

Stock code: 5536



**Handbook for the 2018
Annual Meeting of Shareholders**

MEETING TIME: May 30, 2018

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I. Meeting Procedure

Acter Co., Ltd.

Procedure for the 2018 Annual Meeting of Shareholders

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

II. Agenda of Annual Meeting of Shareholders

Acter Co., Ltd.

Year 2018 Agenda of Annual Meeting of Shareholders

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

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

Chairperson : Chairman Liang, Chin-Li

1. Call the Meeting to Order

2. Chairperson Remarks

3. Report Items

- (1)To report the distribution of 2017 employee and director compensation.
- (2)2017 Business Report.
- (3)Audit Committee's Review Report of 2017 Financial Statements.
- (4)To report the execution of corporate social responsibility.
- (5)To report the amendment of "Rules of Procedure for Board of Directors Meeting" and "Ethical Corporate Management Operating Procedures and Conduct Guide."
- (6)To report the execution of that the company's subsidiary Nova Technology Corp. (Nova) is processing the plan of being a listed company. To meet the related regulations, the company intends to have stockholders' meeting authorize the Board of Directors handle Nova's capital increase by cash and the matters of share release if any within the next one year.
- (7)To report the execution of the plan that the company proposes to offer to buy within 15% shares of directly or indirectly reinvestment companies by high-performance employees.

4. Proposals

- (1)Adoption of the 2017 Business Report and Financial Statements.
- (2)Adoption of the Proposal for Distribution of 2017 Profits.

5. Discussion

- (1) Discussion on the proposal for a new share issue through capitalization of earnings from 2017.
- (2) Discussion on the proposal to amend “Articles of Incorporation.”
- (3) Discussion on the proposal to amend “Procedure for Acquisition or Disposal of Assets,” “Endorsement and Guarantee Procedure,” and “Procedures for Loaning of Company Funds.”
- (4) Discussion on the proposal to amend “Regulations governing remuneration paid to directors.”

6. Elections

- (1) To elect 7 members of the 11th Board of Directors. (Including 3 independent directors)

7. Other Matters

- (1) To release the directors from non-competition restrictions.

8. Questions and Motions

9. Adjournment

III. Report Items

Report No. 1 : To report the distribution of 2017 employee and director compensation. (Proposed by the Board of Directors)

Explanation :

- (1) The Board of Directors resolved that when distributing the surplus profits for each fiscal year, the company shall first offset its losses of previous years and set not less than three percent of the profit before tax excluding the amount of employees' and directors' compensation as compensation to employees; and then set not more than five percent of the profit before tax excluding the amount of employees' and directors' compensation as compensation to directors. Independent directors shall be excluded from distribution.
- (2) The company proposed to allocate 6% for employee compensation (not less than 3%) in the amount of NTD 61,369,156. It also planned to allocate 3% for the remuneration of directors (not higher than 5%) in the amount of NTD 30,684,578.

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

Explanation : The 2017 Business Report is attached as pp. [15-30], Attachment 1 and Attachment 2.

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

Explanation : The 2017 Audit Committee's Review Report is attached as pp. [31], Attachment 3.

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

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

Report No. 5 : To report the amendment of "Rules of Procedure for Board of Directors Meeting" and "Ethical Corporate Management Operating Procedures and Conduct Guide." (Proposed by the Board of Directors)

Explanation :

- (1) In order to conform to the amendments of related laws and the needs of corporate governance practice, the company hereby amended "Rules of Procedure for Board of Directors Meeting" and "Ethical Corporate Management Operating Procedures and Conduct Guide."
- (2) Please refer to page 32-34 (Attachment 4 and Attachment 5) for details.

Report No. 6 : To report the execution of that the company's subsidiary Nova Technology Corp. (Nova) is processing the plan of being a listed company. To meet the related regulations, the company intends to have stockholders' meeting authorize the Board of Directors handle Nova's capital increase by cash and the matters of share release if any within the next one year. (Proposed by the Board of Directors)

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

Report No. 7 : To report the execution of the plan that the company proposes to offer to buy within 15% shares of directly or indirectly reinvestment companies by high-performance employees.

Explanation : Due to legal restrictions in Mainland China, employees there cannot directly hold shares of the company's subsidiary Sheng Huei (Suzhou) Engineering Co, Ltd. The company applied to the securities regulatory commission on February 8, 2018 to change the stock release program to disposition by the partnership enterprise formed by the staff of Sheng Huei (Suzhou) Company, and it has approved by the competent authority with letter no. 1070003645. On February 23, 2018, Board of the company approved to release 15% shares of Sheng Huei (Suzhou) Company to the partnership enterprise formed by the staff of Sheng Huei (Suzhou) Company.

