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

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

## **Chapter 6 Closing**

**Article 26.** The board of directors shall prepare the following statements at the end of the company's accounting year, submit them to the 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 27.** The company's profit following annual closing, if any, shall be distributed in the following order:

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

## **Chapter 7 Miscellaneous**

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

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

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

First amendment was made on 23 July 1981.

Second amendment was made on 7 February 1983.

Third amendment was made on 8 September 1994.

Fourth amendment was made on 29 July 1991.

Fifth amendment was made on 15 December 1993.

Sixth amendment was made on 21 January 1994.  
Seventh amendment was made on 27 July 1995.  
Eighth amendment was made on 28 March 1997.  
Ninth amendment was made on 15 November 1999.  
Tenth amendment was made on 1 December 2001.  
Eleventh amendment was made on 12 March 2002.  
Twelfth amendment was made on 5 April 2002.  
Thirteenth amendment was made on 20 June 2002.  
Fourteenth amendment was made on 3 May 2004.  
Fifteenth amendment was made on 29 October 2004.  
Sixteenth amendment was made on 3 May 2005.  
Seventeenth amendment was made on 28 November 2008.  
Eighteenth amendment was made on 16 June 2009.  
Nineteenth amendment was made on 4 November 2009.  
Twentieth amendment was made on 10 June 2010.  
Twenty first amendment was made on 15 June 2011.  
Twenty second amendment was made on 18 June 2012.  
Twenty third amendment was made on 28 May 2015.

Acter Co., Ltd.

Chairman: Liang, Chin-Li

## **Appendix 2: Rules of Procedure for Shareholder Meetings**

### **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, however, 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 by correspondence or electronically, 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 chairman 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 this Corporation holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or 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 by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation 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 by correspondence or 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 this Corporation, 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 by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or 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, this Corporation 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, this Corporation 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 this Corporation, 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 and supervisors 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. Supervisors and 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. Internal control system established or amended in accordance with Article 14-1 of the Securities Transaction Act.
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.

For any matter subject to board resolutions in accordance with Article 14-3 of Securities Transaction Act, independent directors shall attend the meeting in person or appoint another independent director to attend on his behalf. If the independent director has any objection or reservation opinion, it shall be included in the minutes of the board meeting. If the independent director cannot attend the meeting in person to express his objection or reservation opinions, unless there is justifiable reason, a written opinion shall be provided in advance and recorded in the minutes of the board meeting.

#### **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.

When supervisors attend a board meeting to state their opinions, they may participate in the discussion of the issue. However, they have no voting rights for matters reserved as duties of the board of directors.

#### **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, supervisors, 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, supervisors, 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 and supervisor 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.



## **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, supervisors, managers, employees 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, based on the management philosophy and policy, prescribe 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 or members of any other representative entities and interested groups.

**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.

**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 board of directors and management shall commit to implement such policies rigorously and thoroughly, and shall carry out the policies in internal management and external commercial activities.

**Article 9.**

The company shall engage in commercial activities in a fair and transparent manner.

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 record, and shall avoid any dealings with persons so involved.

When entering into contracts with others, the company is advised to 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, supervisors, managers, employees and substantial controllers, may not directly or indirectly offer, promise to offer, request or accept any improper benefits in whatever form, including rebate, commission or facilitation payment, or via other channels to or from clients, agents, contractors, suppliers, public servants, or other stakeholders, unless the same complies with the laws applicable in the place of the company's operation.

**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, supervisors, managers, employees 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, supervisors, managers, employees 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, supervisors, managers, employees 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's board of directors 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 have a dedicated unit responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs.

#### **Article 15.**

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

#### **Article 16.**

The company shall adopt policies for preventing conflicts of interest, and shall also offer appropriate means for directors, supervisors and managers to voluntarily explain whether their interests would potentially conflict with those of the company

The company's directors shall maintain a high degree of selfdiscipline. When a proposal at a given board of directors meeting concerns the personal interest or the interest of the juristic person represented by the director, and such a relationship is likely to prejudice the company's interest, that director may express opinions and answer questions, but may not participate in the discussion nor vote on that proposal. Meanwhile, that director shall recuse himself or herself when the discussion and voting is in progress, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

The company's directors, supervisors and managers 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 17.**

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 company's internal audit personnel shall periodically examine the company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors.

