



Acter Co., Ltd.

2019 Annual General Shareholders' Meeting Minutes

Time : 09:00 a.m on Wednesday, 29 May, 2019

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

Total outstanding Acter shares : 54,202,742 shares

Total shares represented by shareholders present in person or by proxy : 35,110,020
shares (7,082,067 shares were voted electronically)

Percentage of shares held by shareholders present in person or by proxy : 64.77%

Chairman : Liang, Chin-Li

Recorder : He, Sin-Wen

Attendee : Yang, Jung-Tang, Director

Hu, Tai-Tsen, Director

Yeh, Hui-Hsin, Independent Director (Convener of Audit Committee and
member of Remuneration Committee and Nominating Committee)

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

Attending as Delegates : Lai, Ming-Kun, President

Wang, Chun-Sheng, President

Tsao, Yun-Han, CFO

Chang, Tzu-Hsin, CPA

Yang, Hui-Chi, Attorney

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

2. Chairperson Remarks : (omitted)

3. Management Presentations

Report No. 1 : To report the distribution of 2018 employee and director compensation. (Proposed by the Board of Directors)

Explanation :

- (1) The Board of Directors resolved that when distributing the surplus profits for each fiscal year, the company shall first offset its losses of previous years and set not less than three percent of the profit before tax excluding the amount of employees' and directors' compensation as compensation to employees; and then set not more than five percent of the profit before tax excluding the amount of employees' and directors' compensation as compensation to directors. Independent directors shall be excluded from distribution.
- (2) The company proposed to allocate 6% for employee compensation (not less than 3%) in the amount of NTD 81,757,295. It also planned to allocate 3% for the remuneration of directors (not higher than 5%) in the amount of NTD 40,878,647.

Report No. 2 : 2018 Business Report. (Proposed by the Board of Directors)

Explanation : The 2018 Business Report is attached as Attachment 1 and Attachment 2.

Report No. 3 : Audit Committee's Review Report of 2018 Financial Statements. (Proposed by the Board of Directors)

Explanation : The 2018 Audit Committee's Review Report is attached as Attachment 3.

Report No. 4 : To report the execution of the plan that the company proposes to offer to buy within 15% shares of directly or indirectly reinvestment companies by high-performance employees.

Explanation : On February 23, 2018, Board of the company approved the releasing within 15% shares of Sheng Huei (Suzhou) Company to the partnership enterprise formed by the staff of Sheng Huei (Suzhou) Company. The share releasing has been completed on Aug. 1, 2018. 13.337% shares were released.

4. Proposals

Proposal No. 1 : Adoption of the 2018 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. 26, 2019 and examined by the Audit Committee of Acter Company.
- (2) The 2018 Business Report, independent auditors' report, and the above-mentioned Financial Statements are attached in the Meeting Agenda as Attachment 1 and Attachment 2.

Voting Results : Sharers represented at the time of voting : 35,110,020 votes

Type	Votes in favor	Votes against	Votes invalid	Votes abstained
votes casted by correspondence	28,012,753	0	0	15,200
votes casted electronically	5,793,938	8,644	0	1,279,485
Total	33,806,691	8,644	0	1,294,685

Shares voted for the proposal represented 96.28% of the total represented shares present at the time of voting.

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

Proposal No. 2 : Adoption of the Proposal for Distribution of 2018 Profits.
(Proposed by the Board of Directors)

Explanation :

- (1) Please refer to the 2018 Profit Distribution Table as follows.

Acter Co., Ltd.
PROFIT DISTRIBUTION TABLE
Year 2018

Unit : NTD

Beginning retained earnings	804,100,653
Add: Adjustments for adopting of IFRS	65,535,470
Adjusted beginning retained earnings(IFRS)	869,636,123
Add: net profit after tax	1,049,019,542
Less: 10% legal reserve(2018)	104,901,954
Less: Defined benefit plans	4,708,933
Less: Special reserve appropriated	12,249,175
Distributable net profit	1,796,795,603
Distributable items:	
Cash Dividend to shareholders(15 per share)	813,041,130
Stock Dividend to shareholders (0 per share)	-
Unappropriated retained earnings	983,754,473

- (2) When distributing cash dividends, the total amount paid to each shareholder shall be in whole NT dollars and any fractional amount less than one NT dollar shall be rounded up to the next NT dollar. The resulting difference shall be recognized as a Company expense.
- (3) If the cash dividend payout ratio is affected as a result of changes to the Company's outstanding shares due to any reason before the distribution record date and needs to be revised, it is proposed that the Chairman would be fully authorized to handle such matter.
- (4) Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to determine the ex-dividend date and other relevant issues.

Voting Results : Sharers represented at the time of voting : 35,110,020 votes

Type	Votes in favor	Votes against	Votes invalid	Votes abstained
votes casted by correspondence	28,012,753	0	0	15,200
votes casted electronically	5,763,439	138,644	0	1,179,984
Total	33,776,192	138,644	0	1,195,184

Shares voted for the proposal represented 96.20% of the total represented shares present at the time of voting.

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

5. Discussion

Proposal No. 1 : Discussion on the proposal to amend “Articles of Incorporation.”

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 Attachment 4 for details.

Voting Results : Sharers represented at the time of voting : 35,110,020 votes

Type	Votes in favor	Votes against	Votes invalid	Votes abstained
votes casted by correspondence	28,012,753	0	0	15,200
votes casted electronically	5,884,835	8,648	0	1,188,584
Total	33,897,588	8,648	0	1,203,784

Shares voted for the proposal represented 96.54% of the total represented shares present at the time of voting.

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

Proposal No. 2 : Discussion on the proposal to amend “Procedure for Acquisition or Disposal of Assets,” “Endorsement and Guarantee Procedure,” and “Procedures for Loaning of Company Funds.” (Proposed by the Board of Directors)

Explanation :

- (1) In order to conform to the amendments of related commercial laws, the company hereby proposes to amend “Procedure for Acquisition or Disposal of Assets,” “Endorsement and Guarantee

Procedure,” and “Procedures for Loaning of Company Funds.”

(2) Please refer to Attachment 5~7 for details.

Voting Results : Sharers represented at the time of voting : 35,110,020 votes

Type	Votes in favor	Votes against	Votes invalid	Votes abstained
votes casted by correspondence	28,012,753	0	0	15,200
votes casted electronically	1,100,224	4,793,259	0	1,188,584
Total	29,112,977	4,793,259	0	1,203,784

Shares voted for the proposal represented 82.91% of the total represented shares present at the time of voting.

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

Proposal No. 3 : Discussion on the proposal that the company’s subsidiary Sheng Huei (Suzhou) Engineering Co, Ltd. will apply for IPO of CNY ordinary shares (A-shares) in China. (Proposed by the Board of Directors)

Explanation :

(1) The purpose of having a major subsidiary listed in an overseas stock exchange

With the aims of expanding China and international business, attracting and motivating local talents, increasing the company’s reputations and enhancing its global competitiveness, the company’s subsidiary Sheng Huei (Suzhou) Engineering Co, Ltd. (hereinafter referred to as “Sheng Huei (Suzhou) Company”) is planning to apply for listing in China. Currently, the company holds, directly or indirectly is 86.663% of the shares of Sheng Huei (Suzhou) Company. The successful listing of this subsidiary is expected to bring positive effects to the image and business development of the company and create added value to its reinvestments. This would be a win-win strategy for the company and all its shareholders.

(2) Potential influence to the company's financial and business management

I. Influence to financial management

i. The listing of the A-shares issued by Sheng Huei (Suzhou) Company is expected to increase the shareholders' equity of the company. Due to the improvement of the market status of Sheng Huei (Suzhou) Company, the expansion of the electrical and mechanical engineering business of the clean room in China will be conducive to increase the net profit attributable to the company.

ii. Improve the financial structure and reduce relevant expenses

The listing of the A-shares issued by Sheng Huei (Suzhou) Company, if successful, will help the company build up and diversify its funding sources in China through the local subsidiary. This will effectively lower down the capital costs and reduce financial expenses.

iii. The public offering and listing will not involve any share transfer among the existing shareholders

After this public offering, the company shall retain its control over Sheng Huei (Suzhou) Company. The stocks to be listed this time, furthermore, are issued through public offering of new shares.

II. Influence to business development

i. The listing of the A-shares issued by Sheng Huei (Suzhou) Company will further elevate the image of the company in the local society, attract talents and enhance the stability of key employees through retention incentives such as employee stock option programs. These would be helpful for the company to develop the group business.

ii. If the A-shares are successfully listed this time, Sheng Huei (Suzhou) Company will be able to reinvest the funds

raised and copy the successful model to develop its China market, further increase its productivity and build up its R&D dynamics. This will help raise the competitive threshold for the industry, increase the existing value advantage of the company and bring in higher profits.

(3) Proposed changes in the organizational structure and business

The organizational structure and business will be the same as now. There is no expected adjustment in the future.

(4) Impact of the proposed changes in the organizational structure and business on the company

The organizational structure and business will be the same as now. There is no expected effect in the future.

(5) Dispersion of Shareholding

Sheng Huei (Suzhou) Company intends to have its initial public offering of CNY-denominated Common Stocks (A-shares) and apply for listing in China. The par value will be CNY 1. In accordance with relevant regulations of the place of listing, the shares shall be dispersed through the following methods:

I. Methods of Dispersion

Public offering will be conducted. More specifically, new shares will be issued and no transfer of existing shares of the company will be involved. Online and offline administration will be integrated, including offline enquiry and allotment of shares to the enquiry objects, as well as online subscription and issuance. The issuance may be administered in other methods approved by the China Securities Regulatory Commission.

II. Number of shares to be issued for this public offering

According to relevant regulations at the place of listing, the total number of shares issued shall exceed 25% of the total capital after the issuance. The actual number of shares to be

issued shall be subject to the approval of the China Securities Regulatory Commission. If the listing of the A-shares has been approved as expected, before administering ownership dispersion prior to the listing, Sheng Huei (Suzhou) Company will solicit the written opinion of an independent expert in advance regarding the reasonableness of the issuing price and volume, and the influence to the shareholders' equity. The expert opinions shall be submitted to the Audit Committee Meeting of the company for review and further reported to the Board of Directors for discussion.

III. Estimated reduction in shareholding (or capital contribution) ratio

Sheng Huei (Suzhou) Company intends to have its initial public offering of CNY-denominated Common Stocks (A-shares) and apply for listing in China. New shares will be issued and no transfer of existing shares of the company. According to relevant regulations at the place of listing, the targets of the new issuance shall be the enquiry objects whom fulfill the qualifications specified in relevant laws and regulations of China or required by the supervisory authorities, or investors meet the requirements of the China Securities Regulatory Commission. The company shall not participate in the subscription. The company's shareholding ratio is expected to be 64.997% after the issuance of new shares.

(6) Funding sources and purposes of this public offering

According to relevant regulations at the place of listing, the purposes of the fund raising through this public offering are to enhance the company's competitiveness and provide additional working capital.

(7) Basis of price determination

According to relevant regulations at the place of listing, the price shall be determined by sending enquiries to the enquiry objects.

The issuing price shall be determined based on the results of enquiries and the market status. Alternatively, the issuing price shall be the price eventually approved by the China Securities Regulatory Commission.

(8) Targets of the new issuance

According to relevant regulations at the place of listing, the targets of the new issuance shall be the enquiry objects that fulfill the qualifications specified in relevant laws and regulations of China or required by the supervisory authorities, or investors meeting the requirements of the China Securities Regulatory Commission. The company shall not participate in the subscription.

(9) The influence, if any, on the continued listing of the company in Taiwan's stock market.

The successful listing of the A-shares of Sheng Huei (Suzhou) Company will not affect the continued listing of the company in Taiwan's stock market.

(10) Other matters

Considering the long-term development of its business, Sheng Huei (Suzhou) Company intends to apply to the competent authority in China for the initial public offering and listing of its A-shares. Sheng Huei (Suzhou) Company, however, has not yet submitted the application so far. With regard to the timing and the lead time required for the application, there is still some uncertainty and unpredictability.

- I. According to the relevant regulations in China and the requirements of the China Securities Regulatory Commission, the company should avoid any horizontal competition with Sheng Huei (Suzhou) Company and its holding companies. Consider the company's operation situation, the listing of

Sheng Huei (Suzhou) Company is expected to bring significant positive effects to the company, including increase the company's reputation and use the market capitals attracted by Sheng Huei (Suzhou) Company to expand the market share in China . The company is agreed to have an "Avoiding Horizontal Competition Agreement" with Sheng Huei (Suzhou) Company to comply with the relevant regulations in China and the requirements of the China Securities Regulatory Commission. After the public offering, the company retains its holding with Sheng Huei (Suzhou) Company.

- II. Considering that Sheng Huei (Suzhou) Company will have its initial public offering of CNY-denominated (A-shares) and submit the application for public listing in China, we propose that the shareholders' meeting should grant to the board of directors or its designated personnel the full authority to make necessary adjustments based on the actual requirements in the listing process, the opinions of relevant competent authority, the regulations, the market conditions, and the actual business status of the place of listing. The board of directors or its designated personnel shall have the full authority to manage all the matters relating to the listing, including but not limited to engaging professional advisers, determining the issuing terms, issuing time, issuing amount, issuing counterparty, issuing method, pricing methodology, issuing price (including price range and final price), base date, strategic allocation (if any), use of fund raising, modifying and sign the Horizontal Agreement, commitment letter of stable stock price, other commitment letters and documents, and conducting any other matters in connection with the listing.
- III. This proposal will not be terminated before completion or other resolutions are obtained.

Voting Results : Sharers represented at the time of voting : 35,110,020 votes

Type	Votes in favor	Votes against	Votes invalid	Votes abstained
votes casted by correspondence	28,012,753	0	0	15,200
votes casted electronically	5,761,930	133,703	0	1,186,434
Total	33,774,683	133,703	0	1,201,634

Shares voted for the proposal represented 96.19% of the total represented shares present at the time of voting.