IV.Proposals

Proposal No. 1 : Adoption of the 2017 Business Report and Financial Statements.
(Proposed by the Board of Directors)

Explanation :

- (1) Acter Company's Financial Statements, including the balance sheet, statement of comprehensive income, statement of change in equity, and statement of cash flows, were audited by independent auditors, Chang, Tzu-Hsin CPA and Huang, Hai-Ning CPA of KPMG Firm. Also Business Report and Financial Statements have been approved by the Board held on Feb. 23, 2018 and examined by the Audit Committee of Acter Company.
- (2) The 2017 Business Report, independent auditors' report, and the above-mentioned Financial Statements are attached in the Meeting Agenda as, pp. [15-30], Attachment 1 and Attachment 2.

Resolution :

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

Explanation :

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

Acter Co., Ltd.
PROFIT DISTRIBUTION TABLE
Year 2017

Unit : NTD

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

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

Resolution :

V. Discussion

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

Explanation :

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

Resolution :

Proposal No. 2 : Discussion on the proposal to amend “Articles of Incorporation.”

Explanation :

- (1) In order to conform to the needs of practical operational, the company hereby proposes to amend “Articles of Incorporation.”
- (2) Please refer to page 35 (Attachment 6) for details.

Resolution :

Proposal No. 3 : Discussion on the proposal to amend “Procedure for Acquisition or Disposal of Assets,” “Endorsement and Guarantee Procedure,” and “Procedures for Loaning of Company Funds.” (Proposed by the Board of Directors)

Explanation :

- (1) In order to conform to the needs of business development, the company hereby proposes to amend “Procedure for Acquisition or Disposal of Assets,” “Endorsement and Guarantee Procedure,” and “Procedures for Loaning of Company Funds.”
- (2) Please refer to page 36-67 (Attachment 7~ 9) for details.

Resolution :

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

Explanation :

- (1) In order to conform to the needs of business development, the company hereby proposes to amend “Regulations governing remuneration paid to directors” and revised the title to “Regulations governing remuneration paid to directors and functional committee.”
- (2) Please refer to page 68-69 (Attachment 10) for details.

Resolution :

VI. Elections

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

Explanation :

- (1) The term of directors of the 10th Board will expire on 05/27/2018. According to the Article 16 and 16-2 of Articles of Incorporation and Article 192-1 of Company Law, the company proposes to duly elect 7 new Board members by nomination. (including 3 independent directors) The three-year term will start from 05/30/2018 and conclude on 05/29/2021.
- (2) The qualification of the nominated has been reviewed by the Board meeting. Please refer to page 70-73 (Attachment 11) for details.

Voting by Poll :

VII. Other Matters

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

Explanation :

- (1) In accordance with Article 209 of Company Law, any director acting for himself/ herself, or for any other person within the scope of the Company business, should explain the important matters of such acts and acquire the approval of the shareholders' meeting.
- (2) It is hereby proposed to release the restriction on competitive activities for newly-elected directors, who participate in the operations of other company that engages in the same or similar business as the Company. Please refer to page 74 (Attachment 12) for details.

Resolution :

