

Stock code: 5536



**Handbook for the 2019
Annual Meeting of Shareholders**

MEETING TIME: May 29, 2019

Table of Contents

I.	Meeting Procedure	1
II.	Agenda of Annual Meeting of Shareholders.....	3
III.	Report Items	5
IV.	Proposals	6
V.	Discussion	8
VI.	Questions and Motions	14
VII.	Adjournment.....	14
VIII.	Attachments	15
	Attachment 1: Business Report	16
	Attachment 2: 2018 Independent Auditors' Report and Financial Statements	23
	Attachment 3: Audit Committee's Review Report	40
	Attachment 4: Comparison Table of the Articles of Incorporation	41
	Attachment 5: Comparison Table of the Procedure for Acquisition or Disposal of Assets..	44
	Attachment 6: Comparison Table of the Endorsement and Guarantee Procedure.....	75
	Attachment 7: Comparison Table of the Procedures for Loaning of Company Funds.....	78
IX.	Appendices	82
	Appendix 1: Articles of Incorporation< Before the revision >	83
	Appendix 2: Rules of Procedure for Shareholder Meetings	89
	Appendix 3: Procedure for Acquisition or Disposal of Assets< Before the revision >.....	98
	Appendix 4: Endorsement and Guarantee Procedure< Before the revision >.....	119
	Appendix 5: Procedures for Loaning of Company Funds< Before the revision >.....	125
	Appendix 6: Shareholding of Directors.....	131
	Appendix 7: Directors and employees compensation	131
	Appendix 8: The other explanation	132

I. Meeting Procedure

Acter Co., Ltd.

Procedure for the 2019 Annual Meeting of Shareholders

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

II. Agenda of Annual Meeting of Shareholders

Acter Co., Ltd.

Year 2019 Agenda of Annual Meeting of Shareholders

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)

Chairperson : Chairman Liang, Chin-Li

1. Call the Meeting to Order

2. Chairperson Remarks

3. Report Items

- (1) To report the distribution of 2018 employee and director compensation.
- (2) 2018 Business Report.
- (3) Audit Committee's Review Report of 2018 Financial Statements.
- (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.

4. Proposals

- (1) Adoption of the 2018 Business Report and Financial Statements.
- (2) Adoption of the Proposal for Distribution of 2018 Profits.

5. Discussion

- (1) Discussion on the proposal to amend "Articles of Incorporation."
- (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."
- (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.

6. Questions and Motions

7. Adjournment

III. Report Items

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 pp. [16-39], 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 pp. [40], 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.

IV.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, pp. [16-39], Attachment 1 and Attachment 2.

Resolution :

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.

Resolution :

V. 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 page 41-43 (Attachment 4) for details.

Resolution :

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 page 44-81 (Attachment 5~7) for details.

Resolution :

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 Hwei (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.

Resolution :

VI. Questions and Motions

VII. Adjournment

VIII.Attachments

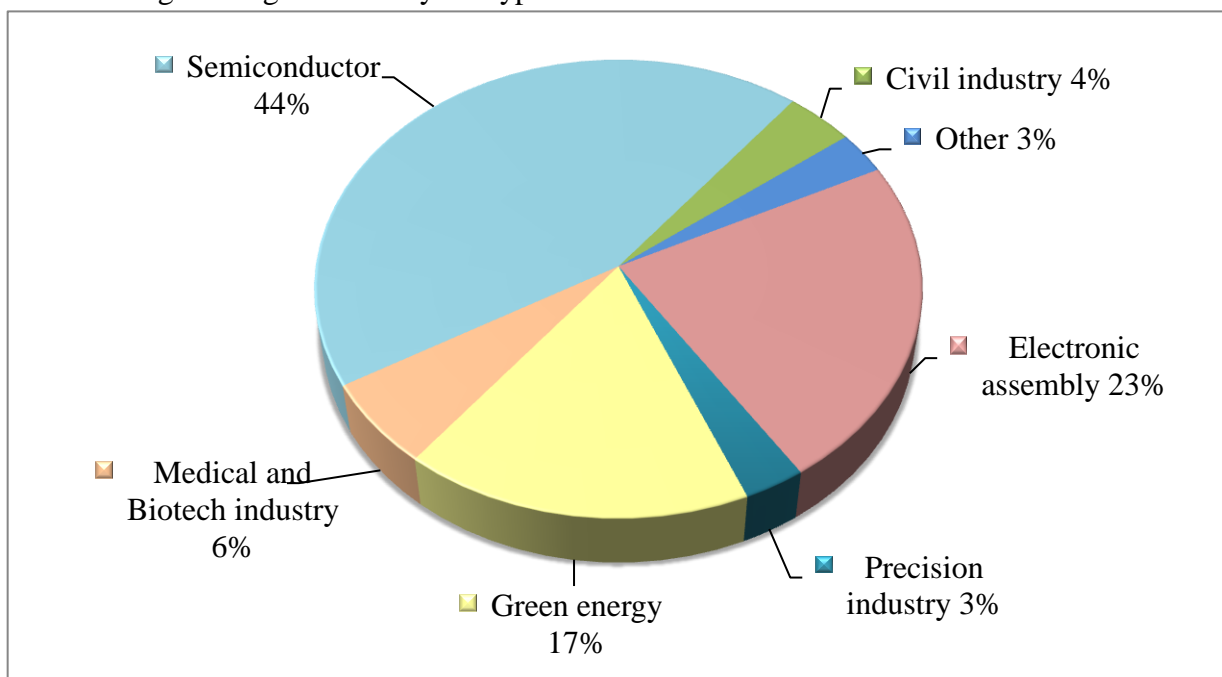
Attachment 1: Business Report

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	-
						2645	Guarantee deposits received	84	-	314	-
Non-current assets:								<u>242,586</u>	<u>4</u>	<u>152,176</u>	<u>3</u>
1521	Non-current financial assets at fair value though other comprehensive income (note 6(c))	3,177	-	-	-			<u>2,032,911</u>	<u>32</u>	<u>1,617,712</u>	<u>29</u>
1523	Non-current available-for-sale financial assets, net (note 6(d)and(x))	-	-	4,050	-		Total liabilities				
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)
								<u>4,349,126</u>	<u>68</u>	<u>3,874,293</u>	<u>71</u>
Total assets		\$ 6,382,037	100	5,492,005	100		Total equity				
							Total liabilities and equity	\$ 6,382,037	100	5,492,005	100

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)

	<u>2018</u>	<u>2017</u>
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

Aritcle	After The Revision	Before The Revision
Aritcle 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.
Aritcle 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 any organized securities exchange</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>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. 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>	<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><u>3. If the company is required to obtain appraisal reports from two or more</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>professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u> <u>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>(4)<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 limits:</p> <p>(1) The total amount of real property <u>and right-of-use assets thereof</u></p>	<p>The limits on real property and securities acquired by the company for non-business use.</p> <p>1. The company's acquisition of non-business real property or securities is limited to the following amount limits:</p> <p>(1) The total amount of real property acquired for non-business use shall</p>

Article	After The Revision	Before The Revision
	<p>acquired for non-business use shall not exceed 50% of the net value according to the latest financial statements of the company.</p>	<p>not exceed 50% of the net value according to the latest financial statements of the company.</p>
Article 6	<ol style="list-style-type: none"> 1. The means of price determination and supporting reference materials In acquiring or disposing of securities, prior to the date of occurrence of the event, the latest financial statements of the target company that has been certified or audited by accountants shall serve as reference for evaluating the transaction price: 2. Expert Opinions In acquiring or disposing of securities, and if the transaction amount reaches 20% of the company's paid-in capital or NT\$300 Million and above, an accountant shall be engaged to provide an opinion about the reasonableness of the transaction price prior to the date of occurrence of the event. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC). 3. The calculation of the transaction amounts shall be done in accordance with Article 13, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount. 4. The degree of authority delegated, the levels to which authority is delegated <ol style="list-style-type: none"> (1) Any investment in subsidiaries or disposal of shareholding thereof for operational purpose single transaction amount reaching NT\$30 Million or above <u>more than NT\$30 Million or above</u> 	<ol style="list-style-type: none"> 1. The means of price determination and supporting reference materials In acquiring or disposing of securities, prior to the date of occurrence of the event, the latest financial statements of the target company that has been certified or audited by accountants shall serve as reference for evaluating the transaction price: 2. Expert Opinions In acquiring or disposing of securities, and if the transaction amount reaches 20% of the company's paid-in capital or NT\$300 Million and above, an accountant shall be engaged to provide an opinion about the reasonableness of the transaction price prior to the date of occurrence of the event. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC). 3. The calculation of the transaction amounts shall be done in accordance with Article 13, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount. 4. The degree of authority delegated, the levels to which authority is delegated <ol style="list-style-type: none"> (1) Any investment in subsidiaries or disposal of shareholding thereof for operational purpose single transaction amount reaching NT\$30 Million or above shall be