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

6. Questions and Motions

7. Adjournment : The meeting were adjourned at 9:45 a.m.

Chairman : Liang, Chin-Li



Recorder : He, Sin-Wen



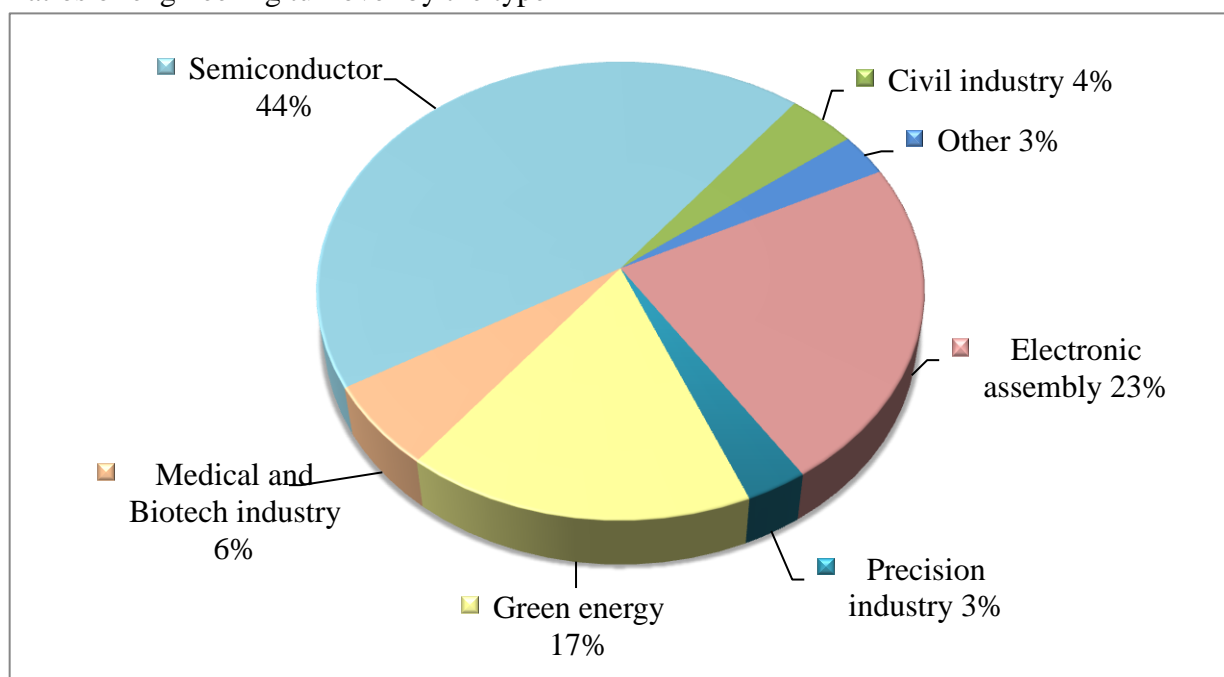
Attachment 1: Business Report

Acter Co., Ltd. 2018 Business Report

1. 2018 Business results

(1). Business plan implementation results

The expansions of China's semiconductor and photovoltaic industries have driven the development of upstream and downstream industries as well as peripheral industries, creating a good sales environment for Acter. The environment have benefited Acter and contributed to its overall revenue performance and growth, hitting a record-high. Consolidated revenue of 2018 achieves NTD 14.2 billion, 24.33% increase compared to last year. In terms of profitability, the net profit after tax reached NTD 1,048 million, attaining 24.56% growth compared to last year. Ratios of engineering turnover by the type



Unit : In thousands of New Taiwan Dollars

Items	2018	2017	%
Operating revenue	14,220,653	11,437,682	24.3
Operating cost	11,684,474	9,393,813	24.4
Gross profit	2,536,179	2,043,869	24.1
Operating expenses	814,561	667,137	22.1
Operating income	1,721,618	1,376,732	25.1
Non-Operating income and expenses	117,428	(85,179)	(237.9)
Income before income taxes	1,839,046	1,291,553	42.4

(2). State of budget implementation

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

(3). Financial structure and profitability

Items		2018
Financial structure	Ratio of liabilities to assets (%)	54.31
	Ratio of long-term capital to fixed assets (%)	1,404.40
Solvency	Current ratio (%)	183.95
	Quick ratio (%)	150.24

Items		2018	
Profitability	Return on total assets (%)	10.96	
	Return on stockholders' equity (%)	25.39	
	Ratio to issued capital (%)	Operating income	317.62
		Pre-tax income	339.29
	Profit ratio (%)	8.96	
Earnings per share (\$)	19.52		

(4).Research and development

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

I. Solvent Recycling Outsourcing Business

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

II. Concentration Control System for Chemical Liquid

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

III. New Type Electronic-grade Chemicals Supply System

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

IV. Modular Design and Planning of Large Desalinators

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

V. Biotech Industry

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

The standard SIA operating procedure researched and developed by the Quality Control Department applies to projects during the design stage. Quality control engineers and system engineers apply the standard SIA operating procedure while performing internationally approved assessments of all systems involved in biotech pharmaceutical projects comprehensively. By successfully implementing the standard SIA operating

procedure, it helps set a clear goal while biotech pharmaceutical projects are being qualified, which not only saves the manpower and time needed for a project but also perfects the qualification logic for biotech pharmaceutical projects.

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

VI. Development of developer recovery and reuse system

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

VII. Continued Developments in Respective Engineering Aspects

- Electrical and mechanical engineering:
 - a. The BIM (Building Information Modeling) technology is employed to enhance technical capacity for space management, solve engineering pipeline construction collision problems, improve accuracy of construction, and reduce the loss of construction materials and manpower waste caused by repeated pipeline modifications. This will help improve project quality and achieve shorter construction period.
 - b. A research and development cooperation between the industry and universities was formed for the production of aseptic wet stencils. To reduce micro-contamination of clean production line products caused by large amounts of air outside the plant, high-tech facilities adopt wet template rinsing systems to remove or reduce damage. However, general wet template can easily cause a large amount of bacteria to breed and survive in an environment with high temperature and high humidity. The research and development of a rinsing mechanism for sterile wet template can simultaneously solve the problem of micro-molecular contamination on the product and reduce risks for operators.
 - c. Taking advantage of night-time off-peak hours to run the refrigerant compressor and produce ice. When the compressor is running and the brine water temperature is below 0°C, water inside the tank and container will experience phase changes and freeze in order to store lots of latent heat. The stored ice will then melt to release cold energy during the day when power utilization reaches the peak to satisfy the air-conditioning load demand and accomplish the goal of reducing the uptime of the compressor. By shifting air-conditioning power consumption from peak hours to off-peak ones, it successfully transfers peak air-conditioning load during the day and reduce electricity bills accordingly.
- Special engineering: Taking advantage of air pressure differences between outdoors and indoors; the surrounding outdoor air will only flow toward the negative pressure area indoors because of the characteristic that air is flowing from a high pressure area to a lower one. Negative pressure is an important protection mechanism that blocks an area from an outside environment; it is often used as a means to control air dispersion as it helps ensure that air flows toward an anticipated direction. ACTER successfully applied the negative pressure technology to help hospitals configure isolated negative-pressure patient wards.

- Bio-tech engineering: PIC/S GMP standards have more rigid requirements for clean rooms configured in pharmaceutical manufacturing facilities; they differ from existing cGMP standards in Taiwan the most in facilities and operations that help prevent against cross contamination.
- Clean room engineering: ACTER helps businesses complete clean room engineering by controlling the temperature, humidity, airflow, air pressure, and particles of indoor air along with indoor illumination and dust-free building materials.
- Ultra-high building engineering: Taking advantage of separation through the turn layer to successfully reduce the pressure resistance level of pipeline, increase operation stability and security, and significantly cut the overall engineering cost.
- Livelihood engineering: Using air-conditioning waste heat and heat source from outdoor air as the hot water usage in life and achieving the reduction of equipment by eliminating the boiler system. In addition to assisting companies in reducing the equipment costs, it can also reduce fuel usage and lower CO2 emissions.
- Manufacturing process engineering: It is merging cold source supply system through deeply understanding the manufacturing process system to effectively elevate the system utilization rate.
- Green energy engineering: Selected systems with high performance and low energy-consumption and applied them in the production environment. Using methods such as installing variable-frequency drives and special insulation designs, the demand for electricity was reduced. Renewable energy is used to assist customers in achieving the effect of saving energy.
- Construction automation: The adoption of steel reinforcement cages enhances structural accuracy as well as construction quality and shortens construction period.

2. Summary of business plan for 2019

(1).Business strategy

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

- I. Strengthen corporate governance and enhance enterprise culture
- II. Rooting deeply in this industry and continuing to carry out a diverse, multi-project integrated engineering service
- III. Maintain constant contact with current customers from mainland China and Southeast Asia, develop new customers, create multi-regional business, and improve investment efficiency
- IV. Cooperate with international partners and continuously expand the scope of its professional service in biological, pharmaceutical, medical industries and desalination, and deepening of the professional technical capabilities such as green energy and environmental protection.
- V. Combine the professional manufacturing processes of gas and chemical supply systems in the treatment of liquid waste and solvent waste to create a new generation engineering integration technology and Earth-friendly technology
- VI. Recruiting more diverse talents and actively training management teams

(2).Expected sales volume and basis for estimates

Acter is a professional manufacturer that applies system integration. For over 40 years, it has provided services which cover cleanrooms, air conditioning, electrical machinery, chemical engineering as well as control and instrument, equipment installation, etc., with the support of

its strong and reliable multi-disciplinary and elite engineering team. Aside from its strength and advantage, Acter aims to keep pace with the request of customers. It caters to the needs of clients through constant communication and by establishing brand value and competitive advantage via innovative technology and high quality services.

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

3. 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 diverse application of its core technology
- (2). Initiate projects that offer professional advantages and building a comprehensive marketing service system
- (3). Gain foothold in Chinese and Southeast Asian markets while expanding its vision to include international markets
- (4). Develop an environmental, energy-saving, and green system in fulfillment of its duty as a global citizen
- (5). Integrate a diversified technology and pursue an innovative engineering method that expands versatile application of its core competence
- (6). Continuing to root deeply in the technology, biotechnology, livelihood, petrochemical, and other industries

4. Major production and sales policies

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

With respect to its manufacturing-retail policy, the company shall utilize its advantage, while considering the needs of its customers in order to maintain existing clients, acquire new ones, and enter new industries. It also aims to meet environmental requirements through energy saving and carbon reduction measures in the biopharmaceutical industry and other businesses in order to maintain business volume and achieve stable growth and profit. With regard to engineering, the

company shall continuously improve and manage all kinds of projects in order to create value and provide comprehensive solutions for its customers. As for financial considerations, it shall apply proper financial risk control strategies in handling customers and accelerate the collection rate of accounts receivable.

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

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

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

In the business environment, global growth is expected to slow to 2.9% in 2019 according to the World Bank's global outlook. Growth in China is expected to slow to 6.2% and Indonesia's growth is expected to hold steady at 5.2%. In addition, due to the increasing of US-China trade war and China's requirements of environmental protection, many manufacturers of Taiwan have begun to consider about homecoming investments or construction of new plants in Southeast Asia. As Acter's business covers multiple industries, except for the semiconductor industry and the photovoltaic panel industry, other industries also have considerable demand for plant and capital expenditures. In general, although the global economy tends to be conservative, Acter will continuously focus on cross-strait and international economic issues while maintaining its professional capabilities through its multi-industry, multi-regional and multi-skills strategic advantages and actively expanding its Chinese and Southeast Asian markets in search of new clients in order to achieve better growth and development.

6. Corporate Social Responsibility

There is no end for pursuing corporate sustainability and fulfilling corporate social responsibilities. Becoming stronger and more sophisticated will make a company more competent, complete and being able to contribute to shareholders, employees, society and environment. Creating a platform for the youth is to reach our goal of "becoming better" than "being good". Starting from design with "Protecting the Earth, Reducing Energy Consumption" as the appeals, striving to reduce operating costs for industries, raising efficiency, and enhancing the overall competitiveness of the industries; meanwhile, raising energy usage efficiency, reduce waste, decrease the burden of the Earth, and guard our living environment. From needs assessment survey, concept design, benefit analysis, spatial planning, material evaluation, valuation, lean engineering, system debugging, and operations to concern, we implement each at every one of the steps so as to achieve the demands and targets and to fulfill the duty as a global citizen, providing the optimum balance for the teams, customers, environment, and suppliers, and doing meaningful work.

In addition, the company is dedicated to managing and promoting its corporate culture. It initiates industry-university cooperative research projects to cultivate young talents and provide opportunities for students. It also introduces a mentoring program that trains newcomers in the academe, creating opportunities for growth. The company also utilizes professional and core skills

to design projects that help conserve energy. It uses high-efficiency equipment for the benefit of its clients. It also participates in socially relevant activities such as emergency support and campaign to encourage reading which can benefit society and the community while enabling the company to achieve sustainable development.

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

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

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

Chairman: Liang, Chin-Li

Lai, Ming-Kun

General Manager:

Wang, Chun-Sheng

Accounting Supervisor : Tsao, Yun-Han

Attachment 2: 2018 Independent Auditors' Report and Financial Statements

Independent Auditors' Report

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

Opinion

We have audited the financial statements of Acter Co., Ltd. (“the Company”), which comprise the balance sheets as of December 31, 2018 and 2017, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

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

Description of key audit matter

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

How the matter was addressed in our audit

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

2. Assessment of impairment of receivables

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

Description of key audit matter

The recoverability of the Company's receivables is closely related to its business cycle and its customers' operating situation. The Company's management estimates the impairment for receivables by assessing each customer's financial status and historical collection record. Impairment of receivables involves judgment and estimation uncertainty of the Company's management. Consequently, impairment of receivables is one of the key matters for our audit.

How the matter was addressed in our audit

Our principal audit procedures included: testing related internal control of accounts receivable; reviewing the collection of notes and accounts receivable during the subsequent period; evaluating Acter's assumption of impairment by performing receivables aging analysis and reviewing the historical collection record, comparing the allowance for impairment and actual unrecoverable receivables to assess the adequacy of allowance for impairment in order to assess whether the impairment is fairly presented.

3. Provisions

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

Description of key audit matter

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

How the matter was addressed in our audit

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investments accounted for using equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2019

Notes to Readers

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

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

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

ACTER CO., LTD.

Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2018		December 31, 2017		Liabilities and Equity		December 31, 2018		December 31, 2017	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a)and(x))	\$ 1,235,082	19	883,359	16	2130	Current contract liabilities (note 6(s)and7)	524,744	8	-	-
1110	Current financial assets at fair value through profit or loss (note 6(b)and(x))	163,697	3	-	-	2150	Notes payable (note 6(x))	2,950	-	2,098	-
1125	Current available-for-sale financial assets (note 6(d)and(x))	-	-	76,837	1	2170	Accounts payable (note 6(x))	834,955	13	794,789	14
1140	Current contract assets (note 6(s))	492,538	8	-	-	2180	Accounts payable to related parties (note 6(x)and7)	1,209	-	16,405	-
1150	Notes receivable, net (note 6(e)and(x))	60,964	1	32,541	1	2190	Construction contracts payable (note 6(g)and7)	-	-	227,635	4
1170	Accounts receivable, net (note 6(e)and(x))	617,721	10	741,812	14	2201	Accrued salaries and bonuses	137,215	2	120,073	2
1180	Accounts receivable to related parties, net (note 6(e),(x)and7)	31,724	-	48,724	1	2220	Other payable to related parties (note 7)	-	-	101,472	2
1190	Construction contracts receivable (note 6(g)and7)	-	-	655,450	12	2230	Current income tax liabilities	75,841	1	36,441	1
1200	Other receivables (note 6(f)and(x))	1,296	-	74,094	1	2250	Current provisions (note 6(m)and(x))	40,828	1	30,844	1
1210	Other receivables to related parties (note 6(f)and(x))	24,549	-	19,609	-	2399	Other current liabilities and accrued expenses (note 9)	172,583	3	135,779	2
1461	Non-current assets held for sale (note 6(h))	51,400	1	-	-			<u>1,790,325</u>	<u>28</u>	<u>1,465,536</u>	<u>26</u>
1476	Other current financial assets	289,424	5	5,050	-		Non-Current liabilities:				
1479	Other current assets	27,125	-	25,286	1	2570	Deferred tax liabilities (note 6(o))	222,273	4	132,474	3
		<u>2,995,520</u>	<u>47</u>	<u>2,562,762</u>	<u>47</u>	2640	Non-current provisions for employee benefits (note 6(n))	20,229	-	19,388	-
	Non-current assets:					2645	Guarantee deposits received	84	-	314	-
1521	Non-current financial assets at fair value though other comprehensive income (note 6(c))	3,177	-	-	-			<u>242,586</u>	<u>4</u>	<u>152,176</u>	<u>3</u>
1523	Non-current available-for-sale financial assets, net (note 6(d)and(x))	-	-	4,050	-		Total liabilities	<u>2,032,911</u>	<u>32</u>	<u>1,617,712</u>	<u>29</u>
1550	Investments accounted for using equity method (note 6(i))	3,009,740	47	2,502,125	46						
1600	Property, plant and equipment (note 6(k))	100,617	2	155,580	3		Equity attributable to owners of parent (note 6 (p)):				
1760	Investment property, net (note 6(l))	243,254	4	245,741	4	3100	Ordinary shares	542,028	5	471,529	8
1840	Deferred tax assets (note 6(o))	22,128	-	13,183	-	3200	Capital surplus	1,393,239	22	1,412,098	26
1990	Other non-current assets (note 6(d))	7,601	-	8,564	-	3300	Retained earnings	2,483,445	39	2,057,315	38
		<u>3,386,517</u>	<u>53</u>	<u>2,929,243</u>	<u>53</u>	3400	Other equity interest	(69,586)	(1)	(66,649)	(1)
							Total equity	<u>4,349,126</u>	<u>68</u>	<u>3,874,293</u>	<u>71</u>
	Total assets	<u>\$ 6,382,037</u>	<u>100</u>	<u>5,492,005</u>	<u>100</u>		Total liabilities and equity	<u>\$ 6,382,037</u>	<u>100</u>	<u>5,492,005</u>	<u>100</u>

See accompanying notes to financial statements.