VIII. Questions and Motions

IX. Adjournment

X. Attachments

Attachment 1: Business Report

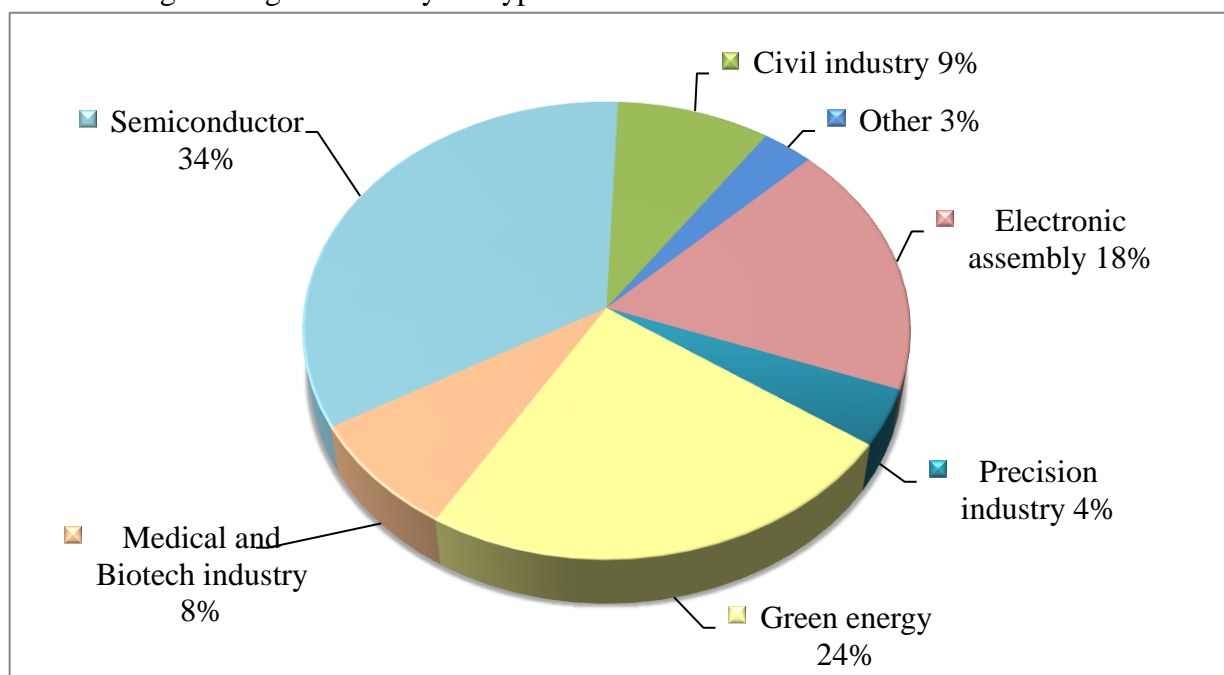
Acter Co., Ltd. 2017 Business Report

1. 2017 Business results

(1). Business plan implementation results

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

Ratios of engineering turnover by the type



Unit : In thousands of New Taiwan Dollars

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

(2). State of budget implementation

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

(3). Financial structure and profitability

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

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

(4).Research and development

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

I. Solvent Recycling Outsourcing Business

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

II. Concentration Control System for Chemical Liquid

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

III. New Type Electronic-grade Chemicals Supply System

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

IV. Modular Design and Planning of Large Desalinators

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

V. Biotech Industry

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

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

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

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

VI. Continued Developments in Respective Engineering Aspects

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

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

2. Summary of business plan for 2018

(1).Business strategy

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

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

(2).Expected sales volume and basis for estimates

Acter is a professional manufacturer that applies system integration. For 40 years, it has provided services which cover cleanrooms, air conditioning, electrical machinery, chemical engineering as well as control and instrument, equipment installation, etc., with the support of its strong and reliable multi-disciplinary and elite engineering team. Aside from its strength and advantage, Acter aims to keep pace with the request of customers. It caters to the needs of clients through constant communication and by establishing brand value and competitive advantage via innovative technology and high quality services.

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

3. Future development strategies

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

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

4. Major production and sales policies

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

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

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

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

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

In the business environment, global growth for 2018 is projected to edge up to 3.1% according to the World Bank's global outlook. In Indonesia, the economic growth rate is predicted to increase to 5.3 %, while it estimates 6.4% in China. In addition, according to the foreign research Mordor Intelligence's newest report forecast, the value of global cleanroom market (including equipment and consumables) is projected to reach USD 7.16 billion by 2022. It shows huge business opportunities in global cleanroom market. Acter will continuously focus on cross-strait and international economic issues while maintaining its professional capabilities and actively expanding its Chinese and Southeast Asian markets in search of new clients in order to achieve better growth and development.

6. Corporate Social Responsibility

Starting from design with "Protecting the Earth, Reducing Energy Consumption" as the appeals, striving to reduce operating costs for industries, raising efficiency, and enhancing the overall competitiveness of the industries; meanwhile, raising energy usage efficiency, reduce waste, decrease the burden of the Earth, and guard our living environment. From needs assessment survey, concept design, benefit analysis, spatial planning, material evaluation, valuation, lean engineering, system debugging, and operations to concern, we implement each at every one of the steps so as to achieve the demands and targets and to fulfill the duty as a global citizen, providing the optimum balance for the teams, customers, environment, and suppliers, and doing meaningful work.

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

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

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

Chairman: Liang, Chin-Li

General Manager: Liang, Chin-Li

Accounting Supervisor : Tsao, Yun-Han

Attachment 2: 2017 Independent Auditors' Report and Financial Statements

Representation Letter

The entities that are required to be included in the combined financial statements of Acter Co., Ltd. as of and for the year ended December 31, 2017 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Acter Co., Ltd. and its Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Acter Co., Ltd.

Chairman: MR Liang

Date: February 23, 2018

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Acter Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2017 and 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

Refer to Note 4(q) “Revenue”, Note 5(a) “Major source of accounting assumptions, judgments, and estimation uncertainty: Revenue recognition” and Note 6(d) “Construction contracts” to the consolidated financial statements.