Article	After The Revision	Before The Revision
	<p><u>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 less than NT\$30 Million. Transactions amount exceeding NT\$30 Million shall be ratified at the next the board of directors meeting.</p>	<p>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 less than NT\$30 Million. Transactions amount exceeding NT\$30 Million shall be ratified at the next the board of directors meeting.</p>

Article	After The Revision	Before The Revision
	<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>(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 domestic 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 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</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 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</p>

Article	After The Revision	Before The Revision
	<p>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 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</p>	<p>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 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</p>

Article	After The Revision	Before The Revision
	<p>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 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</p>	<p>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 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</p>

Article	After The Revision	Before The Revision
	out in accordance with the procedure related to real property, plant and equipment cycles under the company's internal control system.	to real property, plant and equipment cycles under the company's internal control system.
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 or right-of-use assets thereof from or to a related party, or when it engages in any acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by Securities Investment Trust Enterprises (SITEs), the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all audit committee members and submitted to the board of directors for further approval:</p> <p>(1) The purpose, necessity and expected effect of acquisition or</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 until the following matters have been approved by more than half of all audit committee members and submitted to the board of directors for further approval:</p> <p>(1) The purpose, necessity and expected effect of acquisition or</p>

Article	After The Revision	Before The Revision
	<p>disposal of assets.</p> <p>(2) Reason for selecting a related party as the transaction counterparty.</p> <p>(3) With respect to the acquisition of real 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.</p> <p>(4) The date, price and transaction party in the previous transaction engaged by the related party and the relationship between the company and the related party.</p> <p>(5) Cash income and expense forecast table for each of the 12 months following the month on which the contract is contemplated to be signed and evaluation of the necessity of the transaction and reasonableness of the utilization of capital.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the article 1.</p> <p>(7) Restrictive conditions and other important agreements under this transaction.</p> <p>(8) When submission is made to the board of directors for discussion in accordance, opinions of independent directors shall be fully taken into consideration. Any objection or reservation by any independent director shall be recorded in the minutes of the board meeting.</p> <p>(9) The calculation of the transaction amounts shall be made in accordance with Article 13-2, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by more than half of all audit committee members and submitted to the board of directors</p>	<p>disposal of assets.</p> <p>(2) Reason for selecting a related party as the transaction counterparty.</p> <p>(3) With respect to the acquisition of real property from a related party, information relating to the evaluation of reasonableness of contemplated transaction conditions in accordance with sections 2 and 3 of this article.</p> <p>(4) The date, price and transaction party in the previous transaction engaged by the related party and the relationship between the company and the related party.</p> <p>(5) Cash income and expense forecast table for each of the 12 months following the month on which the contract is contemplated to be signed and evaluation of the necessity of the transaction and reasonableness of the utilization of capital.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the article 1.</p> <p>(7) Restrictive conditions and other important agreements under this transaction.</p> <p>(8) When submission is made to the board of directors for discussion in accordance, opinions of independent directors shall be fully taken into consideration. Any objection or reservation by any independent director shall be recorded in the minutes of the board meeting.</p> <p>(9) The calculation of the transaction amounts shall be made in accordance with Article 13-2, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by more than half of all audit committee members and submitted to the board of directors</p>

Article	After The Revision	Before The Revision
	<p>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</u> between a the company and its parent or subsidiaries, <u>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>i<u>ii. 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 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>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 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>

Article	After The Revision	Before The Revision
	<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 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</u></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 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</p>

Article	After The Revision	Before The Revision
	<p><u>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 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</p>	<p>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 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</p>

Article	After The Revision	Before The Revision
	<p>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 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</u></p>	<p>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 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. 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</p>

Article	After The Revision	Before The Revision
	<p><u>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.</p> <p><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 assets thereof.</u></p> <p>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>(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</p>	<p>parties is not less than 50% of the surface of the transaction target. Within one year means one year preceding the date of occurrence of the current acquisition of real property.</p> <p>5. For any acquisition of real property from a related party, if the result of evaluation under sections 3 and 4 is lower than the transaction price, the following matters shall be carried out:</p> <p>(1) The difference between the real property transaction price and the evaluation cost shall be provided as special reserve in accordance with Section 1, Article 41 of the Securities Transaction Act and shall not be distributed in cash or in share through capital increase. If</p>

Article	After The Revision	Before The Revision
	<p>in share through capital increase. If the investor evaluating the company's investment under the equity method is a publicly traded company, special reserve shall be provided based on the provided amount and the shareholding percentage in accordance with Section 1, Article 41 of the Securities Transaction Act.</p> <p>(2) The independent directors of the audit committee shall proceed in accordance with Article 281 of the Company Law.</p> <p>(3) 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>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 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>the investor evaluating the company's investment under the equity method is a publicly traded company, special reserve shall be provided based on the provided amount and the shareholding percentage in accordance with Section 1, Article 41 of the Securities Transaction Act.</p> <p>(2) The independent directors of the audit committee shall proceed in accordance with Article 281 of the Company Law.</p> <p>(3) 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>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> <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</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</p>

Article	After The Revision	Before The Revision
	<p>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 amount of NT\$1 Million or below shall be approved internally by the company and submitted to the chairman for approval. If the transaction amount exceeds NT\$1 Million, it may only be carried out after approval by the board of directors. (2) Any acquisition or disposal of an intangible asset <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</p>	<p>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 amount of NT\$1 Million or below shall be approved internally by the company and submitted to the chairman for approval. If the transaction amount exceeds NT\$1 Million, it may only be carried out after approval by the board of directors. (2) Any acquisition or disposal of an intangible asset 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</p>

Article	After The Revision	Before The Revision
	<p>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 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, 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</p>	<p>In order to effectively manage the company's income, expenses, assets, debts and risks arising out of foreign exchange and the company's transactions of derivative products.</p> <p>1. Operational or Hedging Strategy The company engages in transactions of derivative products for the purpose of avoiding risks arising out of fluctuation of foreign exchange rate, interest rate or asset price. Hedging is limited to foreign currency positions payable/receivable arising out of the company's business for the future six months.</p> <p>2. Segregation of Duty The finance manager shall designate the staff of the finance department who may engage in derivative product transactions and confirmations. There shall be transaction confirmation and settlement staff. The confirmation staff shall be responsible for confirming the transaction with the transaction counterparty. The settlement staff shall be responsible for arranging settlement due. The transaction confirmation staff shall not</p>