#### **Article 18.**

The company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, supervisors, 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 19.**

The company shall periodically organize training and awareness programs for directors, supervisors, managers, employees 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 20.**

The company shall provide fair whistle-blowing channels and shall keep the complainant's identity and contents of the complaint confidential strictly.

The company shall adopt 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 21.**

The company shall disclose the status of implementation of its ethical corporate management principles on the company's website, annual reports and prospectus.

**Article 22.**

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

**Article 23.**

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

**Article 24.**

These Principles were drafted on March 25, 2011.

## **Appendix 5: Ethical Corporate Management Operating Procedures and Conduct Guide < Before the revision >**

### **Ethical Corporate Management Operating Procedures and Conduct Guide**

#### **Article 1. Goal**

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

#### **Article 2. Scope**

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

#### **Article 3. Applicable targets**

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

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

#### **Article 4. Unethical conduct**

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

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

#### **Article 5. Types of benefit**

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

#### **Article 6. Responsible unit**

The general administration division of this company shall serve as the responsible unit (referred to below as "the responsible unit of this company"), and shall handle revision, implementation, explanation and consulting matters in connection with this operating procedure and conduct guide, and shall enter and file reports, monitor compliance, and report to the board of directors on a regular basis.

**Article 7.** Prohibition of providing or receiving improper benefit

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

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

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

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

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

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

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

1. A relationship involving business dealings, supervision or granting of awards or subsidies.
2. The party is currently seeking or establishing or has already established a contractual relationship involving contracting, sales, or other matters.

3. Other situations involving the company's decisions, actions or inaction, or resulting from favorable or unfavorable conditions.

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

**Article 9.** Prohibition of facilitating payments and handling procedures

This company shall not provide or promise any facilitating payments.

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

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

**Article 10.** Handling procedures for political contributions

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

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

**Article 11.** Handling procedures for charitable donations and sponsorships

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

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

**Article 12.** Recusal

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

not exercise his/her voting rights on behalf of another director. The directors must maintain self-restraint, and may not support each other for improper purposes.

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

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

**Article 13. Organization and responsibilities of confidentiality mechanisms**

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

**Article 14. Prohibition of disclosure of business secrets**

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

**Article 15. Prohibition of insider trading**

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

**Article 16. Nondisclosure agreement**

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

**Article 17. External announcement of the ethical corporate management policy**

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

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

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



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

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

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

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

**Article 20.** Avoidance of business transactions with unethical enterprises

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

**Article 21.** The ethical corporate management policy shall be specified in contracts

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

1. When either party becomes aware that personnel have violated contractual terms prohibiting commissions, facilitating payments, or other benefits, that party shall immediately truthfully report the identity of the employee, the method of provision, promise, requirement, or receipt, and the amount or other benefit to the other party, and shall provide relevant evidence and cooperate with the other party's investigation. If either party suffers damage because of this, that party may request a certain percentage of the contract amount from the other party as compensation for damages, and may deduct such an amount from the payable contract price.
2. When one party is involved in unethical conduct while engaging in business activities, the other party may unconditionally terminate or cancel the contract at any time.
3. Explicit and reasonable payment details, including payment location, method, and relevant tax regulations that shall be complied with, must be drafted.

**Article 22.** Handling of company employees' unethical conduct

When company employees find any unethical conduct by any personnel, they can report through the complaint mailbox or confess by the personnel involved in the case. The general administration division of the company shall immediately investigate the facts of the matter. When it has been proved that relevant regulations or this company's ethical corporate management policy and regulations have been violated, the company shall immediately demand the perpetrator to cease relevant actions, and shall implement appropriate measures. In order to maintain the company's

reputation and rights, the company may, when necessary, demand compensation through legal procedures.

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

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

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

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

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

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

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

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

**Article 25. Implementation**

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

**Article 26. Drafting and revision dates**

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

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

This operating procedure and conduct guide was revised on April 29, 2014.

## **Appendix 6: Code of Ethics < Before the revision >**

### **Code of Ethics**

#### **Article 1. Purpose of Establishment**

This code is established in order to guide the actions by the directors, supervisors and managers of the company to comply with ethical standards and to allow interested parties of the company to better understand the company's code of conduct.