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

ACTER CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

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

		2018		2017	
		Amount	%	Amount	%
Operating Revenues:					
4521	Construction revenue (note 6(g), (s), (t) and 7)	\$ 4,228,140	100	3,855,685	100
4529	Less: allowances	(3,200)	-	(1,465)	-
		<u>4,224,940</u>	<u>100</u>	<u>3,854,220</u>	<u>100</u>
4800	Other operating revenue (note 6(s), (t) and 7)	9,925	-	12,016	-
		<u>4,234,865</u>	<u>100</u>	<u>3,866,236</u>	<u>100</u>
Operating costs:					
5520	Construction cost (note 6(g), (n) and 7(b))	3,555,078	84	3,317,559	86
5800	Other operating costs	9,716	-	11,075	-
		<u>3,564,794</u>	<u>84</u>	<u>3,328,634</u>	<u>86</u>
	Gross profit from operations	<u>670,071</u>	<u>16</u>	<u>537,602</u>	<u>14</u>
Operating expenses(note 6(n)):					
6100	Selling expenses	22,474	1	23,556	1
6200	Administrative expenses	184,376	4	159,351	4
6450	Expected credit loss	7,143	-	-	-
		<u>213,993</u>	<u>5</u>	<u>182,907</u>	<u>5</u>
	Net operating income	<u>456,078</u>	<u>11</u>	<u>354,695</u>	<u>9</u>
Non-operating income and expenses:					
7050	Finance costs	(1)	-	(2)	-
7010	Other income (note 6(v))	28,453	1	23,971	1
7070	Shares of loss of associates accounted for using equity method, net	752,482	18	558,500	14
7020	Other gains and losses, net (note 6(v))	2,974	-	(5,595)	-
		<u>783,908</u>	<u>19</u>	<u>576,874</u>	<u>15</u>
	Profit before income tax	<u>1,239,986</u>	<u>30</u>	<u>931,569</u>	<u>24</u>
7950	Less: Income tax expense (note 6(o))	<u>190,966</u>	<u>5</u>	<u>89,415</u>	<u>2</u>
	Profit	<u>1,049,020</u>	<u>25</u>	<u>842,154</u>	<u>22</u>
8300	Other comprehensive income (loss):				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements effects on defined benefit plans (note 6(n))	(1,736)	-	(1,237)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(w))	(873)	-	-	-
8330	Share of loss (profit) of associates and joint ventures accounted for using equity method though other comprehensive income, net, that may not be reclassified to profit or loss	(2,973)	-	(3,658)	-
8349	Income tax related to components of other comprehensive income that may not be reclassified to profit or loss	-	-	-	-
		<u>(5,582)</u>	<u>-</u>	<u>(4,895)</u>	<u>-</u>
8360	Items that will be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	(13,536)	-	(17,402)	-
8362	Net change in fair value of available-for-sale financial assets (note 6(w))	-	-	1,936	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(o))	2,898	-	2,958	-
		<u>(10,638)</u>	<u>-</u>	<u>(12,508)</u>	<u>-</u>
8300	Other comprehensive income, net of tax	<u>(16,220)</u>	<u>-</u>	<u>(17,403)</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 1,032,800</u>	<u>25</u>	<u>\$ 824,751</u>	<u>22</u>
Profit, attributable to:					
Comprehensive income attributable to:					
9750	Basic earnings per share(In new Taiwan dollars) (note 6(r))	<u>\$ 19.52</u>		<u>15.76</u>	
9850	Diluted earnings per share(In new Taiwan dollars) (note 6(r))	<u>\$ 18.98</u>		<u>15.39</u>	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

ACTER CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Other equity interest					Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Others	Total Other equity interest	
Balance at January 1, 2017	\$ 472,369	1,071,656	385,094	36,888	1,175,969	1,597,951	(38,155)	-	(5,898)	(34,798)	(78,851)	3,0363,125
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	43,628	-	(43,628)	-	-	-	-	-	-	-
Special reserve	-	-	-	7,164	(7,164)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(377,895)	(377,895)	-	-	-	-	-	(377,895)
	472,369	1,071,656	428,722	44,052	747,282	1,220,056	(38,155)	-	(5,898)	(34,798)	(78,851)	2,685,230
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	41,716	-	-	-	-	-	-	-	-	-	41,716
Changes in ownership interest in subsidiaries	-	304,711	-	-	-	-	-	-	-	-	-	304,711
Share-based payment	(840)	(5,985)	-	-	-	-	-	-	-	24,710	24,710	17,885
	471,529	1,412,098	428,722	44,052	747,282	1,220,056	(38,155)	-	(5,898)	(10,088)	(54,141)	3,049,542
Profit for the year ended December, 31 2017	-	-	-	-	842,154	842,154	-	-	-	-	-	842,154
Other comprehensive income for the year ended December 31, 2017	-	-	-	-	(4,895)	(4,895)	(14,444)	-	1,936	-	(12,508)	(17,403)
Total comprehensive income	-	-	-	-	837,259	837,259	(14,444)	-	1,936	-	(12,508)	824,751
Balance at December 31, 2017	\$ 471,529	1,412,098	428,722	44,052	1,584,541	2,057,315	(52,599)	-	(3,962)	(10,088)	(66,649)	3,874,293
Balance at January 1, 2018	\$ 471,529	1,412,098	428,722	44,052	1,584,541	2,057,315	(52,599)	-	(3,962)	(10,088)	(66,649)	3,874,293
Effects of retrospective application	-	-	-	-	65,534	65,534	-	(4,700)	3,962	-	(738)	64,796
Balance at January 1, 2018 after adjustments	471,529	1,412,098	428,722	44,052	1,650,075	2,122,849	(52,599)	(4,700)	-	(10,088)	(67,387)	3,939,089
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	84,216	-	(84,216)	-	-	-	-	-	-	-
Special reserve	-	-	-	12,508	(12,508)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(612,986)	(612,986)	-	-	-	-	-	(612,986)
Stock dividends	70,729	-	-	-	(70,729)	(70,729)	-	-	-	-	-	-
	542,258	1,412,098	512,938	56,560	869,636	1,439,134	(52,599)	(4,700)	-	(10,088)	(67,387)	3,326,103
Changes in ownership interest in subsidiaries	-	(17,244)	-	-	-	-	-	-	-	-	-	(17,244)
Share-based payment	(230)	(1,615)	-	-	-	-	-	-	-	9,312	9,312	7,467
	542,028	1,393,239	512,938	56,560	869,636	1,439,134	(52,599)	(4,700)	-	(776)	(58,075)	3,316,326
Profit for the year ended December, 31 2018	-	-	-	-	1,049,020	1,049,020	-	-	-	-	-	1,049,020
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	(4,709)	(4,709)	(10,638)	(873)	-	-	(11,511)	(16,220)
Total comprehensive income	-	-	-	-	1,044,311	1,044,311	(10,638)	(873)	-	-	(11,511)	1,032,800
Balance at December 31, 2018	\$ 542,028	1,393,239	512,938	56,560	1,913,947	2,483,445	(63,237)	(5,573)	-	(776)	(69,586)	4,349,126

See accompanying notes to financial statements.

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

ACTER CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,239,986	931,569
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses (including investment property)	7,716	7,187
Amortization expenses	2,735	1,952
Expected credit losses / Provisions for bad debt expense	7,143	(2,930)
Share-based payments	7,467	17,885
Shares of loss (profit) of associates and joint ventures accounted for using equity method	(752,482)	(558,500)
Losses on disposal of property, plant and equipment	130	-
Gains on disposal of investment	-	(1,531)
Others	(1,879)	(792)
Total adjustments to reconcile profit (loss)	<u>(729,170)</u>	<u>(536,729)</u>
Changes in operating assets and liabilities:		
Increase in current financial assets at fair value through profit or loss	(90,196)	-
Decrease in current contract assets	162,912	-
Increase in notes receivable	(28,423)	(387)
Decrease in accounts receivable	116,948	180,109
Increase in construction contracts receivable	-	(206,265)
Decrease (increase) in other financial assets	(274,059)	28,230
Total changes in operating assets	<u>(112,818)</u>	<u>1,687</u>
Changes in operating liabilities:		
Increase in current contract liabilities	297,109	-
Increase (decrease) in notes payable	852	(249)
Increase (decrease) in accounts payable	24,970	(93,679)
Increase in construction contracts payable	-	23,287
Increase (decrease) in provisions	9,984	(1,236)
Increase (decrease) in other current liabilities	(48,421)	71,397
Total adjustments	<u>(557,494)</u>	<u>(535,522)</u>
Cash inflow generated from operations	682,492	396,047
Interest received	4,161	3,281
Income taxes paid	(67,814)	(48,401)
Net cash flows from operating activities	<u>618,839</u>	<u>350,927</u>
Cash flows from (used in) investing activities:		
Acquisition of available-for-sale financial assets	-	(34,000)
Proceeds from disposal of available-for-sale financial assets	-	52,579
Acquisition of investments accounted for using equity method	(26,052)	-
Acquisition of property, plant and equipment	(1,796)	(4,627)
Acquisition of intangible assets	(1,740)	(4,719)
Increase in other non-current assets	(32)	(783)
Dividends received	256,418	157,930
Net cash flows used in investing activities	<u>226,798</u>	<u>166,380</u>
Cash flows from (used in) financing activities:		
Decrease in guarantee deposits received	(230)	-
Cash dividends paid	(612,986)	(377,895)
Disposal of ownership interests in subsidiaries (without losing control)	119,302	-
Net cash flows from (used in) financing activities	<u>(493,914)</u>	<u>(377,895)</u>
Net increase in cash and cash equivalents	351,723	139,412
Cash and cash equivalents at beginning of period	883,359	743,947
Cash and cash equivalents at end of period	<u>\$ 1,235,082</u>	<u>883,359</u>

See accompanying notes to 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, 2018 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Acter Co., Ltd. and its Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Acter Co., Ltd.

Chairman: MR Liang

Date: February 26, 2019

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Acter Co., Ltd. (the “Company”) and its subsidiaries (the “Group”), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

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

Description of key audit matter

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

How the matter was addressed in our audit

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

2. Assessment of impairment of receivables

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

Description of key audit matter

The recoverability of the Group's receivables is closely related to its business cycle and its customers' operating situation. The Group's management estimates the impairment for receivables by assessing each customer's financial status and historical collection record. Impairment of receivables involves judgment and estimation uncertainty of the Group's management. Consequently, impairment of receivables is one of the key matters for our audit.

How the matter was addressed in our audit

Our principal audit procedures included: testing related internal control of accounts receivable; reviewing the collection of notes and accounts receivable during the subsequent period; evaluating the Group's assumption of impairment by performing receivables aging analysis and reviewing the historical collection record, comparing the allowance for impairment and actual unrecoverable receivables to assess the adequacy of allowance for impairment in order to assess whether the impairment is fairly presented.

3. Provisions

Please refer to Note 4(q) "Provisions", Note 5(c) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty: Recognition and measurement of provisions", Note 6(p) "Provisions", and Note 9(f) "Significant commitments and contingencies" to the consolidated financial statements.

Description of key audit matter

The Group estimates the future probability of warranty occurrence based on its historical experience. For the construction lawsuit which is still in trial, the Group also makes provisions for construction loss. Provisions for warranty involves judgment and estimation uncertainty of the Group's management. Consequently, provisions of warranty is one of the key matters for our audit.

How the matter was addressed in our audit

Our principal audit procedures included: comparing actual warranty expenses and provisions of warranty to assess the accuracy of estimation; considering the management's methods and data sources of estimating provisions and evaluating the possibility to change accounting estimates; assessing whether the provision is fairly presented and in accordance with related accounting standards; if the lawsuit of constructions is still in trial, the recoverable costs might depend on the result of the pending litigation, we will assess the provisions of construction loss in accordance with related recognition conditions.

Other Matter

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2018 and 2017, on which we have issued an unmodified opinion.