Article	After The Revision	Before The Revision
	<p>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.</p> <p><u>Transactional Operation</u> Except Convertible Bonds and Bond with attached warrant and structured product with principal guaranteed, the company does not engage in transactional operations.</p> <p>(2) Loss Limits <u>Hedging Operations</u> If the company's individual (combined) contract losses represent 5% or more loss from the market value, a report shall be filed with the chairman for approval as to whether the positions should be closed. The individual (combined) contract losses shall not exceed a maximum of 10% of contract amount of each individual (combined) transaction. If this loss limit is exceeded, a public announcement shall be made in accordance with Article 13 of this procedure.</p> <p><u>Transactional Operations</u> Except Convertible Bonds and Bond with attached warrant and structured product with principal guaranteed, the company does not engage in transactional operations.</p> <p>4. Performance Review <u>Hedging Operations</u> The performance of hedging operations shall be evaluated based on the hedging strategies.</p> <p>5. The degree of authority delegated, the levels to which authority is delegated The authorization amount and level for</p>	<p>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.</p> <p><u>Transactional Operation</u> Except Convertible Bonds and Bond with attached warrant and structured product with principal guaranteed, the company does not engage in transactional operations.</p> <p>(2) Loss Limits <u>Hedging Operations</u> If the company's individual (combined) contract losses represent 5% or more loss from the market value, a report shall be filed with the chairman for approval as to whether the positions should be closed. The individual (combined) contract losses shall not exceed a maximum of 10% of contract amount of each individual (combined) transaction. If this loss limit is exceeded, a public announcement shall be made in accordance with Article 13 of this procedure.</p> <p><u>Transactional Operations</u> Except Convertible Bonds and Bond with attached warrant and structured product with principal guaranteed, the company does not engage in transactional operations.</p> <p>4. Performance Review <u>Hedging Operations</u> The performance of hedging operations shall be evaluated based on the hedging strategies.</p> <p>5. The degree of authority delegated, the levels to which authority is delegated The authorization amount and level for</p>

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	<p>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.</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="300 779 852 1057"> <thead> <tr> <th>Amount (NT\$)</th> <th>Department Supervisor</th> <th>General Manager</th> <th>Chairman</th> <th>Board of Directors</th> </tr> </thead> <tbody> <tr> <td>Below 100 Million</td> <td>Review</td> <td>Review</td> <td>Approval</td> <td></td> </tr> <tr> <td>100 Million and above (inclusive)</td> <td>Review</td> <td>Review</td> <td>Review</td> <td>Resolution</td> </tr> </tbody> </table> <p>To ensure that the transaction counterparty complies with the company's supervision and management, the transaction authorization amount and level provided under this article shall be notified to the transaction counterparty in writing. However, if the written confirmation with the transaction counterparty does not indicate the authorization amount, then the <u>supervisor-highest-level executives of the finance department</u> 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</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>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="877 779 1430 1057"> <thead> <tr> <th>Amount (NT\$)</th> <th>Department Supervisor</th> <th>General Manager</th> <th>Chairman</th> <th>Board of Directors</th> </tr> </thead> <tbody> <tr> <td>Below 100 Million</td> <td>Review</td> <td>Review</td> <td>Approval</td> <td></td> </tr> <tr> <td>100 Million and above (inclusive)</td> <td>Review</td> <td>Review</td> <td>Review</td> <td>Resolution</td> </tr> </tbody> </table> <p>To ensure that the transaction counterparty complies with the company's supervision and management, the transaction authorization amount and level provided under this article shall be notified to the transaction counterparty in writing. However, if the written confirmation with the transaction counterparty does not indicate the authorization amount, then the supervisor of the finance department will approve the transaction.</p> <p>6. Significant Derivative Product Transaction Significant derivative product transactions shall be carried out in accordance with relevant rules and submitted to the board of directors for resolution.</p> <p>7. The units responsible for implementation and Process (1) Confirm transaction position. (2) Analysis and judgment about relevant trend. (3) Determine specific hedging</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>method:</p> <ul style="list-style-type: none"> i. Transaction target. ii. Transaction position. iii. Target price and range. iv. Transaction strategy and type. v. Price reference based on public quoting system. <p>(4) Obtain approval for transaction.</p> <p>(5) Execute transaction.</p> <ul style="list-style-type: none"> 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>8. Risk Management</p> <p>(1) Credit Risk: In principle, the company's transaction counterparties are limited to banks or renowned financial institutions dealing with the company and those who can provide professional information. Otherwise, approval shall be required from the highest decision making supervisor of the finance department.</p> <p>(2) Market Risk: The company's derivative financial products shall be focused on hedging transactions against market price fluctuations due to change of foreign exchange or other reasons and shall be monitored at all times.</p> <p>(3) Liquidity Risk: In order to ensure liquidity, it shall be confirmed with the capital staff prior to the transaction that the transaction amount will not cause any insufficiency of liquidity.</p> <p>(4) Cash Risk: The company shall maintain sufficient liquid assets</p>	<p>method:</p> <ul style="list-style-type: none"> i. Transaction target. ii. Transaction position. iii. Target price and range. iv. Transaction strategy and type. v. Price reference based on public quoting system. <p>(4) Obtain approval for transaction.</p> <p>(5) Execute transaction.</p> <ul style="list-style-type: none"> 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>8. Risk Management</p> <p>(1) Credit Risk: In principle, the company's transaction counterparties are limited to banks or renowned financial institutions dealing with the company and those who can provide professional information. Otherwise, approval shall be required from the highest decision making supervisor of the finance department.</p> <p>(2) Market Risk: The company's derivative financial products shall be focused on hedging transactions against market price fluctuations due to change of foreign exchange or other reasons and shall be monitored at all times.</p> <p>(3) Liquidity Risk: In order to ensure liquidity, it shall be confirmed with the capital staff prior to the transaction that the transaction amount will not cause any insufficiency of liquidity.</p> <p>(4) Cash Risk: The company shall maintain sufficient liquid assets</p>

Article	After The Revision	Before The Revision
	<p>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 derivative product transactions, the evaluation, supervision and control of relevant risks shall be under the responsibility of internal audit staff independent from the finance department who reports to the board of directors and the chairman.</p> <p>10. Regular Evaluation Method and Anomaly Handling</p> <p>The finance department shall perform derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. The evaluation report shall be submitted to the senior staff authorized by the board of directors. Any anomaly shall be immediately reported to the board of directors and</p>	<p>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 derivative product transactions, the evaluation, supervision and control of relevant risks shall be under the responsibility of internal audit staff independent from the finance department who reports to the board of directors and the chairman.</p> <p>10. Regular Evaluation Method and Anomaly Handling</p> <p>The finance department shall perform derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. The evaluation report shall be submitted to the senior staff authorized by the board of directors. Any anomaly shall be immediately reported to the board of directors and</p>

Article	After The Revision	Before The Revision
	<p>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 under statements of realized and unrealized profit and loss. <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> <ol style="list-style-type: none"> (1) Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk. (2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance. <p>12. Senior management personnel authorized by the board of directors shall manage derivatives trading in</p>	<p>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 under statements of realized and unrealized profit and loss. <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> <ol style="list-style-type: none"> (1) Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk. (2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance. <p>12. Senior management personnel authorized by the board of directors shall manage derivatives trading in</p>

Article	After The Revision	Before The Revision
	<p>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 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>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 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</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</p>

Article	After The Revision	Before The Revision
	<p>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 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</p>	<p>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 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</p>

Article	After The Revision	Before The Revision
	<p>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 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> <ol style="list-style-type: none"> i. Trading of <u>domestic</u> government bonds. 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 	<p>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> <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> <ol style="list-style-type: none"> i. Trading of government bonds. 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

Article	After The Revision	Before The Revision
	<p>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 ExchangeWhere done by <u>professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange</u>, except if the sale and purchase relates to securities of parent company, subsidiary or affiliate.</p> <p>iii. Trading of bonds under repurchase/resale agreements, or subscription or repurchase of domestic money market funds issued by Securities Investment Trust Enterprises (SITEs).</p> <p>2. The amount of transactions above shall be calculated as follows:</p> <p>(1) The amount of any individual transaction.</p> <p>(2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>(3) The cumulative transaction amount of real property <u>or right-of-use assets thereof</u> acquisitions and disposals (cumulative acquisitions and disposals, respectively) within</p>	<p>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> <p>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>2. The amount of transactions above shall be calculated as follows:</p> <p>(1) The amount of any individual transaction.</p> <p>(2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>(3) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project</p>