#### **Article 2. Scope of Application**

This code is applicable to directors, supervisors and managers of the company.

Managers referred to in the previous section include general manager and equivalent level, deputy general manager and equivalent level, assistance manager and equivalent level, supervisor of finance department, supervisor of accounting department and other persons who are authorized to management business and sign on behalf of the company.

#### **Article 3. Honest and Ethical Conduct**

The directors, supervisors and managers of the company shall perform their obligations with an honest attitude and in compliance with professional standards, including handling factual or obvious conflicts of interest between personal matters and their duties in a fair manner.

#### **Article 4. Prevention of Conflict of Interest**

Directors, supervisors and managers of the company shall handle the company's business in an objective and efficient way and shall not take advantage of their duties to try to obtain undue benefit for themselves, their spouses, parents, children or other family members within three degrees of kinship.

In order to prevent conflict of interest, any capital lending, endorsement and guarantee or significant transaction of asset between the company and the above persons or their affiliated enterprises shall be subject to prior approval by the board of directors and shall be carried out in accordance with relevant legislations and company rules. Product purchase (sale) shall be based on best interest of the company and conducted in accordance with relevant rules of the company's procurement and sales cycles.

No manager or any of the affiliates shall serve in the same department as any employee who is a spouse or family member within three degrees of kinship, nor shall they serve any duties that should be managed separately under the internal control mechanism. If there is any special need for the above employee who is a spouse or family member within three degrees of kinship to serve the function, report to and approval by the board of directors shall be required.

#### **Article 5. Prohibition against Insider Trading**

Directors, supervisors and managers of the company shall comply with legislations against insider trading and other securities legislations about stock transactions and handling of trade secrets. No relevant securities transactions shall be engaged while holding significant and unpublished information.

#### **Article 6. Prohibition against Gift, Bribery or Undue Interest**

In performing their duties, no director, supervisor or manager of the company shall request, offer, deliver or receive any form of gift, entertainment, kickback, bribe or other undue benefit for personal, company or third party interest, except if the gift or entertainment is allowed by social customs or company rules.

#### **Article 7. Avoid Opportunity to Seek Private Interest**

When the company faces an opportunity to seek profit, directors, supervisors and managers shall maintain or increase the fair and legal interest that may be obtained by the company.

No director supervisor or manager shall use the company's property, information or take advantage of their due to seek private interest. Other than in accordance with rules of company law or articles of association, there shall be no conduct in competition with the company.

#### **Article 8. Confidentiality Responsibility**

Unless otherwise authorized or published in accordance with law, the directors, supervisors and managers of the company shall be obliged to keep confidential information of the company itself and its clients of product purchase (sale) and shall not use such information to seek private interest for themselves or third parties. Information to be kept confidential includes information that has not been published and that may be used by competitors or that may cause damage to the company or client after disclosure.

#### **Article 9. Fair Transaction**

The company is dedicated to market competition through outstanding operational management and services and shall not seek results through illegal or unethical measures. Directors, supervisors and managers of the company shall treat the company's clients of product purchase (sale), competitors and employees fairly and shall not make any untruthful statement about any important matter or obtain undue profit in other unfair transaction manners through manipulation, hiding or misuse of information obtained through their duties.

#### **Article 10.any Asset**

The company's assets shall be protected and shall only be used properly for legal commercial purposes of the company. Directors, supervisors and managers have the responsibility to protect the company's assets and shall ensure that they are effectively and legally used in the company's business, avoiding any impact on the company's profit making capability due to theft, negligence or waste.

### **Article 11.**Compliance with Legislations

Directors, supervisors and managers of the company shall comply with rules under the Company Law, Securities Transaction Act and other legislations.

### **Article 12.**In Violation of Code of Conduct

Directors, supervisors and managers of the company shall promote ethical rules and encourage employees to report to supervisors, managers, internal audit supervisors or other appropriate staff with sufficient information in case of doubt or discovery of any violation of legislation or this code. Once any reported case is confirmed, the company shall grant a reward in accordance with the “Employee Reward and Discipline Rules”.