Description of key audit matter

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

How the matter was addressed in our audit

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

2. Assessed of impairment of receivables

Refer to Note 4(g) "Financial instruments", Note 5(b) "Major source of accounting assumptions, judgments, and estimation uncertainty: Impairment of trade receivables" and Note 6(c) "The net of notes and accounts receivables" to the consolidated financial statements.

Description of key audit matter

The recoverable of the Group's receivables is closely related with business cycle and customers' operating situation. The Group's management estimate impairment for receivables by assessing each customers' financial status and historical payment record. Impairment of receivables involves judgment and estimation uncertainty of the Group's management. Consequently, impairment of receivables is one of the key matters for our audit.

How the matter was addressed in our audit

Our principal audit procedures included: testing related internal control of account receivable; reviewing collection of notes and accounts receivable during the subsequent period; evaluating the Group's assumption of impairment by performing receivables aged analysis, considering economic status and customers' credit risk; assessing whether the impairment is fairly presented.

3. Provisions

Refer to Note 4(p) "Provisions", Note 5(c) "Major source of accounting assumptions, judgments, and estimation uncertainty: Recognition and measurement of provisions", Note 6(k) "Provisions" and Note 9(f) "Significant commitments and contingencies" to the consolidated financial statements.

Description of key audit matter

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

How the matter was addressed in our audit

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

Other Matter

Acter Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2017 and 2016, on which we have issued an unmodified opinion.

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

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

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

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

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

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

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

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

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

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

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

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

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

KPMG

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

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

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

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

ACTER CO., LTD. AND ITS SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	<u>December 31, 2017</u>		<u>December 31, 2016</u>			<u>December 31, 2017</u>		<u>December 31, 2016</u>			
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>		
Assets					Liabilities and Equity						
Current assets:					Current liabilities:						
1100	Cash and cash equivalents (note 6(a)and(u))	\$ 3,926,890	34	2,553,478	29	2100	Short-term borrowings (note 6(l)and(u))	\$ 344,806	3	193,680	2
1125	Available-for-sale financial assets (note 6(b)and(u))	198,460	2	202,046	2	2150	Notes payable (note 6(u))	220,246	2	235,806	3
1150	Notes receivable, net (note 6(c)and(u))	156,038	1	95,956	1	2170	Accounts payable (note 6(u))	2,627,433	23	2,084,077	23
1170	Accounts receivable, net (note 6(c)and(u))	2,409,665	21	2,350,980	27	2180	Accounts payable to related parties (note 6(u)and 7(b))	381	-	118	-
1190	Construction contracts receivable (note 6(d))	1,543,171	13	904,016	10	2190	Construction contracts payable (note 6(d))	764,337	6	1,028,078	12
1200	Other receivables (note 6(c)and(u))	110,562	1	30,082	-	2201	Accrued salaries and bonuses	254,228	2	213,790	2
1220	Current income tax assets	3,546	-	5,008	-	2230	Current income tax liabilities	108,630	1	66,075	1
1310	Inventories, net (note 6(e))	1,653,559	14	1,193,997	13	2250	Current provisions (note 6(k))	335,595	3	235,573	3
1476	Other current financial assets (note 8)	222,630	2	167,513	2	2311	Advance sales receipts (note 6(m))	1,706,250	15	1,055,346	12
1479	Other current assets	461,630	4	503,803	6	2399	Other current liabilities and accrued expenses (note 9)	240,244	2	177,028	2
		<u>10,686,151</u>	<u>92</u>	<u>8,006,879</u>	<u>90</u>			<u>6,602,150</u>	<u>57</u>	<u>5,289,571</u>	<u>60</u>
Non-current assets:					Non-Current liabilities:						
1523	Non-current available-for-sale financial assets, net (note 6(b))	4,050	-	3,960	-	2570	Deferred tax liabilities (note 6(s))	241,328	2	173,142	2
1550	Investments accounted for using equity method (note 6(f))	796	-	877	-	2640	Non-current provisions for employee benefits (note 6(n))	45,458	-	40,400	-
1600	Property, plant and equipment (note 6(i))	401,971	4	374,530	4	2645	Guarantee deposits received	314	-	314	-
1760	Investment property, net (note 6(j))	245,741	2	248,228	3			<u>287,100</u>	<u>2</u>	<u>213,856</u>	<u>2</u>
1840	Deferred tax assets (note 6(s))	142,511	2	184,886	2		Total liabilities	<u>6,889,250</u>	<u>59</u>	<u>5,503,427</u>	<u>62</u>
1985	Long-term prepaid rents	34,590	-	35,910	1		Equity attributable to owners of parent (notes 6 (o)):				
1990	Other non-current assets (note 6(b))	37,961	-	28,793	-	3100	Ordinary shares	471,529	4	472,369	5
		<u>867,620</u>	<u>8</u>	<u>877,184</u>	<u>10</u>	3200	Capital surplus	1,412,098	12	1,071,656	12
		<u>\$ 11,553,771</u>	<u>100</u>	<u>8,884,063</u>	<u>100</u>	3300	Retained earnings	2,057,315	18	1,597,951	18
						3400	Other equity interest	(66,649)	-	(78,851)	(1)
							Total equity attributable to owners of parent	<u>3,874,293</u>	<u>34</u>	<u>3,063,125</u>	<u>34</u>
						36XX	Non-controlling interests (note 6(g)and (h))	790,228	7	317,511	4
							Total equity	<u>4,664,521</u>	<u>41</u>	<u>3,380,636</u>	<u>38</u>
							Total liabilities and equity	<u>\$ 11,553,771</u>	<u>100</u>	<u>8,884,063</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