Article	After The Revision	Before The Revision
	<p>the same development project within the preceding year.</p> <p>(4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>(5) "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Regulations need not be counted toward the transaction amount.</p> <p>3. The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the Securities and Futures Bureau of the Financial Supervisory Commission by the 10th day of each month.</p> <p>4. When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety 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</p>	<p>within the preceding year.</p> <p>(4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>(5) "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Regulations need not be counted toward the transaction amount.</p> <p>3. The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the Securities and Futures Bureau of the Financial Supervisory Commission by the 10th day of each month.</p> <p>4. When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety 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</p>

Article	After The Revision	Before The Revision
	<p>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> <ol style="list-style-type: none"> (1) Change, termination, or rescission of a contract signed in regard to the original transaction. (2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract. (3) Change to the originally publicly announced and reported information. <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 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>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> <ol style="list-style-type: none"> (1) Change, termination, or rescission of a contract signed in regard to the original transaction. (2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract. (3) Change to the originally publicly announced and reported information. <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 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	After The Revision	Before The Revision
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 21	<p>This procedure was established on 3 May 2005...</p> <p>This procedure was amended on 30 May 2018.</p> <p>This procedure was amended on 29 May 2019.</p>	<p>This procedure was established on 3 May 2005...</p> <p>This procedure was amended on 30 May 2018.</p>

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>2.3. When the endorsement and guarantee</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>2. When the endorsement and guarantee</p>

Article	After The Revision	Before The Revision
	<p>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>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

Aritcle	After The Revision	Before The Revision
Aritcle 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.
Aritcle 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 of all audit committee members,</p>	<p>Implementation and Amendment</p> <p>1. This procedure shall be implemented after it is approved by more than half of all audit committee members,</p>

Article	After The Revision	Before The Revision
	<p>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><u>2.3. 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>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 was made on 19 June, 2013.</p> <p>The fifth 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 was made on 19 June, 2013.</p> <p>The fifth amendment to this procedure</p>

Article	After The Revision	Before The Revision
	<p>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 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>

IX.Appendices

Appendix 1:Articles of Incorporation< Before the revision >

Articles of Incorporation

Chapter 1 General

Article 1. The company is organized and incorporated as a company limited by stock in accordance with the Company Law and is named Acter Co., Ltd.

Article 2. The company operates the following businesses:

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

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

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

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

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

Chapter 2 Shares

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

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

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

Chapter 3 Shareholder Meetings

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

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

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

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

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

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

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

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

Chapter 4 Directors

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

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

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

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

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

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

Article 18. The directors shall organize the board of directors. A chairman shall be elected from among the directors by majority of the directors attending a meeting that is attended by

2/3 or more of the directors to execute all matters of the company.

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

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

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

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

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

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

Article 23. The expenses entailed through exercising their duties by the directors of the company shall be determined by the board of directors based on the common standard of the industry.

Chapter 5 Managers and Staff

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

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

Chapter 6 Closing

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

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

Article 26-1. When distributing the surplus profits for each fiscal year, the company shall first offset its losses of previous years and set not less than three percent of the profit before tax excluding the amount of employees' and directors' compensation as compensation to employees; and then set not more than five percent of the profit before tax excluding the amount of employees' and directors' compensation as compensation to directors.

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

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

Chapter 7 Miscellaneous

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

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

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

First amendment was made on 23 July, 1981.

Second amendment was made on 7 February, 1983.

Third amendment was made on 8 September, 1984.

Fourth amendment was made on 29 July, 1991.

Fifth amendment was made on 15 December, 1993.

Sixth amendment was made on 21 January, 1994.

Seventh amendment was made on 27 July, 1995.

Eighth amendment was made on 28 March, 1997.

Ninth amendment was made on 15 November, 1999.

Tenth amendment was made on 1 December, 2001.

Eleventh amendment was made on 12 March, 2002.

Twelfth amendment was made on 5 April, 2002.

Thirteenth amendment was made on 20 June, 2002.

Fourteenth amendment was made on 3 May, 2004.

Fifteenth amendment was made on 29 October, 2004.

Sixteenth amendment was made on 3 May, 2005.

Seventeenth amendment was made on 10 November, 2008.

Eighteenth amendment was made on 16 June, 2009.

Nineteenth amendment was made on 4 November, 2009.

Twentieth amendment was made on 10 June, 2010.

Twenty first amendment was made on 15 June, 2011.

Twenty second amendment was made on 18 June, 2012.

Twenty third amendment was made on 28 May, 2015.

Twenty fourth amendment was made on 31 May, 2016.

Twenty fifth amendment was made on 26 May, 2017.

Twenty sixth amendment was made on 30 May, 2018.

Acter Co., Ltd.

Chairman: Liang, Chin-Li

Appendix 2: Rules of Procedure for Shareholder Meetings

Rules of Procedure for Shareholder Meetings

Article 1. Basis and Purpose of Establishment

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

Article 2. Scope

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

Article 3. Definition

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

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

Article 5. Convening Shareholder Meetings and Meeting Notices

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

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

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

Article 6. Attending Shareholder Meetings by Proxy and Authorization

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

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

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

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

Article 8. Preparation of Documents such as Attendance Book

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

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

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

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

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

Article 10. Audio or Video Recording of Shareholder Meetings Proceedings

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

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

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

shall be convened within 1 month.

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

Article 12. Discussions of Proposals

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

Article 13. Shareholder speech

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

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

Article 14. Calculation of voting shares and recusal system

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

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

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

before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

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

Article 16. Election Matters

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

number of issued and outstanding shares

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

Article 17. Meeting Records and Signature Matters

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

Article 18. Public Disclosure

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

Article 19. Maintaining order at the meeting place

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

Article 20. Recess and resumption of a shareholders meeting

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

Article 21. Implementation

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

Article 22. Establishment and Amendment Dates

These rules were established on 3 May 2005.

These rules were amended on 16 June 2009.

These rules were amended on 15 June 2011.

These rules were amended on 18 June 2012.

These rules were amended on 19 June 2013.

These rules were amended on 28 May 2015.

Appendix 3: Procedure for Acquisition or Disposal of Assets< Before the revision >

Procedure for Acquisition or Disposal of Assets

Article 1. Purpose and Legislative Basis

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

Article 2. Scope of Assets

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

1. Investment in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficiary interest securities and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, 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. Definitions of Relevant Terms

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.
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.

3. Related party or subsidiary: As defined in Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or other fixed assets.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. The term “latest financial statements” means the financial statements publicly certified or audited by accountants in accordance with law before the company acquires or disposes of assets.

Article 4. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of the company to the transaction.

Article 5. The limits on real property and securities acquired by the company for non-business use.

1. The company's acquisition of non-business real property or securities is limited to the following amount limits:
 - (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.
 - (2) The total amount of investment in securities shall not exceed 100% of the net value according to the latest financial statements of the company. The amount of investment in any individual security shall not exceed 30% of the net value according to the latest financial statements of the company. Investment in securities with guaranteed principal, domestic or overseas currency fund for financing purpose, negotiable term deposit certificates, short term commercial papers, bank endorsed drafts, and bonds under repurchase and resale agreement shall not be included.
2. The company's investment in subsidiaries shall be done in accordance with resolutions of the board of directors as authorized by the company's articles of association and shall not be subject to the limit of not exceeding 40% of the paid-in capital under Article 13 of the Company Law.

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

1. The means of price determination and supporting reference materials

In acquiring or disposing of securities, prior to the date of occurrence of the event, the latest financial statements of the target company that has been certified or audited by accountants shall serve as reference for evaluating the transaction price:

2. Expert Opinions

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

3. The calculation of the transaction amounts shall be done in accordance with Article 13, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

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

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

NT\$30 Million. Transactions amount exceeding NT\$30 Million shall be ratified at the next the board of directors meeting.

- (5) Negotiable term deposit certificates, short term commercial papers, bank endorsed drafts, and bonds under repurchase and resale agreement are not covered by the above and may be approved in accordance with the authority of the company.

5. The units responsible for implementation

The company's procedure related to the acquisition and disposal of long and short term securities investment shall be executed under the responsibility of the finance department following approval in accordance with the authority provided in the previous section.

6. Transaction Process

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

Article 7. Evaluation and Procedure for Acquisition or Disposal of Real Property or Equipment

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.