The company shall properly handle the above reported information in a confidential and responsible manner and shall make its best effort to protect the safety of the reporter from any form of threat. For any malicious and false report, the company shall give guidance and, if required, impose a sanction to correct the discipline. If any person believes that he or she is subject to any revenge, threat or harassment due to the above conduct, it shall be reported to the immediate supervisor or manager immediately and the company shall take immediate and proper measures.

### **Article 13.**Sanctions

Any violation of this code by any director or supervisor of the company shall be reported to the board of directors or shareholder meeting for review. Sanctions shall be imposed based on the gravity of the matter. If any manager of the company violates this code, other than significant cases which shall be reported to the board of directors, sanction shall be imposed in accordance with the “Employee Reward and Sanction Rules” of the company. However, in case of significant violation of relevant legislation, the company shall pursue civil and criminal legal liability to protect the interest of the company and the shareholders.

Following confirmation of the conduct in violation of this code under the previous section and sanction measures, information such as the title and name of the staff violating this code, the date of violation, reason for violation, violated code and handling situation shall be disclosed on the Market Observation Post System in time and in accordance with the legislations.

### **Article 14.**Complaint System

If any director, supervisor or manager of the company violates this code, if evidence is available allowing for immediate complaint, relevant supporting information shall also be sent to appropriate staff, the board of directors or shareholder meeting (principle of avoidance to be respected in case of violation) for discussion and final resolution.

Violating Department	Department to Receive Complaint	Department to Determine Sanction
Manager (excluding General manager)	General Manager	General Manager, Board of Directors
General manager	Board of Directors	Board of Directors
Directors	Supervisors	Shareholder's Meeting
Supervisors	Other Supervisors	Shareholders' Meeting

**Article 15.**Procedure of Waiver

If any waiver is necessary for any director, supervisor or manager of the company from compliance with this code, a board resolution shall be required. Information such as the title and name of the staff of waiver, date of board meeting approving the waiver, applicable duration of the wavier, reason for applying the waiver and rules for application of the waiver shall be disclosed timely on the Market Observation Post System in order to allow shareholders to evaluate whether the board resolution was appropriate, to prevent the occurrence of any unauthorized or doubtful waiver compliance rules and to ensure that any waiver from compliance with the code is subject to proper control mechanism to protect the company's interest.

**Article 16.**Method of Disclosure

This code shall be disclosed in the annual report, prospectus and Market Observation Post System. The same shall be applicable to any amendment.

**Article 17.**Implementation

This code shall be implemented after approval by the board of directors, submission to the supervisors and report to the shareholders' meeting. The same shall be applicable to any amendment.

**Article 18.**Date of Establishment and Amendment

This code was established on 25 March 2011.

## **Appendix 7: Procedures for Loaning of Company Funds < Before the revision >**

### **Procedures for Loaning of Company Funds**

#### **Article 1. Purpose and Legal Basis**

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

#### **Article 2. Funds Borrower**

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

#### **Article 3. Funds Lending Evaluation Standard**

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

Subsidiary and parent company referred to shall be determined in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

"net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Article 4. Total Funds Lending Amount and Individual Amount Limit**

1. The total amount of funds lending by the company shall not exceed 10% of the company's net value.
2. For lending due to business dealings, the individual lending amount shall not exceed the amount of the business dealing. Amount of business dealing means the amount of product purchase or product sale, whichever is higher.

3. For lending of short term financing, the individual lending amount shall not exceed 10% of the company's net value. The amount of short term financing means the accumulated balance of short term lending amount by the company.

“Net value” is as provided under the latest financial statements certified or audited by accountant.

4. Capital lending among overseas companies whose 100% voting shares are directly or indirectly held by the company is not subject to the restrictions under the previous three sections. The aggregate amount of loans and the maximum amount permitted to a single borrower shall each be prescribed separately for business transactions and for short-term financing respectively.

#### **Article 5.**Term and Interest Calculation of Capital Financing

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

#### **Article 6.**Decision Level

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



#### **Article 7. Application and Review Procedure**

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

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

#### **Article 8. Warranty and Guarantee**

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

#### **Article 9. Insurance**

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

#### **Article 10. Credit Verification**

1. For first time borrowers, the borrower shall provide basic information and financial information so that the responsible department can carry out credit verification.
2. For any extended borrowing, in principle, the finance department shall perform credit verification once every year. In significant cases, credit verification shall be performed once every six months based on actual requirements.