ACTER CO., LTD. AND ITS SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2017 and 2016

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

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

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

ACTER CO., LTD. AND ITS SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											Total equity
	Retained earnings						other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Foreign currency translation adjustments	Unrealized gains (losses) on available-for-sale financial assets	Others	Total other equity interest	Non-controlling interests	
Balance at January 1, 2016	\$ 466,159	978,475	343,459	36,888	1,071,386	1,451,733	58,573	(14,583)	(20,845)	23,145	144,305	3,063,817
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	41,635	-	(41,635)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(284,015)	(284,015)	-	-	-	-	-	(284,015)
	<u>466,159</u>	<u>978,475</u>	<u>385,094</u>	<u>36,888</u>	<u>745,736</u>	<u>1,167,718</u>	<u>58,573</u>	<u>(14,583)</u>	<u>(20,845)</u>	<u>23,145</u>	<u>144,305</u>	<u>2,779,802</u>
Changes in ownership interest in subsidiaries	-	19,419	-	-	-	-	-	-	-	-	-	19,419
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	30,382	-	-	-	-	-	-	-	-	-	30,382
Issuance of restricted shares of stock to employees	6,210	43,380	-	-	-	-	-	-	(13,953)	(13,953)	-	35,637
	<u>472,369</u>	<u>1,071,656</u>	<u>385,094</u>	<u>36,888</u>	<u>745,736</u>	<u>1,167,718</u>	<u>58,573</u>	<u>(14,583)</u>	<u>(34,798)</u>	<u>9,192</u>	<u>144,305</u>	<u>2,865,240</u>
Comprehensive income for the year ended 2016 profit	-	-	-	-	436,276	436,276	-	-	-	-	17,586	453,862
Changes in comprehensive incomes	-	-	-	-	(6,043)	(6,043)	(96,728)	8,685	-	(88,043)	(1,653)	(95,739)
Total comprehensive income	-	-	-	-	430,233	430,233	(96,728)	8,685	-	(88,043)	15,933	358,123
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	157,273	157,273
Balance at December 31, 2016	\$ 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
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)
	<u>472,369</u>	<u>1,071,656</u>	<u>428,722</u>	<u>44,052</u>	<u>747,282</u>	<u>1,220,056</u>	<u>(38,155)</u>	<u>(5,898)</u>	<u>(34,798)</u>	<u>(78,851)</u>	<u>317,511</u>	<u>3,002,741</u>
Changes in ownership interest in subsidiaries	-	304,711	-	-	-	-	-	-	-	-	-	304,711
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	41,716	-	-	-	-	-	-	-	-	-	41,716
Issuance of restricted shares of stock to employees	(840)	(5,985)	-	-	-	-	-	-	24,710	24,710	-	17,885
	<u>471,529</u>	<u>1,412,098</u>	<u>428,722</u>	<u>44,052</u>	<u>747,282</u>	<u>1,220,056</u>	<u>(38,155)</u>	<u>(5,898)</u>	<u>(10,088)</u>	<u>(54,141)</u>	<u>317,511</u>	<u>3,367,053</u>
Comprehensive income for the year ended 2017 profit	-	-	-	-	842,154	842,154	-	-	-	-	139,986	982,140
Changes in comprehensive income	-	-	-	-	(4,895)	(4,895)	(14,444)	1,936	-	(12,508)	(2,140)	(19,543)
Total comprehensive income	-	-	-	-	837,259	837,259	(14,444)	1,936	-	(12,508)	137,846	962,597
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	334,871	334,871
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

See accompanying notes to consolidated financial statements.

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

ACTER CO., LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

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

See accompanying notes to consolidated financial statements.

Attachment 3: Audit Committee's Review Report

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

This company's 2017 financial statements have been approved by the audit committee and resolved by the board of directors. The foregoing financial statements have been audited by CPA of KPMG under commission to the board, and the auditor has issued an audit report relating to the financial statements.