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:

- (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- (2) If the transaction amount is NT\$1 Billion or above, at least 2 professional price appraisers shall be engaged to perform appraisal.
- (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards

No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

- i. The appraisal result deviates from the transaction amount by 20% or more.
- ii. The appraisal results by two or more professional appraisers deviate from the transaction price by 20% or more.

(4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

(5) Application in Construction Industry

Unless any fixed price, specific price, or special price is used as reference benchmark for the transaction price, if there is a justifiable reason for not obtaining the appraisal report in time, the appraisal report and the accountant's opinion under section (3) above shall be obtained within 2 weeks commencing immediately from the date of occurrence.

(6) For assets acquired or disposed of through court auction procedure, documents of proof issued by the court may be used in lieu of price appraisal report or accountant's opinion.

(7) The calculation of the transaction amounts shall be done in accordance with Article 6, paragraph 3 herein.

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

Any acquisition or disposal of real property 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.

4. The units responsible for implementation

Any acquisition or disposal of real property or equipment by the company shall be executed under the responsibility of the user department and relevant responsible department after approval in accordance with the authority provided under the previous section.

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.

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

1. When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10% or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.

The calculation of the transaction amount shall be made in accordance with Article 6, paragraph

3 herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

2. When the company engages in any acquisition or disposal of real property 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 until the following matters have been approved by more than half of all audit committee members and submitted to the board of directors for further approval:

- (1) The purpose, necessity and expected effect of acquisition or disposal of assets.
- (2) Reason for selecting a related party as the transaction counterparty.
- (3) With respect to the acquisition of real property from a related party, information relating to the evaluation of reasonableness of contemplated transaction conditions in accordance with sections 2 and 3 of this article.
- (4) The date, price and transaction party in the previous transaction engaged by the related party and the relationship between the company and the related party.
- (5) Cash income and expense forecast table for each of the 12 months following the month on which the contract is contemplated to be signed and evaluation of the necessity of the transaction and reasonableness of the utilization of capital.
- (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the article 1.
- (7) Restrictive conditions and other important agreements under this transaction.
- (8) When submission is made to the board of directors for discussion in accordance, opinions of independent directors shall be fully taken into consideration. Any objection or reservation by any independent director shall be recorded in the minutes of the board meeting.
- (9) The calculation of the transaction amounts shall be made in accordance with Article 13-2, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by more than half of all audit committee members and submitted to the board of directors for further approval need not be counted toward the transaction amount.
- (10) With respect to the 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.

3. Evaluation of Reasonableness of Transaction Cost

- (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:

- i. Transaction price with the related party plus required capital interest and cost to be borne by the buyer in accordance with law. Required capital interest cost shall be calculated based on the weighted average interest rate of the loan taken out by the company during the year of asset acquisition, provided that it shall not be higher than the highest lending rate for non-financial industry published by the Ministry of Finance.
 - ii. If the related party has taken out a mortgaged loan from any financial institution based on the target, the total lending assessment value of the target by such financial institution, provided that the accumulated value of actual lending by such financial institution for the target shall be at least 70% of the total lending assessment value and the loan period must have exceeded one year. However, this shall not be applicable if the financial institution is a related party to either party to the transaction.
- (2) If the land and housing under the same target is purchased at the same time, the transaction cost for the land and the housing may be evaluated under any method under subsection (1) above.
- (3) For any real property 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.
- (4) For real property to be acquired from a related party, if there is any of the following events, only section 2 of this article about evaluation and procedure shall be applicable. Provisions about the evaluation of reasonableness of transaction cost under subsections (1) to (3) above shall not be applicable.
- i. The related party acquired the real property through succession or gift.
 - 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.
 - 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.
4. If the result of evaluation under subsections (1) and (2) above is lower than the transaction price, section 5 of this article shall be applicable. However, this shall not be applicable if it is due to any of the following reasons and if objective evidence is submitted and substantial opinions about reasonableness from real property professional appraiser and accountant are received:
- (1) The related party re-constructed following the acquisition of undeveloped land or leased land and evidence is provided to show that one of the following conditions are satisfied:
 - i. The combined value of evaluation of the undeveloped land in the method provided under section 3 and the construction cost of the housing by the related party plus reasonable construction profit exceeds the actual transaction price. Reasonable construction profit shall be based on the average business gross interest rate of the related party's construction department for the past three years or the latest construction industry gross

interest rate published by the Ministry of Finance, whichever is lower.

- ii. 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.
- 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.

- (2) Evidence is provided showing that the transaction conditions of the real property to be acquired from the related party is equivalent to closing cases in the vicinity within the past year, not involving related parties and with a similar surface.

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.

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:

- (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.
- (2) The independent directors of the audit committee shall proceed in accordance with Article 281 of the Company Law.
- (3) Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased 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.

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.

Article 9. Evaluation and Procedure for Acquisition or Disposal of Membership and Intangible Assets

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.

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.

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

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

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

4. The units responsible for implementation

The company's acquisition or disposal of 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.

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.

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

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

procedure after submission to and approval from the board of directors.

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

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

1. Operational or Hedging Strategy

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

2. Segregation of Duty

The 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.

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

(1) Total Transaction Contract Amount

Hedging Operation

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

Transactional Operation

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

(2) Loss Limits

Hedging Operations

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

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

Transactional Operations

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

4. Performance Review

Hedging Operations

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

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

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

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

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

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

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

6. Significant Derivative Product Transaction

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

7. The units responsible for implementation and Process

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

8. Risk Management

- (1) Credit Risk: In principle, the company's transaction counterparties are limited to banks or

renowned financial institutions dealing with the company and those who can provide professional information. Otherwise, approval shall be required from the highest decision making supervisor of the finance department.

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

9. Internal Control

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

10. Regular Evaluation Method and Anomaly Handling

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

The evaluation shall include the following:

- (1) Regularly evaluate whether the performance of derivative product transactions engaged are consistent with the existing operational strategy.
- (2) Whether the risks undertaken are within the company's scope of tolerance.
- (3) Monthly evaluation of risk management measures: Regularly evaluate whether the risk management measures currently used are suitable and duly compliant with the Derivative Product Transaction procedure established by the company.

- (4) The finance department shall proceed in accordance with the Commercial Accounting Act, the Financial Accounting Standards and letters and orders from relevant competent authorities. If there is no relevant rules, details shall be recorded and calculations shall be made on monthly basis under statements of realized and unrealized profit and loss.
11. Where a public company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:
- (1) Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
 - (2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.
12. Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:
- (1) Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.
 - (2) When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.
- A company shall report to the soonest board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.
13. The internal audit staff shall regularly understand the suitability of internal control of derivative product transaction and shall audit the compliance of transaction related departments with relevant provisions under this procedure on monthly basis. The transaction cycles shall also be analyzed and recorded into audit reports. If any significant violation is discovered, the board of directors shall be informed in writing.
14. The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 11-2 of Article 12-1 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of Article 20 shall be recorded in detail in the log book.
15. Any of the company's managers or responsible staff who engages in any derivative product transaction shall comply with the provisions under this procedure in order to avoid any inappropriate operational loss suffered by the company. In case of any violation of any relevant legislation or this procedure, the sanctions shall be imposed in accordance with relevant human resource regulations.

16. If any subsidiary of the company except Nova Technology Corp. and its subsidiaries contemplate to engage in derivative product transactions, the company shall ensure that it establishes a procedure for derivative product transactions and implement such procedure after it is submitted to the board of directors for resolution in accordance with relevant rules. Any subsidiary of the company that engages in any derivative product transaction shall provide relevant information to the company for review on a regular basis.

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

1. Evaluation and Procedure

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

2. Transaction Consideration Determination Method and Reference Benchmark

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

3. Expert Opinions

If the company engages in any merger, division, acquisition or share transfer, accountants, attorneys or securities underwriters shall be engaged before a board meeting is convened for resolution to provide opinions about the reasonableness of the share swap ratio, acquisition price or cash and other properties distributed to the shareholders. The opinions shall be submitted to the board of directors for discussion and approval. However, if the company merges its directly or indirectly wholly owned subsidiary or a merger between its directly or indirectly wholly owned subsidiaries, the company may be exempted from obtaining the opinions as mentioned above.