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

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

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

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2019

Notes to Readers

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

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

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

ACTER CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2018		December 31, 2017		Liabilities and Equity		December 31, 2018		December 31, 2017	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a)and(ab))	\$ 4,424,731	38	3,926,890	34	2100	Short-term borrowings (note 6(o)and(ab))	\$ 135,278	1	344,806	3
1110	Current financial assets at fair value through profit or loss (note 6(b)and(ab))	310,257	3	-	-	2130	Current contract liabilities (note 6(w))	1,718,930	15	-	-
1125	Current available-for-sale financial assets (note 6(d)and(ab))	-	-	198,460	2	2150	Notes payable (note 6(ab))	175,364	1	220,246	2
1140	Current contract assets (note 6(w))	1,079,944	9	-	-	2170	Accounts payable (note 6(ab))	2,761,469	23	2,627,433	23
1150	Notes receivable, net (note 6(e)and(ab))	323,497	3	156,038	1	2180	Accounts payable to related parties (note 6(ab)and 7)	396	-	381	-
1170	Accounts receivable, net (note 6(e)and(ab))	3,143,806	27	2,409,665	21	2190	Construction contracts payable (note 6(g))	-	-	764,337	6
1190	Construction contracts receivable (note 6(g))	-	-	1,543,171	13	2201	Accrued salaries and bonuses	301,655	3	254,228	2
1200	Other receivables (note 6(f)and(ab))	28,654	-	110,562	1	2230	Current income tax liabilities	170,007	1	108,630	1
1220	Current income tax assets	-	-	3,546	-	2250	Current provisions (note 6(p))	352,256	3	335,595	3
1310	Inventories, net (note 6(h))	321,315	3	1,653,559	14	2311	Advance sales receipts (note 6(q))	-	-	1,706,250	15
1461	Non-current assets held for sale (note 6(i))	51,400	-	-	-	2399	Other current liabilities and accrued expenses (note 9)	305,846	3	240,244	2
1476	Other current financial assets (note 8)	614,238	5	222,630	2			<u>5,921,201</u>	<u>50</u>	<u>6,602,150</u>	<u>57</u>
1479	Other current assets	594,347	5	461,630	4	Non-Current liabilities:					
		<u>10,892,189</u>	<u>93</u>	<u>10,686,151</u>	<u>92</u>	2570	Deferred tax liabilities (note 6(s))	428,151	4	241,328	2
Non-current assets:						2640	Non-current provisions for employee benefits (note 6(r))	49,841	-	45,458	-
1517	Non-current financial assets at fair value though other comprehensive income (note 6(c))	3,177	-	-	-	2645	Guarantee deposits received (note 6(ae))	84	-	314	-
1523	Non-current available-for-sale financial assets, net (note 6(d)and(ab))	-	-	4,050	-			<u>478,076</u>	<u>4</u>	<u>287,100</u>	<u>2</u>
1550	Investments accounted for using equity method (note 6(j))	811	-	796	-	Total liabilities		<u>6,399,277</u>	<u>54</u>	<u>6,889,250</u>	<u>59</u>
1600	Property, plant and equipment (note 6(m))	417,228	4	401,971	4	Equity attributable to owners of parent (note 6 (t)):					
1760	Investment property, net (note 6(n))	243,254	2	245,741	2	3100	Ordinary shares	542,028	5	471,529	4
1840	Deferred tax assets (note 6(s))	152,661	1	142,511	2	3200	Capital surplus	1,393,239	12	1,412,098	12
1985	Long-term prepaid rents	33,027	-	34,590	-	3300	Retained earnings	2,483,445	21	2,057,315	18
1990	Other non-current assets (note 6(d) and 8)	38,442	-	37,961	-	3400	Other equity interest	(69,586)	(1)	(66,649)	-
		<u>888,600</u>	<u>7</u>	<u>867,620</u>	<u>8</u>		Total equity attributable to owners of parent	<u>4,349,126</u>	<u>37</u>	<u>3,874,293</u>	<u>34</u>
						36XX	Non-controlling interests (note 6(l))	<u>1,032,386</u>	<u>9</u>	<u>790,228</u>	<u>7</u>
						Total equity		<u>5,381,512</u>	<u>46</u>	<u>4,664,521</u>	<u>41</u>
Total assets		<u>\$ 11,780,789</u>	<u>100</u>	<u>11,553,771</u>	<u>100</u>	Total liabilities and equity		<u>\$ 11,780,789</u>	<u>100</u>	<u>11,553,771</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

ACTER CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

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

		2018		2017	
		Amount	%	Amount	%
Operating Revenues:					
4521	Construction revenue (note 6(g), (w) and (x))	\$ 13,905,949	98	9,215,041	80
4529	Less: allowances	(8,324)	-	(8,717)	-
		<u>13,897,625</u>	<u>98</u>	<u>9,206,324</u>	<u>80</u>
4110	Sales	254,458	2	2,165,081	19
4800	Other operating revenue	68,570	-	66,277	1
		<u>14,220,653</u>	<u>100</u>	<u>11,437,682</u>	<u>100</u>
Operating costs:					
5520	Construction cost (note 6(g), (r) and 7(b))	11,453,453	81	7,791,620	68
5110	Costs of goods sold	203,042	1	1,590,693	14
5800	Other operating costs	27,979	-	11,500	-
		<u>11,684,474</u>	<u>82</u>	<u>9,393,813</u>	<u>82</u>
Gross profit from operations					
		<u>2,536,179</u>	<u>18</u>	<u>2,043,869</u>	<u>18</u>
Operating expenses(note 6(r)):					
6100	Selling expenses	115,464	1	95,744	1
6200	Administrative expenses	551,540	4	478,905	4
6300	Research and development expenses	127,218	1	92,488	1
6450	Expected credit loss	20,339	-	-	-
		<u>814,561</u>	<u>6</u>	<u>667,137</u>	<u>6</u>
Net operating income					
		<u>1,721,618</u>	<u>12</u>	<u>1,376,732</u>	<u>12</u>
Non-operating income and expenses:					
7050	Finance costs	(4,899)	-	(9,469)	-
7010	Other income (note 6(z))	66,499	-	11,076	-
7070	Shares of loss of associates accounted for using equity method, net (note 6(f))	(9)	-	(8)	-
7020	Other gains and losses, net (note 6(z))	55,837	-	(86,778)	(1)
		<u>117,428</u>	<u>-</u>	<u>(85,179)</u>	<u>(1)</u>
Profit before income tax					
		<u>1,839,046</u>	<u>12</u>	<u>1,291,553</u>	<u>11</u>
7950	Less: Income tax expense (note 6(s))	<u>563,614</u>	<u>4</u>	<u>309,413</u>	<u>3</u>
Profit					
		<u>1,275,432</u>	<u>8</u>	<u>982,140</u>	<u>8</u>
8300	Other comprehensive income (loss):				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements effects on defined benefit plans (note 6(r))	(5,594)	-	(6,382)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(aa))	(873)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		<u>(6,467)</u>	<u>-</u>	<u>(6,382)</u>	<u>-</u>
8360	Items that will be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	(24,242)	-	(18,549)	-
8362	Net change in fair value of available-for-sale financial assets (note 6(aa))	-	-	1,936	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(s))	7,647	-	3,452	-
		<u>(16,595)</u>	<u>-</u>	<u>(13,161)</u>	<u>-</u>
8300	Other comprehensive income, net of tax	<u>(23,062)</u>	<u>-</u>	<u>(19,543)</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 1,252,370</u>	<u>8</u>	<u>962,597</u>	<u>8</u>
Profit, attributable to:					
8610	Owners of parent	\$ 1,049,202	7	842,154	7
8620	Non-controlling interests	226,412	1	139,986	1
		<u>\$ 1,275,432</u>	<u>8</u>	<u>982,140</u>	<u>8</u>
Comprehensive income attributable to:					
8710	Owners of parent	\$ 1,032,800	7	824,751	7
8720	Non-controlling interests	219,570	1	137,846	1
		<u>\$ 1,252,370</u>	<u>8</u>	<u>962,597</u>	<u>8</u>
9750	Basic earnings per share(In new Taiwan dollars) (note 6(v))	<u>\$ 19.52</u>		<u>15.76</u>	
9850	Diluted earnings per share(In new Taiwan dollars) (note 6(v))	<u>\$ 18.98</u>		<u>15.39</u>	

See accompanying notes to consolidated financial statements.

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

ACTER CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent							Other equity interest					Non-controlling interests	Total equity
	Retained earnings						Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Others	Total Other equity interest			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings								
Balance at January 1, 2017	\$ 472,369	1,071,656	385,094	36,888	1,175,969	1,597,951	(38,155)	-	(5,898)	(34,798)	(78,851)	317,511	3,380,636	
Appropriation and distribution of retained earnings:														
Legal reserve	-	-	43,628	-	(43,628)	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	7,164	(7,164)	-	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(377,895)	(377,895)	-	-	-	-	-	-	(377,895)	
	472,369	1,071,656	428,722	44,052	747,282	1,220,056	(38,155)	-	(5,898)	(34,798)	(78,851)	317,511	3,002,741	
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	41,716	-	-	-	-	-	-	-	-	-	-	41,716	
Changes in ownership interest in subsidiaries	-	304,711	-	-	-	-	-	-	-	-	-	-	304,711	
Share-based payment	(840)	(5,985)	-	-	-	-	-	-	-	24,710	24,710	-	17,885	
	471,529	1,412,098	428,722	44,052	747,282	1,220,056	(38,155)	-	(5,898)	(10,088)	(54,141)	317,511	3,367,053	
Profit for the year ended December, 31 2017	-	-	-	-	842,154	842,154	-	-	-	-	-	139,986	982,140	
Other comprehensive income for the year ended December 31, 2017	-	-	-	-	(4,895)	(4,895)	(14,444)	-	1,936	-	(12,508)	(2,140)	(19,543)	
Total comprehensive income	-	-	-	-	837,259	837,259	(14,444)	-	1,936	-	(12,508)	137,846	962,597	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	334,871	334,871	
Balance at December 31, 2017	\$ 471,529	1,412,098	428,722	44,052	1,584,541	2,057,315	(52,599)	-	(3,962)	(10,088)	(66,649)	790,228	4,664,521	
Balance at January 1, 2018	\$ 471,529	1,412,098	428,722	44,052	1,584,541	2,057,315	(52,599)	-	(3,962)	(10,088)	(66,649)	790,228	4,664,521	
Effects of retrospective application	-	-	-	-	65,534	65,534	-	(4,700)	3,962	-	(738)	39,404	104,200	
Balance at January 1, 2018 after adjustments	471,529	1,412,098	428,722	44,052	1,650,075	2,122,849	(52,599)	(4,700)	-	(10,088)	(67,387)	829,632	4,768,721	
Appropriation and distribution of retained earnings:														
Legal reserve	-	-	84,216	-	(84,216)	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	12,508	(12,508)	-	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(612,986)	(612,986)	-	-	-	-	-	-	(612,986)	
Stock dividends	70,729	-	-	-	(70,729)	(70,729)	-	-	-	-	-	-	-	
	542,258	1,412,098	512,938	56,560	869,636	1,439,134	(52,599)	(4,700)	-	(10,088)	(67,387)	829,632	4,155,735	
Changes in ownership interest in subsidiaries	-	(17,244)	-	-	-	-	-	-	-	-	-	-	(17,244)	
Share-based payment	(230)	(1,615)	-	-	-	-	-	-	-	9,312	9,312	-	7,467	
	542,028	1,393,239	512,938	56,560	869,636	1,439,134	(52,599)	(4,700)	-	(776)	(58,075)	829,632	4,145,958	
Profit for the year ended December, 31 2018	-	-	-	-	1,049,020	1,049,020	-	-	-	-	-	226,412	1,275,432	
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	(4,709)	(4,709)	(10,638)	(873)	-	-	(11,511)	(6,842)	(23,062)	
Total comprehensive income	-	-	-	-	1,044,311	1,044,311	(10,638)	(873)	-	-	(11,511)	219,570	1,252,370	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(16,816)	(16,816)	
Balance at December 31, 2018	\$ 542,028	1,393,239	512,938	56,560	1,913,947	2,483,445	(63,237)	(5,573)	-	(776)	(69,586)	1,032,386	5,381,512	

See accompanying notes to consolidated financial statements.

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

ACTER CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	<u>2018</u>	<u>2017</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,839,046	1,291,553
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses (including investment property)	27,687	22,435
Amortization expenses	7,254	6,162
Expected credit losses / Provisions for bad debt expense	20,339	(3,630)
Interest expense	4,899	9,469
Interest income	(41,089)	(19,338)
Compensation cost arising from employee stock options	7,467	17,885
Shares of loss of associates accounted for using equity method	9	8
Gains on disposal of investment	(651)	(1,975)
Others	3,391	6,661
Total adjustments to reconcile profit (loss)	<u>29,306</u>	<u>37,677</u>
Changes in operating assets and liabilities:		
Increase in current financial assets at fair value through profit or loss	(114,593)	-
Decrease in current contract assets	568,355	-
Increase in notes receivable	(167,459)	(60,082)
Increase in accounts receivable	(723,996)	(50,482)
Increase in construction contracts receivable	-	(639,155)
Increase in inventories	(63,688)	(461,878)
Increase in other financial assets	(467,467)	(52,118)
Total changes in operating assets	<u>(968,848)</u>	<u>(1,263,715)</u>
Changes in operating liabilities:		
Increase in current contract liabilities	657,138	-
Decrease in notes payable	(44,882)	(15,560)
Increase in accounts payable	134,036	543,356
Decrease in construction contracts payable	-	(263,741)
Increase in provisions	21,107	100,228
Increase in receipts in advance	-	650,904
Increase in other current liabilities	117,933	136,465
Total adjustments	<u>(54,210)</u>	<u>(74,386)</u>
Cash inflow generated from operations	1,784,836	1,217,167
Interest received	39,464	17,196
Interest paid	(5,405)	(6,854)
Income taxes paid	(332,190)	(157,110)
Net cash flows from operating activities	<u>1,486,705</u>	<u>1,070,399</u>
Cash flows from (used in) investing activities:		
Acquisition of available-for-sale financial assets	-	(234,000)
Proceeds from disposal of available-for-sale financial assets	-	238,023
Acquisition of property, plant and equipment	(96,017)	(49,704)
Proceeds from disposal of property, plant and equipment	1,064	390
Increase in other non-current assets	(8,134)	(15,706)
Net cash flows used in investing activities	<u>(103,087)</u>	<u>(60,997)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	163,515	598,018
Decrease in short-term loans	(363,265)	(433,833)
Decrease in guarantee deposits	(230)	-
Cash dividends paid	(612,986)	(377,895)
Change in non-controlling interests	(34,060)	607,318
Net cash flows from (used in) financing activities	<u>(847,026)</u>	<u>393,608</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(38,751)</u>	<u>(29,598)</u>
Net increase in cash and cash equivalents	497,841	1,373,412
Cash and cash equivalents at beginning of period	3,926,890	2,553,478
Cash and cash equivalents at end of period	<u>\$ 4,424,731</u>	<u>3,926,890</u>

See accompanying notes to consolidated financial statements.

Attachment 3: Audit Committee's Review Report

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

This company's 2018 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 2018 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.

2019 shareholders meeting of Acter Co., Ltd.

Acter Co., Ltd.

Chairman of the Audit Committee: Yeh, Hui-Hsin

February 26, 2019

Attachment 4: Comparison Table of the Articles of Incorporation

Article	After The Revision	Before The Revision
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 ACTER GROUP CORPORATION LIMITED .	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	<p>The company operates the following businesses:</p> <ol style="list-style-type: none"> 1. E501011 Water Pipe Construction 2. E599010 Pipe Lines Construction 3. E601010 Electric Appliance Construction 4. E601020 Electric Appliance Installation 5. E602011 Frozen and Air-conditioning Engineering 6. E603010 Cables Construction 7. E603040 Fire Fighting Equipments Construction 8. E603050 Cybernation Equipments Construction 9. E603090 Illumination Equipments Construction 10. E603100 Electric Welding Construction 11. E606010 Electricity Equipments Checking and Maintenance 12.13. E801010 Building Maintenance and Upholstery 13.14. E801020 Doors and Windows Construction 14.15. E801030 Interior Light Rigid Frame Construction 15.16. EZ05010 Apparatus Installation Construction 16.17. EZ09010 Static Electricity Protecting and Clearing Construction 17.18. EZ15010 Warming and Cooling Maintainance Construction 18.19. J101050 Sanitary and Pollution Controlling Services 19.20. J101060 Wastewater (Sewage) Treatment 20.21. IG03010 Energy Technical Services 21.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval. 	<p>The company operates the following businesses:</p> <ol style="list-style-type: none"> 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	After The Revision	Before The Revision
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.	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 9-1	<u>Treasury stocks bought back by the company in accordance with the Company Act, new shares issued by the company, employee stock warrants or the restricted employee shares can be granted to employees of parents or subsidiaries of the company whom meeting certain conditions set by the company.</u>	
Article 26-1	When distributing the surplus profits for each fiscal year, the company shall first offset its losses of previous years and set not less than three percent of the profit before tax excluding the amount of employees' and directors' compensation as compensation to employees; and then set not more than five percent of the profit before tax excluding the amount of employees' and directors' compensation as compensation to directors. <u>The "surplus profits" here refers to the balance of pre-tax profit before deducting the employees' and directors' compensation. The distribution of dividends and bonuses in whole or in part that be paid in cash or compensation to employees and directors shall be resolved with a majority vote of directors attended by at least two-thirds of total directors and reported to the shareholder's meeting. Compensation to employees can be distributed in the form of shares or in cash and employees of parents or subsidiaries of the company meeting certain conditions set by the company can receive it as well.</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.
Article 27	The company's profit <u>after tax</u> following annual closing, if any, shall be distributed in the following order: 1. Remit tax; 2.1. Compensate loss; 3.2. 10% legal reserve, unless the amount of legal reserve has reached the total capital amount; 4.3. Special reserve in accordance with law and the competent authority.	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.