This company's 2017 business report and earnings distribution proposal have been prepared and issued by the board of directors. The foregoing business report and earnings distribution proposal have been reviewed and determined to be correct and accurate by the audit committee. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

2018 shareholders meeting of Acter Co., Ltd.

Acter Co., Ltd.

Chairman of the Audit Committee: Yeh, Hui-Hsin

February 23, 2018

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

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

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

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

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

Attachment 6: Comparison Table of the Articles of Incorporation

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

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

Article	After The Revision	Before The Revision
Article 5	<p>The limits on real property and securities acquired by the company for non-business use.</p> <p>1. The company’s acquisition of non-business real property or securities is limited to the following amount limits:</p> <p>(1) The total amount of real property acquired for non-business use shall not exceed 50% of the net value according to the latest financial statements of the company.</p> <p>(2) The total amount of investment in securities shall not exceed 5<u>100</u>% of the net value according to the latest financial statements of the company. The amount of investment in any individual security shall not exceed 30% of the net value according to the latest financial statements of the company. <u>Investment in S</u>securities with guaranteed principal, <u>domestic or overseas currency fund for financing purpose, negotiable term deposit certificates, short term commercial papers, bank endorsed drafts, and bonds under repurchase and resale agreement</u> shall not be included in the calculation of the amount of investment in securities.</p>	<p>The limits on real property and securities acquired by the company for non-business use.</p> <p>1. The company’s acquisition of non-business real property or securities is limited to the following amount limits:</p> <p>(1) The total amount of real property acquired for non-business use shall not exceed 50% of the net value according to the latest financial statements of the company.</p> <p>(2) The total amount of investment in securities shall not exceed 50% of the net value according to the latest financial statements of the company. The amount of investment in any individual security shall not exceed 30% of the net value according to the latest financial statements of the company. Securities with guaranteed principal shall not be included in the calculation of the amount of investment in securities.</p>
Article 6	<p>Evaluation and Procedure for Acquisition or Disposal of Securities</p> <p>1. The means of price determination and supporting reference materials In acquiring or disposing of securities, prior to the date of occurrence of the event, the latest financial statements of the target company that has been certified or audited by accountants shall serve as reference for evaluating the transaction price:</p> <p>2. Expert Opinions In acquiring or disposing of securities, and if the transaction amount reaches 20% of the company’s paid-in capital or NT\$300 Million and above, an accountant shall be engaged to provide an opinion about the reasonableness of the transaction price prior to the date of occurrence of the event. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance</p>	<p>Evaluation and Procedure for Acquisition or Disposal of Securities</p> <p>1. The means of price determination and supporting reference materials In acquiring or disposing of securities, prior to the date of occurrence of the event, the latest financial statements of the target company that has been certified or audited by accountants shall serve as reference for evaluating the transaction price:</p> <p>2. Expert Opinions In acquiring or disposing of securities, and if the transaction amount reaches 20% of the company’s paid-in capital or NT\$300 Million and above, an accountant shall be engaged to provide an opinion about the reasonableness of the transaction price prior to the date of occurrence of the event. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance</p>

Article	After The Revision	Before The Revision
	<p>with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>3. The calculation of the transaction amounts shall be done in accordance with Article 3013, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <p>4. The degree of authority delegated, the levels to which authority is delegated</p> <p>(1) Any investment in subsidiaries or disposal of shareholding thereof for operational purpose single transaction amount reaching NT\$30 Million or above shall be submitted to the board of directors for approval. The chairman is authorized to approval transactions less than NT\$30 Million. Transactions amount exceeding NT\$30 Million shall be ratified at the next board of directors meeting.</p> <p>(2) Any acquisition or disposal of government bond, corporate bond, financial bond, domestic or overseas bond type fund, domestic or overseas currency type fund for financing purpose with single transaction amount reaching NT\$100 Million or above shall be submitted to the board of directors for approval. The chairman is authorized to approval transactions less than NT\$100 Million. Transactions amount exceeding NT\$70 Million shall be ratified at the next the board of directors meeting.</p> <p>(3) Any acquisition or disposal of other securities for financing purpose with a single transaction amount reaching NT\$70 Million or above shall be submitted to the board of directors for approval. The chairman is authorized to</p>	<p>with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>3. The calculation of the transaction amounts shall be done in accordance with Article 30, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <p>4. The degree of authority delegated, the levels to which authority is delegated</p> <p>(1) Any investment in subsidiaries or disposal of shareholding thereof for operational purpose single transaction amount reaching NT\$30 Million or above shall be submitted to the board of directors for approval. The chairman is authorized to approval transactions less than NT\$30 Million. Transactions amount exceeding NT\$30 Million shall be ratified at the next board of directors meeting.</p> <p>(2) Any acquisition or disposal of government bond, corporate bond, financial bond, domestic or overseas bond type fund, domestic or overseas currency type fund for financing purpose with single transaction amount reaching NT\$100 Million or above shall be submitted to the board of directors for approval. The chairman is authorized to approval transactions less than NT\$100 Million. Transactions amount exceeding NT\$70 Million shall be ratified at the next the board of directors meeting.</p> <p>(3) Any acquisition or disposal of other securities for financing purpose with a single transaction amount reaching NT\$70 Million or above shall be submitted to the board of directors for approval. The chairman is authorized to</p>