4. Decision Level

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

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

- (1) If the company engages in any merger, division, acquisition or share transfer, important agreed provisions and relevant matters about the merger, division or acquisition shall be included into a public document brought to the attention of the shareholders before the shareholder meeting and sent to the shareholders together with expert opinions under Section 3 of this Article and notice for shareholder meetings to serve as reference as to

whether the merger, division or acquisition proposal should be approved, except other merger, division or acquisition matters that do not require shareholder resolutions in accordance with laws.

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

6. Dates of Board Meeting and Shareholder Meeting

- (1) Unless otherwise provided by law or in case of any special reason that is reported to and approved by the Financial Supervisory Commission in advance, companies participating in the merger, division or acquisition shall hold board meetings and shareholder meetings on the same day to resolve matters related to the merger, division or acquisition.
- (2) Unless otherwise provided by law or in case of any special reason that is reported to and approved by the Financial Supervisory Commission in advance, companies participating in share transfer shall hold board meetings on the same day.
- (3) Companies participating in the merger, division or acquisition whose are listed on stock exchange or whose shares are traded in securities dealers' premises shall make complete written records of the following information and keep them for five years for reference.
 - i. Basic staff information: Including persons who participated in the merger, division, acquisition or share transfer project or execution of the project prior to the disclosure of the news, their titles, names and ID numbers (passport numbers for foreigners).
 - ii. Dates of important events: Including dates of signing of letters of intent, memorandums of understanding, engagement of financial or legal advisors, signature of contracts and board of directors.
 - iii. Important documents and minutes: Including merger, division, acquisition or share transfer plan, letters of intent, memorandums of understanding, important contracts and minutes of the board meetings.

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

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

7. Confidentiality Obligation and Avoidance of Insider Trading

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

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

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

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

9. Matters to be Provided in Contract

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

- (1) Breach consequence.
- (2) Principle for handling securities in the nature of share entitlement previously issued or treasury shares repurchased by companies that will disappear or be divided following the merger.
- (3) The quantity of treasury shares that the participating company may repurchase in accordance with law after the record date for share swap percentage calculation and the principle for handling such treasury shares.
- (4) The method to handle increase, decrease or change of participating entities or the number of entities.
- (5) Expected execution progress and expected completion date of the plan.

- (6) If the plan is not completed within the deadline, relevant handling procedures such as the expected date of shareholder meeting to be convened in accordance with law.
10. Change of Number of Companies Participating in Merger, Division, Acquisition or Share Transfer
- After any company participating in the merger, division, acquisition or share transfer publicly discloses the information, if it wishes to perform a merger, division, acquisition or share transfer with any other company, other than when the number of participants is decreased and when the shareholder meetings has resolved and authorized the board of directors to change the authority, in which circumstances the participating company does not need to convene a new shareholder meeting to pass a new resolution, all participating companies shall pass once again through the procedure or legal act that has been completed during the original plan, merger, acquisition or share transfer plan.
11. If any company participating in the merger, division, acquisition or share transfer is not a publicly traded company, the company shall sign an agreement with such company and proceed in accordance with the provisions under section 6 of this article about board meeting and shareholder meeting date, section 7 about confidentiality obligation and avoidance of insider trading and section 10 about change of number of companies participating in the merger, division, acquisition or share transfer.

Article 13. Procedure of Public Announcement

1. Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the Securities and Futures Bureau of the Financial Supervisory Commission 's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:
- (1) Acquisition or disposal of real property 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).
 - (2) Merger, demerger, acquisition, or transfer of shares.
 - (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company
 - (4) Where 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:
 - i. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.

- ii. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- (5) Acquisition or disposal by a public company in the construction business of real property for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.
 - (6) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million or more.
 - (7) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - i. Trading of government bonds.
 - 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.
 - iii. Trading of bonds under repurchase/resale agreements, or subscription or repurchase of domestic money market funds issued by Securities Investment Trust Enterprises (SITEs).
2. The amount of transactions above shall be calculated as follows:
 - (1) The amount of any individual transaction.
 - (2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
 - (3) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
 - (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
 - (5) "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Regulations need not be counted toward the transaction amount.
 3. The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public

companies and enter the information in the prescribed format into the information reporting website designated by the Securities and Futures Bureau of the Financial Supervisory Commission by the 10th day of each month.

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

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

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

of the discoveries and suggestions in the audit report, the audited subsidiary shall be informed to make improvements. Regular follow up reports shall be prepared to ensure that timely and appropriate improvement measures have been undertaken.

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

Article 16. The company shall not give up capital increase in any future year for Sheng Hwei International Co., Ltd., Nova Technology Corp., Ho Shou Engineering Co., Ltd. or Nova Technology Singapore Pte., Ltd. If the company must abandon the capital increase for the above companies or disposes of the above companies due to consideration for strategic alliance or other consideration with the approval of the Gre-Tai Securities Market, approval shall be required by special resolution of the board of directors of the company.

Article 17. Penalty

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

Article 18. Relevant Legislations

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

Article 19.

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

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

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

Article 20. Implementation and Amendment

The Procedure for Acquisition or Disposal of Assets shall be implemented after more than half of all audit committee members grants the approval, and shall be sent to the board of directors for further approval and reported at a shareholders' meeting. The same procedure shall be followed when the procedure have been amended.

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

The establishment of this procedure shall be published as significant information on the Market Observation Post System and a letter shall be sent to the Gre-Tai Securities Market for reference.

Article 21. Date of Establishment and Amendment

This procedure was established on 3 May 2005.

This procedure was amended on 4 October 2005.

This procedure was amended on 16 June 2009.

This procedure was amended on 10 June 2010.

This procedure was amended on 15 June 2011.

This procedure was amended on 19 June 2013.

This procedure was amended on 18 June 2014.

This procedure was amended on 28 May 2015.

This procedure was amended on 26 May 2017.

This procedure was amended on 30 May 2018.

Appendix 4: Endorsement and Guarantee Procedure< Before the revision >

Endorsement and Guarantee Procedure

Article 1. Purpose and Legal Basis

This procedure is established in accordance with Article 36-1 of the Securities Transaction Act and the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” by the Securities and Futures Bureau of the Financial Supervisory Commission by order (91) Tai-Cai-Zhen (6) Zhi No. 0910161919 for the purpose of ensuring shareholder interest, sound financial management and reduction of operational risk. Any endorsement or guarantee by the company shall be done in accordance with this procedure.

Article 2. Scope of Application

Endorsement and guarantee referred to in this procedure include:

1. Financing endorsement and guarantee include:
 - (1) Client voucher factoring financing.
 - (2) Endorsement or guarantee for the purpose of obtaining financing for another company.
 - (3) Issuance of instrument to a non-financial institution as guarantee by the company for financing purpose.
2. Customs endorsement and guarantee mean endorsement and guarantee performed for customs-related matters of the company or another company.
3. Other endorsement and guarantee mean endorsement or guarantee that cannot be categorized under the previous two sections.
4. Any chattel or real estate provided by the company with pledge or mortgage created as guarantee for borrowing by another company shall be done in accordance with this procedure.

Article 3. Applicable Entities

The company may only provide endorsement and guarantee to the following companies, except reciprocal guarantee in accordance with contract among companies of the same industry or co-constructors due to project contracting requirements or endorsement and guarantee undertaken by all investing shareholders to their invested company in accordance with their shareholding ratios.

1. Companies with business dealings with the company.
2. Companies of which 50% or more voting shares are directly or indirectly held by the company.
3. Companies directly or indirectly holding 50% or more voting shares of the company.

Companies of which 90% or more voting shares are directly or indirectly held by the company may provide endorsement and guarantee for each other.