Article	After The Revision	Before The Revision
	<p>5.4. Certain parts of the balance shall be included into accumulated undistributed profit from previous year based on the company's current environment, growth stage and long term financial planning. The board of directors will distribute the remaining amount as shareholder dividend based on the capital situation and economic development of the current year. Cash dividend shall account for 10% or more of the total shareholder dividend and shall be proposed by the board of directors and submitted to the shareholder meeting for resolution.</p>	<p>5. 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.</p>
<p>Article 30</p>	<p>These articles of association were established on 10 February, 1979... Twenty sixth amendment was made on 30 May, 2018. Twenty seventh amendment was made on 29 May, 2019.</p>	<p>These articles of association were established on 10 February, 1979... Twenty sixth amendment was made on 30 May, 2018.</p>

Attachment 5: Comparison Table of the Procedure for Acquisition or Disposal of Assets

Article	After The Revision	Before The Revision
Article 2	<p>The term “assets” as used in this procedure includes the following:</p> <ol style="list-style-type: none"> 1. Investment in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficiary interest securities and asset-backed securities. 2. Real property (including land, houses and buildings, investment property, rights to use land, and inventories of construction enterprises) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights and other intangible assets. 5. <u>Right-of-use assets.</u> 5.6. Claims of financial institutions (including receivable, bill purchased and discounted, loans, and overdue receivables). 6.7. Derivatives. 7.8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 8.9. Other major assets. 	<p>The term “assets” as used in this procedure includes the following:</p> <ol style="list-style-type: none"> 1. Investment in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficiary interest securities and asset-backed securities. 2. Real property (including land, houses and buildings, investment property, rights to use land, and inventories of construction enterprises) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights and other intangible assets. 5. Claims of financial institutions (including receivable, bill purchased and discounted, loans, and overdue receivables). 6. Derivatives. 7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 8. Other major assets.
Article 3	<ol style="list-style-type: none"> 1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and or swap contracts, and compound contracts combining the above products, whose value is derived from assets, <u>a specified interest rates, financial instrument price, commodity price, foreign exchange rates, indexes or other interests of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements <u>contracts.</u> 	<ol style="list-style-type: none"> 1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.

Article	After The Revision	Before The Revision
	<p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8-3 of the Company Act.</p> <p>3. Related party or subsidiary: As defined in Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or other fixed assets.</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p><u>7. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to</u></p>	<p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.</p> <p>3. Related party or subsidiary: As defined in Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or other fixed assets.</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>

Article	After The Revision	Before The Revision
	<p><u>any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u></p> <p><u>8. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u></p> <p>7.9.<u>The term "latest financial statements" means the financial statements publicly certified or audited by accountants in accordance with law before the company acquires or disposes of assets.</u></p>	<p>7. The term "latest financial statements" means the financial statements publicly certified or audited by accountants in accordance with law before the company acquires or disposes of assets.</p>
Article 4	<p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of the company to the transaction. <u>meet the following requirements:</u></p> <p><u>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p><u>2. May not be a related party or de facto related party of any party to the company.</u></p>	<p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of the company to the transaction.</p>

Article	After The Revision	Before The Revision
	<p><u>3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <p><u>(1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p><u>(2) When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></p> <p><u>(3) They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></p> <p><u>(4) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p>	
Article 5	<p>The limits on real property and <u>right-of-use assets thereof</u> or securities acquired by the company for non-business use.</p> <p>1. The company's acquisition of non-business real property <u>and right-of-use assets thereof</u> or securities is limited to the following amount</p>	<p>The limits on real property and securities acquired by the company for non-business use.</p> <p>1. The company's acquisition of non-business real property or securities is limited to the following amount limits:</p>

Article	After The Revision	Before The Revision
	<p>limits:</p> <p>(1) The total amount of real property <u>and right-of-use assets thereof</u> acquired for non-business use shall not exceed 50% of the net value according to the latest financial statements of the company.</p>	<p>(1) The total amount of real property acquired for non-business use shall not exceed 50% of the net value according to the latest financial statements of the company.</p>
Article 6	<p>1. The means of price determination and supporting reference materials In acquiring or disposing of securities, prior to the date of occurrence of the event, the latest financial statements of the target company that has been certified or audited by accountants shall serve as reference for evaluating the transaction price:</p> <p>2. Expert Opinions In acquiring or disposing of securities, and if the transaction amount reaches 20% of the company's paid-in capital or NT\$300 Million and above, an accountant shall be engaged to provide an opinion about the reasonableness of the transaction price prior to the date of occurrence of the event. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>3. The calculation of the transaction amounts shall be done in accordance with Article 13, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <p>4. The degree of authority delegated, the levels to which authority is delegated (1) Any investment in subsidiaries or</p>	<p>1. The means of price determination and supporting reference materials In acquiring or disposing of securities, prior to the date of occurrence of the event, the latest financial statements of the target company that has been certified or audited by accountants shall serve as reference for evaluating the transaction price:</p> <p>2. Expert Opinions In acquiring or disposing of securities, and if the transaction amount reaches 20% of the company's paid-in capital or NT\$300 Million and above, an accountant shall be engaged to provide an opinion about the reasonableness of the transaction price prior to the date of occurrence of the event. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>3. The calculation of the transaction amounts shall be done in accordance with Article 13, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <p>4. The degree of authority delegated, the levels to which authority is delegated (1) Any investment in subsidiaries or</p>

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

Article	After The Revision	Before The Revision
	<p>less than NT\$30 Million. Transactions amount exceeding NT\$30 Million shall be ratified at the next the board of directors meeting.</p> <p>(5) Negotiable term deposit certificates, short term commercial papers, bank endorsed drafts, and bonds under repurchase and resale agreement are not covered by the above and may be approved in accordance with the authority of the company.</p>	<p>less than NT\$30 Million. Transactions amount exceeding NT\$30 Million shall be ratified at the next the board of directors meeting.</p> <p>(5) Negotiable term deposit certificates, short term commercial papers, bank endorsed drafts, and bonds under repurchase and resale agreement are not covered by the above and may be approved in accordance with the authority of the company.</p>
Article 7	<p>Evaluation and Procedure for Acquisition or Disposal of Real Property or Equipment, equipment, or right-of-use assets thereof</p> <p>1. The means of price determination and supporting reference materials For acquisition or disposal of real property or equipment, equipment, or right-of-use assets thereof, reference shall be made to publish current value, appraisal value and actual transaction price of neighboring real property. Transaction conditions, transaction price and analysis report shall be prepared through the procedure of price consultation, price comparison, price negotiation or public tender and submitted to the chairman.</p> <p>2. Expert Appraisal Report For any acquisition or disposal of real property or equipment, equipment, or right-of-use assets thereof, other than a transaction with a <u>domestic</u> government authority, delegated construction on self-owned land, delegated construction on leased land or acquisition or disposal of equipment <u>or right-of-use assets thereof</u> for operational purpose, if the transaction amount reaches 20% of the company's paid-in capital or NT\$300 Million or above, an appraisal report issued prior to the date of occurrence of the event by a professional appraiser shall first be obtained and the following rules shall be complied with:</p> <p>(1) Where due to special</p>	<p>Evaluation and Procedure for Acquisition or Disposal of Real Property or Equipment</p> <p>1. The means of price determination and supporting reference materials For acquisition or disposal of real property or equipment, reference shall be made to publish current value, appraisal value and actual transaction price of neighboring real property. Transaction conditions, transaction price and analysis report shall be prepared through the procedure of price consultation, price comparison, price negotiation or public tender and submitted to the chairman.</p> <p>2. Expert Appraisal Report For any acquisition or disposal of real property or equipment, other than a transaction with government authority, delegated construction on self-owned land, delegated construction on leased land or acquisition or disposal of equipment for operational purpose, if the transaction amount reaches 20% of the company's paid-in capital or NT\$300 Million or above, an appraisal report issued prior to the date of occurrence of the event by a professional appraiser shall first be obtained and the following rules shall be complied with:</p> <p>(1) Where due to special</p>

Article	After The Revision	Before The Revision
	<p>circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(2) If the transaction amount is NT\$1 Billion or above, at least 2 professional price appraisers shall be engaged to perform appraisal.</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>i. The appraisal result deviates from the transaction amount by 20% or more.</p> <p>ii. The appraisal results by two or more professional appraisers deviate from the transaction price by 20% or more.</p> <p>(4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current</p>	<p>circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(2) If the transaction amount is NT\$1 Billion or above, at least 2 professional price appraisers shall be engaged to perform appraisal.</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>i. The appraisal result deviates from the transaction amount by 20% or more.</p> <p>ii. The appraisal results by two or more professional appraisers deviate from the transaction price by 20% or more.</p> <p>(4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current</p>

Article	After The Revision	Before The Revision
	<p>value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(5) Application in Construction Industry Unless any fixed price, specific price, or special price is used as reference benchmark for the transaction price, if there is a justifiable reason for not obtaining the appraisal report in time, the appraisal report and the accountant's opinion under section (3) above shall be obtained within 2 weeks commencing immediately from the date of occurrence.</p> <p>(6) For assets acquired or disposed of through court auction procedure, documents of proof issued by the court may be used in lieu of price appraisal report or accountant's opinion.</p> <p>(7) The calculation of the transaction amounts shall be done in accordance with Article 6, paragraph 3 herein.</p> <p>3. The degree of authority delegated, the levels to which authority is delegated Any acquisition or disposal of real property or equipment, <u>equipment, or right-of-use assets thereof</u> with transaction amount of NT\$10 Million (inclusive) or below <u>less than 20% of the company's capital</u> shall be submitted to the chairman for approval. Any transaction exceeding NT\$10 Million <u>more than 20% of the company's capital</u> shall only be carried out after approval by the board of directors.</p> <p>4. The units responsible for implementation Any acquisition or disposal of real property or equipment, <u>equipment, or right-of-use assets thereof</u> by the company shall be executed under the responsibility of the user department and relevant responsible department</p>	<p>value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(5) Application in Construction Industry Unless any fixed price, specific price, or special price is used as reference benchmark for the transaction price, if there is a justifiable reason for not obtaining the appraisal report in time, the appraisal report and the accountant's opinion under section (3) above shall be obtained within 2 weeks commencing immediately from the date of occurrence.</p> <p>(6) For assets acquired or disposed of through court auction procedure, documents of proof issued by the court may be used in lieu of price appraisal report or accountant's opinion.</p> <p>(7) The calculation of the transaction amounts shall be done in accordance with Article 6, paragraph 3 herein.</p> <p>3. The degree of authority delegated, the levels to which authority is delegated Any acquisition or disposal of real property or equipment with transaction amount of NT\$10 Million (inclusive) or below shall be submitted to the chairman for approval. Any transaction exceeding NT\$10 Million shall only be carried out after approval by the board of directors.</p> <p>4. The units responsible for implementation Any acquisition or disposal of real property or equipment by the company shall be executed under the responsibility of the user department and relevant responsible department after approval in accordance with the</p>

Article	After The Revision	Before The Revision
	<p>after approval in accordance with the authority provided under the previous section.</p> <p>5. Transaction Process The transaction flow for the acquisition or disposal of equipment <u>real property, equipment, or right-of-use assets thereof</u> by the company shall be carried out in accordance with the procedure related to real property, plant and equipment cycles under the company's internal control system.</p>	<p>authority provided under the previous section.</p> <p>5. Transaction Process The transaction flow for the acquisition or disposal of equipment by the company shall be carried out in accordance with the procedure related to real property, plant and equipment cycles under the company's internal control system.</p>
Article 8	<p>1. When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10% or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.</p> <p>The calculation of the transaction amount shall be made in accordance with Article 6, paragraph 3 herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>2. When the company engages in any acquisition or disposal of real property <u>or right-of-use assets thereof</u> from or to a related party, or when it engages in any acquisition or disposal of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by Securities Investment Trust Enterprises (SITEs), the company</p>	<p>1. When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10% or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.</p> <p>The calculation of the transaction amount shall be made in accordance with Article 6, paragraph 3 herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>2. When the company engages in any acquisition or disposal of real property from or to a related party, or when it engages in any acquisition or disposal of assets other than real property from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by Securities Investment Trust Enterprises (SITEs), the company may not proceed to enter into a transaction contract or make a payment</p>

Article	After The Revision	Before The Revision
	<p>may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all audit committee members and submitted to the board of directors for further approval:</p> <ol style="list-style-type: none"> (1) The purpose, necessity and expected effect of acquisition or disposal of assets. (2) Reason for selecting a related party as the transaction counterparty. (3) With respect to the acquisition of real property <u>or right-of-use assets thereof</u> from a related party, information relating to the evaluation of reasonableness of contemplated transaction conditions in accordance with sections 2 and 3 of this article. (4) The date, price and transaction party in the previous transaction engaged by the related party and the relationship between the company and the related party. (5) Cash income and expense forecast table for each of the 12 months following the month on which the contract is contemplated to be signed and evaluation of the necessity of the transaction and reasonableness of the utilization of capital. (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the article 1. (7) Restrictive conditions and other important agreements under this transaction. (8) When submission is made to the board of directors for discussion in accordance, opinions of independent directors shall be fully taken into consideration. Any objection or reservation by any independent director shall be recorded in the minutes of the board meeting. (9) The calculation of the transaction 	<p>until the following matters have been approved by more than half of all audit committee members and submitted to the board of directors for further approval:</p> <ol style="list-style-type: none"> (1) The purpose, necessity and expected effect of acquisition or disposal of assets. (2) Reason for selecting a related party as the transaction counterparty. (3) With respect to the acquisition of real property from a related party, information relating to the evaluation of reasonableness of contemplated transaction conditions in accordance with sections 2 and 3 of this article. (4) The date, price and transaction party in the previous transaction engaged by the related party and the relationship between the company and the related party. (5) Cash income and expense forecast table for each of the 12 months following the month on which the contract is contemplated to be signed and evaluation of the necessity of the transaction and reasonableness of the utilization of capital. (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the article 1. (7) Restrictive conditions and other important agreements under this transaction. (8) When submission is made to the board of directors for discussion in accordance, opinions of independent directors shall be fully taken into consideration. Any objection or reservation by any independent director shall be recorded in the minutes of the board meeting. (9) The calculation of the transaction

Article	After The Revision	Before The Revision
	<p>amounts shall be made in accordance with Article 13-2, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by more than half of all audit committee members and submitted to the board of directors for further approval need not be counted toward the transaction amount.</p> <p>(10) With respect to the acquisition or disposal of business-use equipment <u>the types of transactions listed below, when to be conducted between a the company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital,</u> the company's board of directors may pursuant to Article 7, paragraph 1, subparagraph 3 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:-</p> <p><u>i. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></p> <p>ii. <u>Acquisition or disposal of real property right-of-use assets held for business use.</u></p> <p>3. Evaluation of Reasonableness of Transaction Cost</p> <p>(1) For any real property <u>or right-of-use assets thereof</u> to be acquired from a related party, the following method should be used to evaluate the reasonableness of the transaction cost:</p> <p>i. Transaction price with the related party plus required capital interest and cost to be borne by the buyer in</p>	<p>amounts shall be made in accordance with Article 13-2, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by more than half of all audit committee members and submitted to the board of directors for further approval need not be counted toward the transaction amount.</p> <p>(10) With respect to the acquisition or disposal of business-use equipment between a the company and its parent or subsidiaries, the company's board of directors may pursuant to Article 7, paragraph 1, subparagraph 3 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>3. Evaluation of Reasonableness of Transaction Cost</p> <p>(1) For any real property to be acquired from a related party, the following method should be used to evaluate the reasonableness of the transaction cost:</p> <p>i. Transaction price with the related party plus required capital interest and cost to be borne by the buyer in</p>