3. For any extended borrowing, if the company has a sound financial system and good track records of repayment, and if the annual financial statements have been certified by an accountant, the financial reports between the past one to two years may continue to be used and lending may be approved following accountant's audit report.
4. If the borrower is a subsidiary whose 100% voting shares are held directly or indirectly by the company, the credit verification may be waived and the restriction under section 3 is not applicable.

**Article 11. Loan Approval**

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

**Article 12. Contract Signing and Guarantor**

1. For any lending case, the processing staff shall draft the contract provisions for review and approval by the supervisor of the responsible department. If required, the provisions shall be submitted to the legal consultant for an opinion. The procedure for contract signing shall then be carried out.
2. The provisions of the contract shall be consistent with the lending conditions. Following signatures by the borrower and the joint liability guarantor on the contract, the processing staff shall carry out the guarantee procedure.

**Article 13. Advance**

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

**Article 14. Subsequent Control Measures for Amount Advanced**

1. After lending is advanced, the financial, business and credit situation of the borrower and the guarantor shall be monitored. Verifications shall be made as to whether the value of collateral (pledge) has been changed. Any significant change shall be immediately reported to the chairman and handled in accordance with the chairman's instructions.

2. Before the advance is due, the borrower shall be notified to repay the principal and interest when due or to carry out extension procedure.
3. When the borrower repays the loan on or before the due date, interest payable shall first be calculated and paid together with the principal. Then the promissory note shall be cancelled and returned to the borrower or the pledge shall be cancelled.
4. If the borrower wishes to extend the borrowing before the due date, a new application shall be filed in accordance with this procedure.
5. Every month, the processing staff shall prepare a funds lending details table for the previous month and submit it to the persons with due authority for review and approval.

**Article 15. Overdue Debt**

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

**Article 16. Public Announcement**

1. After the company becomes a publicly traded company, a public announcement shall be made by the 10<sup>th</sup> day of each month about the balance of funds lending by the company and its subsidiaries for the previous month.
2. For publicly traded companies, if the balance of funds lending reaches any of the following thresholds, a public announcement shall be made within 2 days commencing immediately from the date of occurrence:
  - (1) The balance of funds lending by the company and its subsidiaries exceeds 20% of the net value based on the company's latest financial statements.
  - (2) The balance of funds lending by the company and its subsidiaries to any single enterprise reaches 10% of the net value based on the company's latest financial statements.
  - (3) The amount of new funds lending by the company or its subsidiaries exceeds NT\$10 Million and reaches 2% of the net value based on the company's latest financial statements.
3. If any subsidiary of the company that is not a domestic publicly traded company has any matter that is subject to public announcement in accordance with the previous section, the company shall make a public announcement on behalf of the subsidiary.
4. The percentage of the subsidiary's funds lending balance over the net value shall be calculated based on the subsidiary's funds lending balance as a percentage to the company's net value.

5. “Date of occurrence” in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

**Article 17.**Control Procedure for Funds Lending by Subsidiary

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

**Article 18.**Establishment of Reference Book

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

**Article 19.**Other Matters

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

**Article 20. Penalty**

If any manager and responsible staff of the company violates the “Guidelines for Funds Lending and Endorsement and Guarantee Procedure for Publicly Traded Companies of the Securities and Futures Bureau” or the “Funds Lending Procedure” of the company, a sanction shall be imposed based on the gravity of the matter in accordance with the company’s human resource management rules and work rules, with regular report and audit.

**Article 21. Relevant Legislations**

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

**Article 22. Implementation and Amendment**

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

**Article 23. Date of Establishment and Amendment**

This procedure was established on 3 May 2005.

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

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

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

The fourth amendment to this procedure was made on 19 June 2013.

The fifth amendment to this procedure was made on 28 May 2015.

## **Appendix 8: Regulations governing remuneration paid to directors and supervisors < Before the revision >**

### **Regulations governing remuneration paid to directors and supervisors**

**Article 1.** In accordance with Article 23 and 27 of the Articles of Incorporation, this regulation is established to determine the remuneration of directors and supervisors.