Article	After The Revision	Before The Revision
	<p>approval transactions less than NT\$70 Million. Transaction amount exceeding NT\$50 Million may be ratified at the next board of directors meeting.</p> <p>(4) Any acquisition or disposal not for investment in subsidiaries and not for financing purpose with single transaction amount reaching NT\$30 Million or above shall be submitted to the board of directors for approval. The chairman is authorized to approval transactions less than NT\$30 Million. Transactions amount exceeding NT\$30 Million shall be ratified at the next the board of directors meeting.</p> <p>(5) Negotiable term deposit certificates, short term commercial papers, bank endorsed drafts, and bonds under repurchase and resale agreement are not covered by the above and may be approved by the chairman<u>in accordance with the authority of the company.</u></p> <p>5. The units responsible for implementation The company's procedure related to the acquisition and disposal of long and short term securities investment shall be executed under the responsibility of the finance department following approval in accordance with the authority provided in the previous section.</p>	<p>approval transactions less than NT\$70 Million. Transaction amount exceeding NT\$50 Million may be ratified at the next board of directors meeting.</p> <p>(4) Any acquisition or disposal not for investment in subsidiaries and not for financing purpose with single transaction amount reaching NT\$30 Million or above shall be submitted to the board of directors for approval. The chairman is authorized to approval transactions less than NT\$30 Million. Transactions amount exceeding NT\$30 Million shall be ratified at the next the board of directors meeting.</p> <p>(5) Negotiable term deposit certificates, short term commercial papers and bank endorsed drafts, sale and purchase with back-back option and bonds with sell-back condition are not covered by the above and may be approved by the chairman.</p> <p>5. The units responsible for implementation The company's procedure related to the acquisition and disposal of long and short term securities investment shall be executed under the responsibility of the finance department following approval in accordance with the authority provided in the previous section.</p>
<p>Article 7</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</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</p>

Article	After The Revision	Before The Revision
	<p>operational purpose, if the transaction amount reaches 20% of the company's paid-in capital or NT\$300 Million or above, an appraisal report issued prior to the date of occurrence of the event by a professional appraiser shall first be obtained and the following rules shall be complied with:</p> <ol style="list-style-type: none"> (1) If there is any special reason requiring any fixed price, specific price, or special price to serve as reference benchmarks for the transaction price, such transaction shall first be submitted to the board of directors for resolution, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. (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: <ol style="list-style-type: none"> 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 	<p>operational purpose, if the transaction amount reaches 20% of the company's paid-in capital or NT\$300 Million or above, an appraisal report issued prior to the date of occurrence of the event by a professional appraiser shall first be obtained and the following rules shall be complied with:</p> <ol style="list-style-type: none"> (1) If there is any special reason requiring any fixed price, specific price, or special price to serve as reference benchmarks for the transaction price, such transaction shall first be submitted to the board of directors for resolution, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. (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: <ol style="list-style-type: none"> 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

Article	After The Revision	Before The Revision
	<p>value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(5) Application in Construction Industry Unless any fixed price, specific price, or special price is used as reference benchmark for the transaction price, if there is a justifiable reason for not obtaining the appraisal report in time, the appraisal report and the accountant's opinion under section (3) above shall be obtained within 2 weeks commencing immediately from the date of occurrence.</p> <p>(6) For assets acquired or disposed of through court auction procedure, documents of proof issued by the court may be used in lieu of price appraisal report or accountant's opinion.</p> <p>(7) The calculation of the transaction amounts shall be done in accordance with Article 6-3, 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 to fixed-asset-real property, plant and equipment cycles under the company's internal control system.</p>	<p>value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(5) Application in Construction Industry Unless any fixed price, specific price, or special price is used as reference benchmark for the transaction price, if there is a justifiable reason for not obtaining the appraisal report in time, the appraisal report and the accountant's opinion under section (3) above shall be obtained within 2 weeks commencing immediately from the date of occurrence.</p> <p>(6) For assets acquired or disposed of through court auction procedure, documents of proof issued by the court may be used in lieu of price appraisal report or accountant's opinion.</p> <p>(7) The calculation of the transaction amounts shall be done in accordance with Article 6-3.</p> <p>3. The degree of authority delegated, the levels to which authority is delegated Any acquisition or disposal of real property or equipment with transaction amount of NT\$10 Million (inclusive) or below shall be submitted to the chairman for approval. Any transaction exceeding NT\$10 Million shall only be carried out after approval by the board of directors.</p> <p>4. The units responsible for implementation Any acquisition or disposal of real property or equipment by the company shall be executed under the responsibility of the user department and relevant responsible department after approval in accordance with the authority provided under the previous section.</p> <p>5. Transaction Process The transaction flow for the acquisition or disposal of equipment by the company shall be carried out in accordance with the procedure related to fixed asset cycles under the company's internal control system.</p>
Article 8	<p>Evaluation and Procedure for Acquisition of Real Property from a Related Party</p> <p>1. When the company engages in any</p>	<p>Evaluation and Procedure for Acquisition of Real Property from a Related Party</p> <p>1. When the company engages in any</p>