Article	After The Revision	Before The Revision
	<p>accordance with law. Required capital interest cost shall be calculated based on the weighted average interest rate of the loan taken out by the company during the year of asset acquisition, provided that it shall not be higher than the highest lending rate for non-financial industry published by the Ministry of Finance.</p> <p>ii. If the related party has taken out a mortgaged loan from any financial institution based on the target, the total lending assessment value of the target by such financial institution, provided that the accumulated value of actual lending by such financial institution for the target shall be at least 70% of the total lending assessment value and the loan period must have exceeded one year. However, this shall not be applicable if the financial institution is a related party to either party to the transaction.</p> <p>(2) If the land and housing under the same target is purchased <u>or leased</u> at the same time, the transaction cost for the land and the housing may be evaluated under any method under subsection (1) above.</p> <p>(3) For any real property <u>or right-of-use assets thereof</u> to be acquired from a related party, the real property <u>or right-of-use assets thereof</u> cost shall be evaluated in accordance with subsections (1) and (2) above and an accountant shall be engaged to perform re-assessment and provide substantial opinion.</p> <p>(4) For real property <u>or right-of-use assets thereof</u> to be acquired from a related party, if there is any of the following events, only section 2 of this article about evaluation and</p>	<p>accordance with law. Required capital interest cost shall be calculated based on the weighted average interest rate of the loan taken out by the company during the year of asset acquisition, provided that it shall not be higher than the highest lending rate for non-financial industry published by the Ministry of Finance.</p> <p>ii. If the related party has taken out a mortgaged loan from any financial institution based on the target, the total lending assessment value of the target by such financial institution, provided that the accumulated value of actual lending by such financial institution for the target shall be at least 70% of the total lending assessment value and the loan period must have exceeded one year. However, this shall not be applicable if the financial institution is a related party to either party to the transaction.</p> <p>(2) If the land and housing under the same target is purchased at the same time, the transaction cost for the land and the housing may be evaluated under any method under subsection (1) above.</p> <p>(3) For any real property to be acquired from a related party, the real property cost shall be evaluated in accordance with subsections (1) and (2) above and an accountant shall be engaged to perform re-assessment and provide substantial opinion.</p> <p>(4) For real property to be acquired from a related party, if there is any of the following events, only section 2 of this article about evaluation and procedure shall be</p>

Article	After The Revision	Before The Revision
	<p>procedure shall be applicable. Provisions about the evaluation of reasonableness of transaction cost under subsections (1) to (3) above shall not be applicable.</p> <p>i. The related party acquired the real property <u>or right-of-use assets thereof</u> through succession or gift.</p> <p>ii. The contract by which the related party acquired the real property <u>or right-of-use assets thereof</u> was signed more than 5 years preceding the contract signature date for this transaction.</p> <p><u>iii.</u> The real property was acquired through signature of a co-construction contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p> <p>iii.<u>iv.</u> <u>The real property right-of-use assets for business use are acquired by the company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.</u></p> <p>4. If the result of evaluation under subsections (1) and (2) above is lower than the transaction price, section 5 of this article shall be applicable. However, this shall not be applicable if it s due to any of the following reasons and if objective evidence is submitted and substantial opinions about reasonableness from real property professional appraiser and accountant are received:</p> <p>(1) The related party re-constructed following the acquisition of undeveloped land or leased land and evidence is provided to show that one of the following conditions are satisfied:</p> <p>i. The combined value of</p>	<p>applicable. Provisions about the evaluation of reasonableness of transaction cost under subsections (1) to (3) above shall not be applicable.</p> <p>i. The related party acquired the real property through succession or gift.</p> <p>ii. The contract by which the related party acquired the real property was signed more than 5 years preceding the contract signature date for this transaction.</p> <p>iii. The real property was acquired through signature of a co-construction contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p> <p>4. If the result of evaluation under subsections (1) and (2) above is lower than the transaction price, section 5 of this article shall be applicable. However, this shall not be applicable if it s due to any of the following reasons and if objective evidence is submitted and substantial opinions about reasonableness from real property professional appraiser and accountant are received:</p> <p>(1) The related party re-constructed following the acquisition of undeveloped land or leased land and evidence is provided to show that one of the following conditions are satisfied:</p> <p>i. The combined value of</p>

Article	After The Revision	Before The Revision
	<p>evaluation of the undeveloped land in the method provided under section 3 and the construction cost of the housing by the related party plus reasonable construction profit exceeds the actual transaction price. Reasonable construction profit shall be based on the average business gross interest rate of the related party's construction department for the past three years or the latest construction industry gross interest rate published by the Ministry of Finance, whichever is lower.</p> <p>ii. Closing cases of other floors of the same targeted housing/land or in the vicinity within the past year and not involving related parties, with similar surface, which transaction conditions are equivalent after evaluation of reasonable price difference for the floor or area based on real property sale and purchase practice. <u>Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</u></p> <p>iii. Cases of leases of the same targeted housing/land within the past year and not involving related parties, which transaction conditions are equivalent after evaluation of reasonable price difference for the floor based on real property lease practice.</p> <p>(2) Evidence is provided showing that</p>	<p>evaluation of the undeveloped land in the method provided under section 3 and the construction cost of the housing by the related party plus reasonable construction profit exceeds the actual transaction price. Reasonable construction profit shall be based on the average business gross interest rate of the related party's construction department for the past three years or the latest construction industry gross interest rate published by the Ministry of Finance, whichever is lower.</p> <p>ii. Closing cases of other floors of the same targeted housing/land or in the vicinity within the past year and not involving related parties, with similar surface, which transaction conditions are equivalent after evaluation of reasonable price difference for the floor or area based on real property sale and purchase practice.</p> <p>iii. Cases of leases of the same targeted housing/land within the past year and not involving related parties, which transaction conditions are equivalent after evaluation of reasonable price difference for the floor based on real property lease practice.</p> <p>(2) Evidence is provided showing that</p>

Article	After The Revision	Before The Revision
	<p>the transaction conditions of the real property to be acquired from the related party is equivalent to closing cases in the vicinity within the past year, not involving related parties and with a similar surface. <u>Where the company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</u></p> <p>In principle, a closing case in the vicinity means the same or neighboring block within 500 meters diameter from the transaction target or similar published current value. Similar surface means the surface of the transaction case of non-related parties is not less than 50% of the surface of the transaction target. Within one year means one year preceding the date of occurrence of the current acquisition of real property. <u>Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use</u></p>	<p>the transaction conditions of the real property to be acquired from the related party is equivalent to closing cases in the vicinity within the past year, not involving related parties and with a similar surface.</p> <p>In principle, a closing case in the vicinity means the same or neighboring block within 500 meters diameter from the transaction target or similar published current value. Similar surface means the surface of the transaction case of non-related parties is not less than 50% of the surface of the transaction target. Within one year means one year preceding the date of occurrence of the current acquisition of real property.</p>

Article	After The Revision	Before The Revision
	<p data-bbox="389 197 571 230"><u>assets thereof.</u></p> <p data-bbox="296 230 847 443">5. For any acquisition of real property <u>or right-of-use assets thereof</u> from a related party, if the result of evaluation under sections 3 and 4 is lower than the transaction price, the following matters shall be carried out:</p> <p data-bbox="328 454 847 1104">(1) The difference between the real property <u>or right-of-use assets thereof</u> transaction price and the evaluation cost shall be provided as special reserve in accordance with Section 1, Article 41 of the Securities Transaction Act and shall not be distributed in cash or in share through capital increase. If the investor evaluating the company's investment under the equity method is a publicly traded company, special reserve shall be provided based on the provided amount and the shareholding percentage in accordance with Section 1, Article 41 of the Securities Transaction Act.</p> <p data-bbox="328 1115 847 1249">(2) The independent directors of the audit committee shall proceed in accordance with Article 281 of the Company Law.</p> <p data-bbox="328 1261 847 1507">(3) Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p data-bbox="389 1518 847 2020">The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or they have been disposed of, <u>or the leasing contract has been terminated,</u> or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing</p>	<p data-bbox="879 230 1430 409">5. For any acquisition of real property from a related party, if the result of evaluation under sections 3 and 4 is lower than the transaction price, the following matters shall be carried out:</p> <p data-bbox="911 454 1430 1070">(1) The difference between the real property transaction price and the evaluation cost shall be provided as special reserve in accordance with Section 1, Article 41 of the Securities Transaction Act and shall not be distributed in cash or in share through capital increase. If the investor evaluating the company's investment under the equity method is a publicly traded company, special reserve shall be provided based on the provided amount and the shareholding percentage in accordance with Section 1, Article 41 of the Securities Transaction Act.</p> <p data-bbox="911 1115 1430 1249">(2) The independent directors of the audit committee shall proceed in accordance with Article 281 of the Company Law.</p> <p data-bbox="911 1261 1430 1507">(3) Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p data-bbox="971 1518 1430 2020">The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p>

Article	After The Revision	Before The Revision
	<p>unreasonable about the transaction, and the FSC has given its consent.</p> <p>6. For any real property <u>or right-of-use assets thereof</u> acquired by the company from a related party, if there is any other evidence showing that the transaction is inconsistent with operational norms, the previous section shall be followed.</p>	<p>6. For any real property acquired by the company from a related party, if there is any other evidence showing that the transaction is inconsistent with operational norms, the previous section shall be followed.</p>
Article 9	<p>Evaluation and Procedure for Acquisition or Disposal of Membership and Intangible Assets<u>Intangible Assets or Right-of-use Assets Thereof or Memberships</u></p> <p>1. The means of price determination and supporting reference materials For the acquisition or disposal of any membership or intangible asset<u>intangible assets or right-of-use assets thereof or memberships</u>, the future possible proceeds from such asset and market fair value should be taken into consideration. If required, expert opinions should be referred to. Negotiation and determination shall be made with the transaction counterparty.</p> <p>2. Expert Opinions Any acquisition or disposal of membership or intangible asset<u>intangible assets or right-of-use assets thereof or memberships</u> with the transaction amount reaching 20% of the company's paid-in capital or NT\$300 Million or above, except in transactions with a <u>domestic</u> government authority, an accountant shall be engaged to provide an opinion about the reasonableness of the transaction price prior to the date of occurrence of the event. The accountant shall proceed in accordance with Audit Standard No. 20 published by the Accounting Research and Development Foundation. Calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 6, paragraph 3.</p> <p>3. The degree of authority delegated, the levels to which authority is delegated (1) Any acquisition or disposal of membership with the transaction</p>	<p>Evaluation and Procedure for Acquisition or Disposal of Membership and Intangible Assets</p> <p>1. The means of price determination and supporting reference materials For the acquisition or disposal of any membership or intangible asset, the future possible proceeds from such asset and market fair value should be taken into consideration. If required, expert opinions should be referred to. Negotiation and determination shall be made with the transaction counterparty.</p> <p>2. Expert Opinions Any acquisition or disposal of membership or intangible asset with the transaction amount reaching 20% of the company's paid-in capital or NT\$300 Million or above, except in transactions with a government authority, an accountant shall be engaged to provide an opinion about the reasonableness of the transaction price prior to the date of occurrence of the event. The accountant shall proceed in accordance with Audit Standard No. 20 published by the Accounting Research and Development Foundation. Calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 6, paragraph 3.</p> <p>3. The degree of authority delegated, the levels to which authority is delegated (1) Any acquisition or disposal of membership with the transaction</p>

Article	After The Revision	Before The Revision
	<p>amount of NT\$1 Million or below shall be approved internally by the company and submitted to the chairman for approval. If the transaction amount exceeds NT\$1 Million, it may only be carried out after approval by the board of directors.</p> <p>(2) Any acquisition or disposal of an intangible asset <u>or right-of-use assets thereof</u> with the transaction amount of NT\$1 Million or below shall be approved internally by the company, may only be carried out after approval by the chairman, and shall be submitted to the following board meeting. If the transaction amount exceeds NT\$1 Million, it may only be carried out after approval by the board of directors.</p> <p>4. The units responsible for implementation The company's acquisition or disposal of a membership and intangible asset <u>intangible assets or right-of-use assets thereof or memberships</u> shall be executed under the responsibility of the user department and the relevant responsible department after approval in accordance with the previous section.</p> <p>5. Transaction Process The transaction process flow for the company's acquisition or disposal of a membership or intangible asset <u>intangible assets or right-of-use assets thereof or memberships</u> shall be carried out in accordance with the company's rules about investment cycles under the internal control system.</p>	<p>amount of NT\$1 Million or below shall be approved internally by the company and submitted to the chairman for approval. If the transaction amount exceeds NT\$1 Million, it may only be carried out after approval by the board of directors.</p> <p>(2) Any acquisition or disposal of an intangible asset with the transaction amount of NT\$1 Million or below shall be approved internally by the company, may only be carried out after approval by the chairman, and shall be submitted to the following board meeting. If the transaction amount exceeds NT\$1 Million, it may only be carried out after approval by the board of directors.</p> <p>4. The units responsible for implementation The company's acquisition or disposal of a membership and intangible asset shall be executed under the responsibility of the user department and the relevant responsible department after approval in accordance with the previous section.</p> <p>5. Transaction Process The transaction process flow for the company's acquisition or disposal of a membership or intangible asset shall be carried out in accordance with the company's rules about investment cycles under the internal control system.</p>
Article 11	<p>In order to effectively manage the company's income, expenses, assets, debts and risks arising out of foreign exchange and the company's transactions of derivative products.</p> <p>1. Operational or Hedging Strategy The company engages in transactions of derivative products for the purpose of avoiding risks arising out of fluctuation of foreign exchange rate,</p>	<p>In order to effectively manage the company's income, expenses, assets, debts and risks arising out of foreign exchange and the company's transactions of derivative products.</p> <p>1. Operational or Hedging Strategy The company engages in transactions of derivative products for the purpose of avoiding risks arising out of fluctuation of foreign exchange rate,</p>