Article 4. Amount Limit and Evaluation Standard of Endorsement and Guarantee

1. The total amount of liability, standard of amount limit and amount for the company’s external endorsement and guarantee are as follows:
 - (1) The total amount of a reciprocal guarantee among companies of the same industry in accordance with contract for project contracting requirement shall not exceed 5 times the net value of the company. The amount of endorsement and guarantee to any single enterprise shall not exceed 3 times the company’s net value.
 - (2) Other than a guarantee for project contracting, the accumulated amount of liability under external endorsement and guarantee for other companies that not directly or indirectly be owned by the company shall not exceed 20% of the net value of the company. The amount of endorsement and guarantee for any single enterprise shall not exceed 10% of the company’s net value.

- (3) The total amount of an endorsement and guarantee for companies of which 50% or more of the shares are held directly or indirectly by the company shall not exceed 8 times the net value of the company. The amount of an endorsement and guarantee to any single enterprise shall not exceed 5 times the company's net value.
 - (4) The amount of an endorsement and guarantee among companies of which 90% or more voting shares are held directly or indirectly by the company shall not exceed 10% of the net value of the company.
 - (5) The endorsement and guarantee by the company for companies whose 100% voting shares are directly or indirectly held by the company are not limited to the restriction of the previous subsection.
 - (6) The amount of an endorsement and guarantee provided for business dealings shall not exceed the amount of such business dealings. Amount of business dealing means the amount of product purchase or product sale between the companies during one year, whichever is higher, based on the latest accountant certified financial statements.
2. The total amount of liability, amount limit standard and amount for external endorsement and guarantee by the company and its subsidiaries are as follows:
 - (1) For a reciprocal guarantee in accordance with a contract by the company and its subsidiaries based on project contracting requirements, and endorsement and guarantee among the company and its parent and subsidiaries or among companies whose 100% voting shares are held directly or indirectly held by the company, the total amount shall not exceed 8 times the net value of the company. The amount of an endorsement and guarantee to any single enterprise shall not exceed 5 times the company's net value.
 - (2) Other than the endorsement and guarantee under the previous subsection, the accumulated total amount of liability under external endorsement and guarantee shall not exceed 50% of the net value of the company. The amount of endorsement and guarantee to any single enterprise shall not exceed 20% of the company's net value.
 3. The above company net value shall be based on the latest accountant certified or audited financial statements.

Parent and subsidiary in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers. "Net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 5. Decision and Authorization Level

1. When the company provides an endorsement and guarantee, approval procedures shall be carried out in accordance with Article 6 of this procedure and the endorsement and guarantee shall only be provided after board resolution. However, to meet timing requirements, execution may be done in accordance with the following rules:
 - (1) Any single endorsement and guarantee among companies of the same industry in accordance with contract for project contracting requirement below NT\$1 Billion (inclusive) may be executed by the chairman first with the authorization from the board of directors and then submitted to the next board of directors for ratification.
 - (2) Any single endorsement and guarantee between parent companies and subsidiaries below NT\$1 Billion (inclusive) may be executed by the chairman first with the authorization from the board of directors and then submitted to next the board of directors for ratification.
 - (3) Any endorsement and guarantee other than the previous two subsections within the total endorsement and guarantee amount below NT\$200 Million (inclusive) may be executed by the chairman first with the authorization from the board of directors and then submitted to the next board of directors for ratification.
2. Any subsidiary of which 90% or more voting shares are directly or indirectly held by the company can only provide endorsement and guarantee in accordance with Section 2, Article 3

after submission to and resolution by the board of directors of the company, except endorsement and guarantee among companies whose 100% voting shares are directly or indirectly held by the company.

3. If the company provides any endorsement and guarantee exceeding the amount limit provided under the previous article due to business requirements and if the conditions under the endorsement and guarantee procedure of the company are complied with, approval from the board of directors shall be required and the majority of directors shall provide a joint guarantee for the loss that may arise out of the company's exceeding the limit. This procedure shall also be amended and submitted to the shareholder meeting for ratification. If the shareholder meeting does not approve, a plan shall be established with a certain deadline to remove the exceeding portion.
4. When this procedure is submitted to the board of directors for discussion in accordance with the previous section, opinions of each independent director shall be fully taken into consideration and their specific opinions for approval or objection and the reasons for objection shall be included in the minutes of the board meeting.

Article 6. Procedure for Endorsement and Guarantee

1. In processing an endorsement and guarantee, the relevant department shall submit an endorsement and guarantee application form, specifying the beneficiary of the endorsement and guarantee, type, reason and amount. The application shall be filed with the finance department of the company.

The finance department shall review the application under the endorsement and guarantee application form item by item and make records. The following shall be included:

- (1) Necessity and reasonableness of the endorsement and guarantee.
 - (2) Credit and risk evaluation of the beneficiary of endorsement and guarantee.
 - (3) Impact on the company's operational risk financial status and shareholder interest.
 - (4) Whether collateral should be required and the evaluation value of the collateral.
2. The finance department shall submit the endorsement and guarantee application stating the relevant scope of endorsement and guarantee, reason and risk evaluation to the chairman for approval. Then a board resolution shall be required. If the proposal is within the authorized amount, the chairman may decide based on the credit level and financial status of the beneficiary of the endorsement and guarantee.

Article 7. Establishment of Reference Book

The finance department shall establish a reference book for endorsement and guarantee matters. After the endorsement and guarantee are approved by the board of directors or decided by the chairman, in addition to filing a request for use of seal, the beneficiary and amount of the endorsement and guarantee, the date of board approval or chairman's decision and the date of the endorsement and guarantee shall be recorded in detail for future reference.

Article 8. Procedure for Use and Custody of Sample Seal

1. The company shall use the company seal registered with the Ministry of Economic Affairs to be the dedicated seal for endorsements and guarantees. Such seal and relevant instruments shall be kept by dedicated staff designated by the chairman under the authorization of the board of directors. Any change of seal safe-keeper shall be reported to and approved by the board of directors and the seal under the custody shall be handed over. The seal may only be used and an instrument may only be signed and issued in accordance with the seal management rules established by the company.
2. If the company provides any guarantee for any overseas company, the guarantee letter issued shall be signed by the chairman under the authorization of the board of directors.

Article 9.Procedure for Public Announcement

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

Article 10.Internal Audit

The internal audit staff of the company shall perform at least quarterly audit on the procedure of endorsements and guarantees and the execution. Written records shall be made. If any significant violation is discovered, audit committee shall be informed in writing immediately.

Article 11.Control Procedure for Endorsement and Guarantee by Subsidiary

1. If any subsidiary of the company contemplates to provide an endorsement or guarantee for any other person, the company shall ensure that such subsidiary proceed in accordance with the endorsement and guarantee procedure established in accordance with the "Guidelines for Funds Lending and Endorsement and Guarantee by Publicly Traded Company" by the Securities and Futures Bureau, provided that the net value shall be calculated based on the net value of the subsidiary.
2. Any subsidiary of the company except Nova Technology Corp. and its subsidiaries that contemplate to provide any endorsement or guarantee for any other person shall only do so following report to and approval from the company. The finance department of the company shall make a substantial evaluation of the necessity, reasonableness and risk of such endorsement and guarantee and the impact on the operational risk, financial status and shareholder interest of the parent and subsidiary. A report shall be filed with the chairman for approval.

3. The subsidiary shall prepare an endorsement and guarantee detail table by the 8th day of each month and such table shall be submitted to the company according to Regulations on the Management of subsidiary.
4. The internal audit staff of the company shall perform regular audit on its subsidiaries about the compliance with their “Endorsement and Guarantee Procedure”. After the discoveries and suggestions of the audit report are submitted for approval, the audited subsidiary shall be informed for improvement. Regular follow-up reports shall also be prepared in order to ensure that appropriate and timely improvement measures have been undertaken.

Article 12. Penalty

If any manager or responsible staff of the company carrying out any endorsement or guarantee violates the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” of the Securities and Futures Bureau or the “Endorsement and Guarantee Procedure” of the company, sanctions shall be imposed based on the gravity of the matter in accordance with the company’s human resource management rules and work rules and regular audit reports shall be filed.