**Article 2.** The remuneration of directors and supervisors mentioned in this regulation refers to the following matters:

1. The transportation and attendance fare for directors and supervisors attending the board meetings.
2. The fixed amount of remuneration for independent directors and independent supervisors in accordance with the Articles of Incorporation.
3. Executive business expense of the directors and supervisors in accordance with the Articles of Incorporation.
4. The remuneration for directors and supervisors from annual company earnings in accordance with the Articles of Incorporation.

**Article 3.** The amount and method of distribution of the remuneration of directors and supervisors

1. Transportation fare: NT\$6,000 dollars per meeting. It is determined on the basis of the actual attendance and shall be paid after each meeting.
2. Attendance fare: NT\$6,000 dollars per meeting. It is determined on the basis of the actual attendance (including attendance via video conferencing) and shall be paid after each meeting.
3. The board of directors is authorized to provide remuneration for independent directors and independent supervisors in the form of a fixed salary, rather than distributions from the company earnings. The fixed salary shall not more than NT\$50,000 dollars per month.
4. The board of directors is authorized to provide business implementation expense for directors and supervisors based on the contents of executive business in accordance with the Articles of Incorporation.
5. The remuneration of directors and supervisors (excluding independent directors and independent supervisors) from distributed earnings, adopted by the shareholders meeting, shall be determine by following methods:
  - (1) 1 basis point for each director and supervisor. For the directors and supervisors are elected within 1 year, the basis point is calculated based on the proportion of the period of serving. For the directors and supervisors resign during the year of distribution, he or she will not include in scoring (re-election are exempted from this restriction).
  - (2) The chairman of the board gains an additional 0.5 basis points.
  - (3) The directors and supervisors gain an additional 0.5 basis points if he or she offers endorsements / guarantees for company during the year of distribution.
  - (4) The amount of remuneration for each director and supervisor: Total basis points of each director and supervisor divided by total basis points of all directors and supervisors, and multiply the total amount of remuneration of directors and supervisors adopted by the shareholders meeting.

**Article 4.** The board of directors is authorized to implement this regulation after it is approved by the shareholders meeting. The same procedure shall be applicable to any amendment hereof.

## Appendix 9: Shareholding of Directors

1. As of April 2, 2016, the company's registered capital is NT\$720,000,000, the issued capital of the Company is NT\$473,358,190, the issued 47,335,819 common shares.
2. 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 3,786,865 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.
3. As of April 2, 2016, the actual collective shareholdings of directors were shown as below:

Position	Name	Date elected	Term (Years)	Directors	
				Shares	Shareholding ratio (%)
Chairman	Liang, Chin-Li	104.05.18	3	1,670,688	3.53%
Directors	Yang, Jung-Tang	104.05.18	3	884,495	1.87%
Directors	Kao, Hsin-Ming	104.05.18	3	1,240,662	2.62%
Directors	Hu, Tai-Tsen	104.05.18	3	1,101,401	2.33%
Independent Director	Yeh, Hui-Hsin	104.05.18	3	3,000	0.01%
Independent Director	Wang, Mao-Rong	104.05.18	3	8,000	0.02%
Independent Director	Yang, Qian	104.05.18	3	0	0.00%
combined shareholding of all directors				4,908,246	10.38%

## Appendix 10: Directors and employees compensation

Unit : NTDS\$

Items	The Board adopted a proposal(A)	already expensed under the Company's 2015 income statements(B)	DIF (A-B)	Difference reason and dealing with the situation
Employees' stock compensation	0	0	0	No different
Employees' cash compensation	42,432,773	42,432,773	0	
Directors' compensation	21,216,387	21,216,387	0	



## **Appendix 11: 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 that the shareholders can submit proposals to be discussed at the meeting on the Market Observation Post System. The period is March 18, 2016 to March 28, 2016.
  - (3) The company had not received any proposals from shareholders.
  
2. Influence of Proposed Stock Dividend Distribution upon 2015 Operating Performance and Earnings Per Share :

The company proposed to distribute cash dividend, so it is not applicable.