Article	After The Revision	Before The Revision
	<p>interest rate or asset price. Hedging is limited to foreign currency positions payable/receivable arising out of the company's business for the future six months.</p> <p>2. Segregation of Duty The <u>highest-level executives of</u> finance manager shall designate the staff of the finance department who may engage in derivative product transactions and confirmations. There shall be transaction confirmation and settlement staff. The confirmation staff shall be responsible for confirming the transaction with the transaction counterparty. The settlement staff shall be responsible for arranging settlement due. The transaction confirmation staff shall not be the same person as the settlement staff.</p> <p>3. Determination of Limit on Total Transaction Contract Amount and Loss Limit</p> <p>(1) <u>Total Transaction Contract Amount Hedging Operation</u> The company's total hedging contract amount shall be limited to the foreign currency positions receivable/payable arising out of the company's business for the future six months. <u>Transactional Operation</u> Except Convertible Bonds and Bond with attached warrant and structured product with principal guaranteed, the company does not engage in transactional operations.</p> <p>(2) <u>Loss Limits Hedging Operations</u> If the company's individual (combined) contract losses represent 5% or more loss from the market value, a report shall be filed with the chairman for approval as to whether the positions should be closed. The individual (combined) contract losses shall not exceed a maximum of 10% of contract amount of each</p>	<p>interest rate or asset price. Hedging is limited to foreign currency positions payable/receivable arising out of the company's business for the future six months.</p> <p>2. Segregation of Duty The finance manager shall designate the staff of the finance department who may engage in derivative product transactions and confirmations. There shall be transaction confirmation and settlement staff. The confirmation staff shall be responsible for confirming the transaction with the transaction counterparty. The settlement staff shall be responsible for arranging settlement due. The transaction confirmation staff shall not be the same person as the settlement staff.</p> <p>3. Determination of Limit on Total Transaction Contract Amount and Loss Limit</p> <p>(1) <u>Total Transaction Contract Amount Hedging Operation</u> The company's total hedging contract amount shall be limited to the foreign currency positions receivable/payable arising out of the company's business for the future six months. <u>Transactional Operation</u> Except Convertible Bonds and Bond with attached warrant and structured product with principal guaranteed, the company does not engage in transactional operations.</p> <p>(2) <u>Loss Limits Hedging Operations</u> If the company's individual (combined) contract losses represent 5% or more loss from the market value, a report shall be filed with the chairman for approval as to whether the positions should be closed. The individual (combined) contract losses shall not exceed a maximum of 10% of contract amount of each</p>

Article	After The Revision	Before The Revision																														
	<p>individual (combined) transaction. If this loss limit is exceeded, a public announcement shall be made in accordance with Article 13 of this procedure.</p> <p><u>Transactional Operations</u> Except Convertible Bonds and Bond with attached warrant and structured product with principal guaranteed, the company does not engage in transactional operations.</p> <p>4. Performance Review <u>Hedging Operations</u> The performance of hedging operations shall be evaluated based on the hedging strategies.</p> <p>5. The degree of authority delegated, the levels to which authority is delegated The authorization amount and level for hedging operations are as follows: The transaction staff authorized by the company shall carry out transactions in accordance with the total transaction contract amount limit under Subsection 3, Section 1, Article 11 and the transaction may only be carried out following evaluation by the <u>highest-level executives of finance manager</u> and approval by the responsible supervisor. Each transaction shall be subject to internal written approval based on the amount. The authorization amount, transaction approval and level are as follows:</p> <table border="1" data-bbox="301 1473 852 1753"> <thead> <tr> <th>Amount (NT\$)</th> <th>Department Supervisor</th> <th>General Manager</th> <th>Chairman</th> <th>Board of Directors</th> </tr> </thead> <tbody> <tr> <td>Below 100 Million</td> <td>Review</td> <td>Review</td> <td>Approval</td> <td></td> </tr> <tr> <td>100 Million and above (inclusive)</td> <td>Review</td> <td>Review</td> <td>Review</td> <td>Resolution</td> </tr> </tbody> </table> <p>To ensure that the transaction counterparty complies with the company's supervision and management, the transaction authorization amount and level provided under this article shall be notified to the transaction counterparty in writing. However, if the written</p>	Amount (NT\$)	Department Supervisor	General Manager	Chairman	Board of Directors	Below 100 Million	Review	Review	Approval		100 Million and above (inclusive)	Review	Review	Review	Resolution	<p>individual (combined) transaction. If this loss limit is exceeded, a public announcement shall be made in accordance with Article 13 of this procedure.</p> <p><u>Transactional Operations</u> Except Convertible Bonds and Bond with attached warrant and structured product with principal guaranteed, the company does not engage in transactional operations.</p> <p>4. Performance Review <u>Hedging Operations</u> The performance of hedging operations shall be evaluated based on the hedging strategies.</p> <p>5. The degree of authority delegated, the levels to which authority is delegated The authorization amount and level for hedging operations are as follows: The transaction staff authorized by the company shall carry out transactions in accordance with the total transaction contract amount limit under Subsection 3, Section 1, Article 11 and the transaction may only be carried out following evaluation by the finance manager and approval by the responsible supervisor.</p> <p>Each transaction shall be subject to internal written approval based on the amount. The authorization amount, transaction approval and level are as follows:</p> <table border="1" data-bbox="879 1473 1430 1753"> <thead> <tr> <th>Amount (NT\$)</th> <th>Department Supervisor</th> <th>General Manager</th> <th>Chairman</th> <th>Board of Directors</th> </tr> </thead> <tbody> <tr> <td>Below 100 Million</td> <td>Review</td> <td>Review</td> <td>Approval</td> <td></td> </tr> <tr> <td>100 Million and above (inclusive)</td> <td>Review</td> <td>Review</td> <td>Review</td> <td>Resolution</td> </tr> </tbody> </table> <p>To ensure that the transaction counterparty complies with the company's supervision and management, the transaction authorization amount and level provided under this article shall be notified to the transaction counterparty in writing. However, if the written</p>	Amount (NT\$)	Department Supervisor	General Manager	Chairman	Board of Directors	Below 100 Million	Review	Review	Approval		100 Million and above (inclusive)	Review	Review	Review	Resolution
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Article	After The Revision	Before The Revision
	<p>confirmation with the transaction counterparty does not indicate the authorization amount, then the supervisor <u>highest-level executives</u> of the finance department will approve the transaction.</p> <p>6. Significant Derivative Product Transaction Significant derivative product transactions shall be carried out in accordance with relevant rules and submitted to the board of directors for resolution.</p> <p>7. The units responsible for implementation and Process (1) Confirm transaction position. (2) Analysis and judgment about relevant trend. (3) Determine specific hedging method: i. Transaction target. ii. Transaction position. iii. Target price and range. iv. Transaction strategy and type. v. Price reference based on public quoting system. (4) Obtain approval for transaction. (5) Execute transaction. i. Transaction Counterparty: Transaction counterparties shall be selected with priority consideration for credit risk. ii. Transaction Staff: The company's staff who may execute derivative product transactions shall first be approved by the highest decision making supervisor of the finance department, general manager and chairman and then notified to the financial institution dealing with the company. No other staff may engage in the transactions.</p> <p>8. Risk Management (1) Credit Risk: In principle, the company's transaction counterparties are limited to banks or renowned financial institutions dealing with the company and</p>	<p>confirmation with the transaction counterparty does not indicate the authorization amount, then the supervisor of the finance department will approve the transaction.</p> <p>6. Significant Derivative Product Transaction Significant derivative product transactions shall be carried out in accordance with relevant rules and submitted to the board of directors for resolution.</p> <p>7. The units responsible for implementation and Process (1) Confirm transaction position. (2) Analysis and judgment about relevant trend. (3) Determine specific hedging method: i. Transaction target. ii. Transaction position. iii. Target price and range. iv. Transaction strategy and type. v. Price reference based on public quoting system. (4) Obtain approval for transaction. (5) Execute transaction. i. Transaction Counterparty: Transaction counterparties shall be selected with priority consideration for credit risk. ii. Transaction Staff: The company's staff who may execute derivative product transactions shall first be approved by the highest decision making supervisor of the finance department, general manager and chairman and then notified to the financial institution dealing with the company. No other staff may engage in the transactions.</p> <p>8. Risk Management (1) Credit Risk: In principle, the company's transaction counterparties are limited to banks or renowned financial institutions dealing with the company and</p>

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	<p>those who can provide professional information. Otherwise, approval shall be required from the highest decision making supervisor of the finance department.</p> <p>(2) Market Risk: The company’s derivative financial products shall be focused on hedging transactions against market price fluctuations due to change of foreign exchange or other reasons and shall be monitored at all times.</p> <p>(3) Liquidity Risk: In order to ensure liquidity, it shall be confirmed with the capital staff prior to the transaction that the transaction amount will not cause any insufficiency of liquidity.</p> <p>(4) Cash Risk: The company shall maintain sufficient liquid assets and credit facilities to satisfy settlement capital requirements.</p> <p>(5) Process Risk: The company shall have clear authorization amounts and process flows to avoid process risks.</p> <p>(6) Legal Risk: The documents between the company and the transaction counterparties shall be reviewed by the internal legal staff or legal consultants before they are officially signed to avoid legal risks.</p> <p>9. Internal Control</p> <p>(1) The transaction staff of the company may not also serve as confirmation staff or settlement staff.</p> <p>(2) Upon occurrence of a transaction, the transaction staff shall immediately complete the transaction closing form and confirm with the confirmation staff. The confirmation staff shall confirm with the transaction counterparty based on the closing form and make records in the general positions chart for reference.</p> <p>(3) When the company engages in</p>	<p>those who can provide professional information. Otherwise, approval shall be required from the highest decision making supervisor of the finance department.</p> <p>(2) Market Risk: The company’s derivative financial products shall be focused on hedging transactions against market price fluctuations due to change of foreign exchange or other reasons and shall be monitored at all times.</p> <p>(3) Liquidity Risk: In order to ensure liquidity, it shall be confirmed with the capital staff prior to the transaction that the transaction amount will not cause any insufficiency of liquidity.</p> <p>(4) Cash Risk: The company shall maintain sufficient liquid assets and credit facilities to satisfy settlement capital requirements.</p> <p>(5) Process Risk: The company shall have clear authorization amounts and process flows to avoid process risks.</p> <p>(6) Legal Risk: The documents between the company and the transaction counterparties shall be reviewed by the internal legal staff or legal consultants before they are officially signed to avoid legal risks.</p> <p>9. Internal Control</p> <p>(1) The transaction staff of the company may not also serve as confirmation staff or settlement staff.</p> <p>(2) Upon occurrence of a transaction, the transaction staff shall immediately complete the transaction closing form and confirm with the confirmation staff. The confirmation staff shall confirm with the transaction counterparty based on the closing form and make records in the general positions chart for reference.</p> <p>(3) When the company engages in</p>

Article	After The Revision	Before The Revision
	<p>derivative product transactions, the evaluation, supervision and control of relevant risks shall be under the responsibility of internal audit staff independent from the finance department who reports to the board of directors and the chairman.</p> <p>10. Regular Evaluation Method and Anomaly Handling The finance department shall perform derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. The evaluation report shall be submitted to the senior staff authorized by the board of directors. Any anomaly shall be immediately reported to the board of directors and necessary corresponding measures shall be taken. The evaluation shall include the following:</p> <ol style="list-style-type: none"> (1) Regularly evaluate whether the performance of derivative product transactions engaged are consistent with the existing operational strategy. (2) Whether the risks undertaken are within the company's scope of tolerance. (3) Monthly evaluation of risk management measures: Regularly evaluate whether the risk management measures currently used are suitable and duly compliant with the Derivative Product Transaction procedure established by the company. (4) The finance department shall proceed in accordance with the Commercial Accounting Act, the Financial Accounting Standards and letters and orders from relevant competent authorities. If there is no relevant rules, details shall be recorded and calculations shall be made on monthly basis 	<p>derivative product transactions, the evaluation, supervision and control of relevant risks shall be under the responsibility of internal audit staff independent from the finance department who reports to the board of directors and the chairman.</p> <p>10. Regular Evaluation Method and Anomaly Handling The finance department shall perform derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. The evaluation report shall be submitted to the senior staff authorized by the board of directors. Any anomaly shall be immediately reported to the board of directors and necessary corresponding measures shall be taken. The evaluation shall include the following:</p> <ol style="list-style-type: none"> (1) Regularly evaluate whether the performance of derivative product transactions engaged are consistent with the existing operational strategy. (2) Whether the risks undertaken are within the company's scope of tolerance. (3) Monthly evaluation of risk management measures: Regularly evaluate whether the risk management measures currently used are suitable and duly compliant with the Derivative Product Transaction procedure established by the company. (4) The finance department shall proceed in accordance with the Commercial Accounting Act, the Financial Accounting Standards and letters and orders from relevant competent authorities. If there is no relevant rules, details shall be recorded and calculations shall be made on monthly basis

Article	After The Revision	Before The Revision
	<p>under statements of realized and unrealized profit and loss.</p> <p>11. Where a public company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:</p> <p>(1) Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.</p> <p>(2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.</p> <p>12. Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:</p> <p>(1) Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.</p> <p>(2) When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.</p> <p>A company shall report to the soonest board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures</p>	<p>under statements of realized and unrealized profit and loss.</p> <p>11. Where a public company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:</p> <p>(1) Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.</p> <p>(2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.</p> <p>12. Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:</p> <p>(1) Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.</p> <p>(2) When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.</p> <p>A company shall report to the soonest board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures</p>

Article	After The Revision	Before The Revision
	<p style="text-align: center;">for Engaging in Derivatives Trading.</p> <p>13. The internal audit staff shall regularly understand the suitability of internal control of derivative product transaction and shall audit the compliance of transaction related departments with relevant provisions under this procedure on monthly basis. The transaction cycles shall also be analyzed and recorded into audit reports. If any significant violation is discovered, the board of directors<u>Audit Committee</u> shall be informed in writing.</p>	<p style="text-align: center;">for Engaging in Derivatives Trading.</p> <p>13. The internal audit staff shall regularly understand the suitability of internal control of derivative product transaction and shall audit the compliance of transaction related departments with relevant provisions under this procedure on monthly basis. The transaction cycles shall also be analyzed and recorded into audit reports. If any significant violation is discovered, the board of directors shall be informed in writing.</p>
Article 13	<p>1. Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the Securities and Futures Bureau of the Financial Supervisory Commission 's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <p>(1) Acquisition or disposal of real property <u>or right-of-use assets thereof</u> from or to a related party, or acquisition or disposal of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by Securities Investment Trust Enterprises (SITEs).</p> <p>(2) Merger, demerger, acquisition, or transfer of shares.</p> <p>(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual</p>	<p>1. Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the Securities and Futures Bureau of the Financial Supervisory Commission 's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <p>(1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by Securities Investment Trust Enterprises (SITEs).</p> <p>(2) Merger, demerger, acquisition, or transfer of shares.</p> <p>(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual</p>

Article	After The Revision	Before The Revision
	<p>contracts set out in the procedures adopted by the company</p> <p>(4) Where the type of asset acquired or disposed is equipment <u>or right-of-use assets thereof</u> for business use, <u>are acquired or disposed of, and furthermore</u> the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>i. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>ii. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>(5) Acquisition or disposal by a public company in the construction business of real property <u>or right-of-use assets thereof</u> for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million or more; <u>among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.</u></p> <p>(6) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, <u>and furthermore the transaction counterparty is not a related party,</u> and the amount the company</p>	<p>contracts set out in the procedures adopted by the company</p> <p>(4) Where the type of asset acquired or disposed is equipment for business use, the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>i. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>ii. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>(5) Acquisition or disposal by a public company in the construction business of real property for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.</p> <p>(6) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million or more.</p>

Article	After The Revision	Before The Revision
	<p>expects to invest in the transaction reaches NT\$500 million or more.</p> <p>(7) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>i. Trading of <u>domestic</u> government bonds.</p> <p>ii. Securities trading by investment professionals on foreign or domestic securities exchanges or over the counter markets, or subscription by investment professionals of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the domestic primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange <u>Where done by professional investors securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm</u></p>	<p>(7) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>i. Trading of government bonds.</p> <p>ii. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription by investment professionals of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the domestic primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange, except if the sale and purchase relates to securities of parent company, subsidiary or affiliate.</p>