Article 13. Other Matters

1. If the beneficiary of the company’s endorsement and guarantee is consistent with this procedure but subsequently becomes inconsistent, or if the amount of endorsement and guarantee exceeds the regulated amount due to change of amount limit calculation basis, an improvement plan shall be established for the amount of the endorsement and guarantee for such beneficiary or the portion exceeding the limit to eliminate the inconsistencies. The relevant improvement plan shall be sent to audit committee.
2. The finance department shall prepare a detailed table about the guarantee matters that occurred or cancelled during each month to facilitate control, follow-up and public announcements. In addition, probable loss from the endorsement and guarantee shall be evaluated or recognized, and the endorsement and guarantee information shall be properly disclosed in the financial reports relevant information shall be provided to the certifying accountant to execute necessary audit procedure.
3. Prior to the expiry date of the endorsement and guarantee, the finance department shall take the initiative to inform the beneficiary enterprise of the guarantee to take back guarantee notes left with the bank or the creditor institution and cancel instruments related to the endorsement and guarantee.
4. If the beneficiary of the endorsement and guarantee is a subsidiary with net value that is less than 1/2 of the paid-in capital, the subsequent relevant control measures shall be specified and the control measures shall be reported to the next board of directors.
In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under subparagraph 11 of the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

Article 14. Relevant Legislation

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

Article 15. Implementation and Amendment

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.
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.

Article 16. Date of Establishment and Amendment

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.

Appendix 5: Procedures for Loaning of Company Funds< Before the revision >

Procedures for Loaning of Company Funds

Article 1. Purpose and Legal Basis

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

Article 2. Funds Borrower

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

Article 3. Funds Lending Evaluation Standard

1. Any Funds lending by the company to any other company or enterprise under business relationship shall be in accordance with Subsection 2, Section 1, Article 4.
2. Funds lending to meet short term financing requirements as recognized by the board of directors shall be limited to the following:
 - (1) Company with parent and subsidiary relationship with the company that requires short term financing due to business needs.
 - (2) Company or enterprise invested by the company under the equity method that requires short term financing due to procurement of materials or operations.

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

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

Article 4. Total Funds Lending Amount and Individual Amount Limit

1. The total amount of funds lending by the company shall not exceed 10% of the company's net value.
2. For lending due to business dealings, the individual lending amount shall not exceed the amount of the business dealing. Amount of business dealing means the amount of product purchase or product sale, whichever is higher.
3. For lending of short term financing, the individual lending amount shall not exceed 10% of the company's net value. The amount of short term financing means the accumulated balance of short term lending amount by the company.
4. Capital lending among overseas companies whose 100% voting shares are directly or indirectly held by the company is not subject to the restrictions under the previous three sections. The aggregate amount of loans and the maximum amount permitted to a single borrower shall each be prescribed separately for business transactions and for short-term financing respectively.

Article 5.Term and Interest Calculation of Capital Financing

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

Article 6.Decision Level

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

Article 7.Application and Review Procedure

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

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

Article 8.Warranty and Guarantee

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

Article 9. Insurance

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

Article 10. Credit Verification

1. For first time borrowers, the borrower shall provide basic information and financial information so that the processing department can carry out credit verification.
2. For any extended borrowing, in principle, the finance department shall perform credit verification once every year. In significant cases, credit verification shall be performed once every six months based on actual requirements.
3. For any extended borrowing, if the company has a sound financial system and good track records of repayment, and if the annual financial statements have been certified by an accountant, the financial reports between the past one to two years may continue to be used and lending may be approved following accountant's audit report.
4. If the borrower is a subsidiary whose 100% voting shares are held directly or indirectly by the company, the credit verification may be waived and the restriction under section 3 is not applicable.

Article 11. Loan Approval

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

Article 12. Contract Signing and Guarantor

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

Article 13. Advance

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

Article 14. Subsequent Control Measures for Amount Advanced

1. After lending is advanced, the financial, business and credit situation of the borrower and the guarantor shall be monitored. Verifications shall be made as to whether the value of collateral (pledge) has been changed. Any significant change shall be immediately reported to the chairman and handled in accordance with the chairman's instructions.
2. Before the advance is due, the borrower shall be notified to repay the principal and interest when due or to carry out extension procedure.
3. When the borrower repays the loan on or before the due date, interest payable shall first be calculated and paid together with the principal. Then the promissory note shall be cancelled and returned to the borrower or the pledge shall be cancelled.
4. If the borrower wishes to extend the borrowing before the due date, a new application shall be filed in accordance with this procedure.
5. Every month, the processing staff shall prepare a funds lending details table for the previous month and submit it to the persons with due authority for review and approval.

Article 15. Overdue Debt

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

Article 16. Public Announcement

1. 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.
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:
 - (1) The balance of funds lending by the company and its subsidiaries exceeds 20% of the net value based on the company's latest financial statements.
 - (2) The balance of funds lending by the company and its subsidiaries to any single enterprise reaches 10% of the net value based on the company's latest financial statements.
 - (3) The amount of new funds lending by the company or its subsidiaries exceeds NT\$10 Million and reaches 2% of the net value based on the company's latest financial statements.
3. If any subsidiary of the company that is not a domestic publicly traded company has any matter that is subject to public announcement in accordance with the previous section, the company shall make a public announcement on behalf of the subsidiary.
4. The percentage of the subsidiary's funds lending balance over the net value shall be calculated based on the subsidiary's funds lending balance as a percentage to the company's net value.

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

Article 17. Control Procedure for Funds Lending by Subsidiary

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

Article 18. Establishment of Reference Book

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

Article 19. Other Matters

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

Article 20. Penalty

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

Article 21. Relevant Legislations

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

Article 22. Implementation and Amendment

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

Article 23. Date of Establishment and Amendment

This procedure was established on 3 May, 2005.

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

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

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

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

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

The sixth amendment to this procedure was made on 31 May, 2016.

The seventh amendment to this procedure was made on 30 May, 2018.

Appendix 6: Shareholding of Directors

- As of March 31, 2019, the company's registered capital is NT\$720,000,000, the issued capital of the Company is NT\$542,027,420, the issued 54,202,742 common shares.
- The company has elected three independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors other than the independent directors shall be decreased by 20 percent. The actual collective shareholding of directors is 4,336,219 common shares. As the company has established the audit committee that satisfies the requirements of the Securities and Exchange Act, the minimum shareholding requirements for supervisors do not apply.
- As of March 31, 2019, the actual collective shareholdings of directors were shown as below:

Position	Name	Date elected	Term (Years)	Directors	
				Shares	Shareholding ratio (%)
Chairman	Liang, Chin-Li	May 30, 2018	3	2,082,566	3.84%
Directors	Yang, Jung-Tang	May 30, 2018	3	1,005,330	1.85%
Directors	Hu, Tai-Tsen	May 30, 2018	3	1,251,618	2.31%
Independent Director	Yeh, Hui-Hsin	May 30, 2018	3	3,450	0.01%
Independent Director	Wang, Mao-Rong	May 30, 2018	3	3,450	0.01%
Independent Director	Yang, Qian	May 30, 2018	3	0	0.00%
combined shareholding of all directors				4,346,414	8.02%

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

Appendix 7: Directors and employees compensation

Unit : NTDS

Items	The Board adopted a proposal(A)	already expensed under the Company's 2017 income statements(B)	DIF (A-B)	Difference reason and dealing with the situation
Employees' stock compensation	0	0	0	No different
Employees' cash compensation	81,757,295	81,757,295	0	
Directors' compensation	40,878,647	40,878,647	0	

Appendix 8: The other explanation

1. The company's response about shareholder's proposal in this Annual Shareholder's Meeting :
 - (1) According to the article 172-1 of the Company Act, Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal and the number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words.
 - (2) The company has announced that the shareholders can submit proposals to be discussed at the meeting on the Market Observation Post System. The period is March 18, 2019 to March 27, 2019.
 - (3) The company had not received any proposals from shareholders.
2. Influence of Proposed Stock Dividend Distribution upon 2018 Operating Performance and Earnings Per Share :

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