Article	After The Revision	Before The Revision
	<p data-bbox="427 197 852 405"><u>for an emerging stock company, in accordance with the rules of the Taipei Exchange</u>, except if the sale and purchase relates to securities of parent company, subsidiary or affiliate.</p> <p data-bbox="389 414 852 629">iii. Trading of bonds under repurchase/resale agreements, or subscription or repurchase of domestic money market funds issued by Securities Investment Trust Enterprises (SITEs).</p> <p data-bbox="295 638 852 701">2. The amount of transactions above shall be calculated as follows:</p> <p data-bbox="331 710 852 772">(1) The amount of any individual transaction.</p> <p data-bbox="331 781 852 958">(2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p data-bbox="331 967 852 1216">(3) The cumulative transaction amount of real property <u>or right-of-use assets thereof</u> acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p data-bbox="331 1225 852 1402">(4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p data-bbox="331 1411 852 1691">(5) "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Regulations need not be counted toward the transaction amount.</p> <p data-bbox="295 1700 852 2020">3. The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the Securities and</p>	<p data-bbox="970 414 1433 629">iii. Trading of bonds under repurchase/resale agreements, or subscription or repurchase of domestic money market funds issued by Securities Investment Trust Enterprises (SITEs).</p> <p data-bbox="874 638 1433 701">2. The amount of transactions above shall be calculated as follows:</p> <p data-bbox="911 710 1433 772">(1) The amount of any individual transaction.</p> <p data-bbox="911 781 1433 958">(2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p data-bbox="911 967 1433 1182">(3) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p data-bbox="911 1225 1433 1402">(4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p data-bbox="911 1411 1433 1691">(5) "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Regulations need not be counted toward the transaction amount.</p> <p data-bbox="874 1700 1433 2020">3. The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the Securities and</p>

Article	After The Revision	Before The Revision
	<p>Futures Bureau of the Financial Supervisory Commission by the 10th day of each month.</p> <p>4. When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>5. The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.</p> <p>6. Where any of the following circumstances occurs with respect to a transaction that the company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the Securities and Futures Bureau within 2 days commencing immediately from the date of occurrence of the event:</p> <p>(1) Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>(2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>(3) Change to the originally publicly announced and reported information.</p> <p>7. If any subsidiary of the company is not a publicly traded company and its acquisition or disposal of asset reaches the threshold of public announcement under Articles 30 and 31 of the “Guidelines for Acquisition and Disposal of Asset by Publicly Traded</p>	<p>Futures Bureau of the Financial Supervisory Commission by the 10th day of each month.</p> <p>4. When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>5. The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.</p> <p>6. Where any of the following circumstances occurs with respect to a transaction that the company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the Securities and Futures Bureau within 2 days commencing immediately from the date of occurrence of the event:</p> <p>(1) Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>(2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>(3) Change to the originally publicly announced and reported information.</p> <p>7. If any subsidiary of the company is not a publicly traded company and its acquisition or disposal of asset reaches the threshold of public announcement under Articles 30 and 31 of the “Guidelines for Acquisition and Disposal of Asset by Publicly Traded</p>

Article	After The Revision	Before The Revision
	<p>Companies”, the company shall make public announcements on behalf of the subsidiary. The rule about 20% of the paid-in capital as a threshold for public announcement to be applied or 10 percent of the total assets by the subsidiary shall be based on the paid-in capital of the company or total assets.</p>	<p>Companies”, the company shall make public announcements on behalf of the subsidiary. The rule about 20% of the paid-in capital as a threshold for public announcement to be applied or 10% of the total assets by the subsidiary shall be based on the paid-in capital of the company or total assets.</p>
Article 15	<p>For the calculation of 10% of total assets under these procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p><u>In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20% of paid-in capital under these Procedure, 10% of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Procedure regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.</u></p>	<p>For the calculation of 10% of total assets under these procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p>
Article 20	<p>The Procedure for Acquisition or Disposal of Assets shall be implemented after more than half of all audit committee members grants the approval, and shall be sent to the board of directors for further approval and reported at a shareholders' meeting. The same procedure shall be followed when the procedure have been amended.</p> <p>When the procedure for acquisition or disposal of asset is submitted to the board of directors for discussion in accordance with the above rule, opinions of the independent directors shall be fully taken into consideration and their opinions and reasons for approval or objection shall be included in the minutes of the meeting.</p> <p>The establishment of this procedure shall be published as significant information on the Market Observation Post System and a letter shall be sent to the Gre-Tai Securities Market for reference.</p>	<p>The Procedure for Acquisition or Disposal of Assets shall be implemented after more than half of all audit committee members grants the approval, and shall be sent to the board of directors for further approval and reported at a shareholders' meeting. The same procedure shall be followed when the procedure have been amended.</p> <p>When the procedure for acquisition or disposal of asset is submitted to the board of directors for discussion in accordance with the above rule, opinions of the independent directors shall be fully taken into consideration and their opinions and reasons for approval or objection shall be included in the minutes of the meeting.</p> <p>The establishment of this procedure shall be published as significant information on the Market Observation Post System and a letter shall be sent to the Gre-Tai Securities Market for reference.</p>

Article	After The Revision	Before The Revision
Article 21	This procedure was established on 3 May 2005... This procedure was amended on 30 May 2018. This procedure was amended on 29 May 2019.	This procedure was established on 3 May 2005... This procedure was amended on 30 May 2018.

Attachment 6: Comparison Table of the Endorsement and Guarantee Procedure

Article	After The Revision	Before The Revision
Article 9	<p>Procedure for Public Announcement</p> <ol style="list-style-type: none"> 1. The company shall make a public announcement about the balance amount of endorsement and guarantee by the company and its subsidiaries for the previous month within the 10th day of every month. 2. When the balance amount of endorsement and guarantee reaches one of the following thresholds, a public announcement shall be made within 2 days commencing immediately from the date of occurrence: <ol style="list-style-type: none"> (1) Balance amount of any endorsement and guarantee by the company and its subsidiaries reaches 50% or more of the net value based on the latest financial statements of the company. (2) Balance amount of any endorsement and guarantee by the company and its subsidiaries for any single enterprise reaches 20% or more of the net value based on the latest financial statements of the company. (3) Balance amount of any endorsement and guarantee by the company and its subsidiaries to any single enterprise reaches NT\$10 Million and the combined balance amount of endorsement and guarantee, long-term investment <u>fair value of investments accounted for using the equity method</u> and funds lending to such enterprise reaches 30% of the net value on the company's latest financial statements. (4) The amount of new endorsements and guarantees by the company and its subsidiaries reaches NT\$30 Million and 5% of the net value on the company's latest financial statements. 3. If any subsidiary of the company is not 	<p>Procedure for Public Announcement</p> <ol style="list-style-type: none"> 1. The company shall make a public announcement about the balance amount of endorsement and guarantee by the company and its subsidiaries for the previous month within the 10th day of every month. 2. When the balance amount of endorsement and guarantee reaches one of the following thresholds, a public announcement shall be made within 2 days commencing immediately from the date of occurrence: <ol style="list-style-type: none"> (1) Balance amount of any endorsement and guarantee by the company and its subsidiaries reaches 50% or more of the net value based on the latest financial statements of the company. (2) Balance amount of any endorsement and guarantee by the company and its subsidiaries for any single enterprise reaches 20% or more of the net value based on the latest financial statements of the company. (3) Balance amount of any endorsement and guarantee by the company and its subsidiaries to any single enterprise reaches NT\$10 Million and the combined balance amount of endorsement and guarantee, long term investment and funds lending to such enterprise reaches 30% of the net value on the company's latest financial statements. (4) The amount of new endorsements and guarantees by the company and its subsidiaries reaches NT\$30 Million and 5% of the net value on the company's latest financial statements. 3. If any subsidiary of the company is not

Article	After The Revision	Before The Revision
	<p>a domestic publicly traded company and if such subsidiary has any matter subject to public announcement under any subsection Section 2 of this article, the company shall make a public announcement.</p> <p>4. The percentage of balance amount of an endorsement and guarantee by the subsidiary under the previous section as a percentage of the net value shall be calculated as the balance amount of the endorsement and guarantee of such subsidiary as a percentage to the net value of the company.</p> <p>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 <u>endorsement and guarantee</u>, whichever date is earlier.</p>	<p>a domestic publicly traded company and if such subsidiary has any matter subject to public announcement under any subsection Section 2 of this article, the company shall make a public announcement.</p> <p>4. The percentage of balance amount of an endorsement and guarantee by the subsidiary under the previous section as a percentage of the net value shall be calculated as the balance amount of the endorsement and guarantee of such subsidiary as a percentage to the net value of the company.</p> <p>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.</p>
<p>Article 15</p>	<p>Implementation and Amendment</p> <p>1. This procedure shall be implemented following approval by more than half of all audit committee members, submission to the board of directors for further approval and submission to the shareholder meeting for approval. If any director voices any objection by recording or written statement, the company shall also submit the objection to audit committee and shareholder meeting for discussion. The procedure shall be applicable to any amendment hereof.</p> <p><u>2. If approval by more than half of all members of the Audit Committee is not obtained as mentioned above, as long as approval from more than two-thirds of all members of the Board of Directors is obtained, it may be implemented and resolution reached by the Audit Committee shall be indicated in the Board of Director meeting minutes. "All members of the Audit Committee" and "all members of the Board of Directors" indicated in the foregoing paragraph refer to the actual number of incumbent members.</u></p>	<p>Implementation and Amendment</p> <p>1. This procedure shall be implemented following approval by more than half of all audit committee members, submission to the board of directors for further approval and submission to the shareholder meeting for approval. If any director voices any objection by recording or written statement, the company shall also submit the objection to audit committee and shareholder meeting for discussion. The procedure shall be applicable to any amendment hereof.</p>

Article	After The Revision	Before The Revision
	<p>2.3. When the endorsement and guarantee procedure is submitted to the board of directors for discussion in accordance with the previous section paragraph 1, opinions from each independent director shall be fully taken into consideration and the specific opinions of approval or objection and the reasons for objection shall be included in the minutes of the board meeting. <u>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.</u></p>	<p>2. When the endorsement and guarantee procedure is submitted to the board of directors for discussion in accordance with the previous section, opinions from each independent director shall be fully taken into consideration and the specific opinions of approval or objection and the reasons for objection shall be included in the minutes of the board meeting.</p>
Article 16	<p>This procedure was made on 3 May 2005. The first amendment to this procedure was made on 4 October 2005. The second amendment to this procedure was made on 16 June 2009. The third amendment to this procedure was made on 10 June 2010. The fourth amendment to this procedure was made on 19 June 2013. The fifth amendment to this procedure was made on 28 May 2015. The sixth amendment to this procedure was made on 30 May 2018. <u>The seventh amendment to this procedure was made on 29 May 2019.</u></p>	<p>This procedure was made on 3 May 2005. The first amendment to this procedure was made on 4 October 2005. The second amendment to this procedure was made on 16 June 2009. The third amendment to this procedure was made on 10 June 2010. The fourth amendment to this procedure was made on 19 June 2013. The fifth amendment to this procedure was made on 28 May 2015. The sixth amendment to this procedure was made on 30 May 2018.</p>

Attachment 7: Comparison Table of the Procedures for Loaning of Company Funds

Article	After The Revision	Before The Revision
Article 4	<p>Total Funds Lending Amount and Individual Amount Limit</p> <ol style="list-style-type: none"> 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. 4. Capital—Funds lending among overseas companies whose 100% voting shares are directly or indirectly held by the company <u>or funds borrowing by overseas companies in which the company directly or indirectly holds 100 percent of the voting shares to the company</u> 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. 4.5. <u>The responsible person of a company who has violated the provisions of Paragraph 1~4 shall be liable, jointly and severally with the borrower, for the repayment of the loan at issue and for the damages, if any, to company resulted there-from.</u> 	<p>Total Funds Lending Amount and Individual Amount Limit</p> <ol style="list-style-type: none"> 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. 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 16	<p>Public Announcement</p> <ol style="list-style-type: none"> 1. A public announcement shall be made by the 10th day of each month about the balance of funds lending by the company and its subsidiaries for the previous month. 	<p>Public Announcement</p> <ol style="list-style-type: none"> 1. A public announcement shall be made by the 10th day of each month about the balance of funds lending by the company and its subsidiaries for the previous month.

Article	After The Revision	Before The Revision
	<p>2. If the balance of funds lending reaches any of the following thresholds, a public announcement shall be made within 2 days commencing immediately from the date of occurrence:</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>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.</p> <p>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.</p> <p>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 <u>funds lending</u>, whichever date is earlier.</p>	<p>2. If the balance of funds lending reaches any of the following thresholds, a public announcement shall be made within 2 days commencing immediately from the date of occurrence:</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
Article 22	<p>Implementation and Amendment</p> <p>1. This procedure shall be implemented after it is approved by more than half</p>	<p>Implementation and Amendment</p> <p>1. This procedure shall be implemented after it is approved by more than half</p>

Article	After The Revision	Before The Revision
	<p>of all audit committee members, submitted to the board of directors for further approval and submitted to the shareholder meeting for approval. If any director voices any objection by recording or written statement, the company shall submit the objection to the audit committee and shareholder meeting for discussion. The same procedure shall be applicable to any amendment hereof.</p> <p><u>2. If approval by more than half of all members of the Audit Committee is not obtained as mentioned above, as long as approval from more than two-thirds of all members of the Board of Directors is obtained, it may be implemented and resolution reached by the Audit Committee shall be indicated in the Board of Director meeting minutes. "All members of the Audit Committee" and "all members of the Board of Directors" indicated in the foregoing paragraph refer to the actual number of incumbent members.</u></p> <p>2.3. <u>When the funds lending procedure is submitted to the board of directors for discussion in accordance with the previous section paragraph 1, 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. 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.</u></p>	<p>of all audit committee members, submitted to the board of directors for further approval and submitted to the shareholder meeting for approval. If any director voices any objection by recording or written statement, the company shall submit the objection to the audit committee and shareholder meeting for discussion. The same procedure shall be applicable to any amendment hereof.</p> <p>2. When the funds lending procedure is submitted to the board of directors for discussion in accordance with the previous section, opinions of independent directors shall be fully taken into consideration and their clear opinions for approval or objection and the reasons for objection shall be included in the minutes of the board meeting.</p>
Article 23	<p>This procedure was established on 3 May, 2005.</p> <p>The first amendment to this procedure was made on 16 June, 2009.</p> <p>The second amendment to this procedure was made on 10 June, 2010.</p> <p>The third amendment to this procedure was made on 15 June, 2011.</p> <p>The fourth amendment to this procedure</p>	<p>This procedure was established on 3 May, 2005.</p> <p>The first amendment to this procedure was made on 16 June, 2009.</p> <p>The second amendment to this procedure was made on 10 June, 2010.</p> <p>The third amendment to this procedure was made on 15 June, 2011.</p> <p>The fourth amendment to this procedure</p>

Article	After The Revision	Before The Revision
	<p>was made on 19 June, 2013. The fifth amendment to this procedure was made on 28 May, 2015. The sixth amendment to this procedure was made on 31 May, 2016. The seventh amendment to this procedure was made on 30 May, 2018. The eighth amendment to this procedure was made on 29 May, 2019.</p>	<p>was made on 19 June, 2013. The fifth amendment to this procedure was made on 28 May, 2015. The sixth amendment to this procedure was made on 31 May, 2016. The seventh amendment to this procedure was made on 30 May, 2018.</p>