Article	After The Revision	Before The Revision
	<p>acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.</p> <p>The calculation of the transaction amount shall be made in accordance with Article 6-3, <u>paragraph 3</u> herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>2. When a public <u>the</u> company intends to acquire or dispose engages in any acquisition or disposal of real property from or to a related party, or when it intends to acquire or dispose engages in any acquisition or disposal of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by Securities Investment Trust Enterprises (SITEs), the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all audit committee members and submitted to the board of directors for further approval:</p> <ol style="list-style-type: none"> (1) The purpose, necessity and expected effect of acquisition or disposal of assets. (2) Reason for selecting a related party as the transaction counterparty. (3) With respect to the acquisition of real property from a related party, information relating to the evaluation of reasonableness of contemplated transaction conditions in accordance with sections 2 and 3 of this article. 	<p>acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.</p> <p>The calculation of the transaction amount shall be made in accordance with Article 6-3 herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>2. When a public company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by Securities Investment Trust Enterprises (SITEs), the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all audit committee members and submitted to the board of directors for further approval:</p> <ol style="list-style-type: none"> (1) The purpose, necessity and expected effect of acquisition or disposal of assets. (2) Reason for selecting a related party as the transaction counterparty. (3) With respect to the acquisition of real property from a related party, information relating to the evaluation of reasonableness of contemplated transaction conditions in accordance with sections 2 and 3 of this article.

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

Article	After The Revision	Before The Revision
	<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> <ul style="list-style-type: none"> 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. <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)</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> <ul style="list-style-type: none"> 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. <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)</p>

Article	After The Revision	Before The Revision
	<p>to (3) above shall not be applicable.</p> <ol style="list-style-type: none"> 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. <p>4. If the result of evaluation under subsections (1) and (2) above is lower than the transaction price, section 5 of this article shall be applicable. However, this shall not be applicable if it is due to any of the following reasons and if objective evidence is submitted and substantial opinions about reasonableness from real property professional appraiser and accountant are received:</p> <ol style="list-style-type: none"> (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: <ol style="list-style-type: none"> 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 	<p>to (3) above shall not be applicable.</p> <ol style="list-style-type: none"> 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. <p>4. If the result of evaluation under subsections (1) and (2) above is lower than the transaction price, section 5 of this article shall be applicable. However, this shall not be applicable if it is due to any of the following reasons and if objective evidence is submitted and substantial opinions about reasonableness from real property professional appraiser and accountant are received:</p> <ol style="list-style-type: none"> (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: <ol style="list-style-type: none"> 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

Article	After The Revision	Before The Revision
	<p>conditions are equivalent after evaluation of reasonable price difference for the floor or area based on real property sale and purchase practice.</p> <p>iii. Cases of leases of the same targeted housing/land within the past year and not involving related parties, which transaction conditions are equivalent after evaluation of reasonable price difference for the floor based on real property lease practice.</p> <p>(2) Evidence is provided showing that the transaction conditions of the real property to be acquired from the related party is equivalent to closing cases in the vicinity within the past year, not involving related parties and with a similar surface.</p> <p>In principle, a closing case in the vicinity means the same or neighboring block within 500 meters diameter from the transaction target or similar published current value. Similar surface means the surface of the transaction case of non-related parties is not less than 50% of the surface of the transaction target. Within one year means one year preceding the date of occurrence of the current acquisition of real property.</p> <p>5. For any acquisition of real property from a related party, if the result of evaluation under sections 3 and 4 is lower than the transaction price, the following matters shall be carried out:</p> <p>(1) The difference between the real property transaction price and the evaluation cost shall be provided as special reserve in accordance with Section 1, Article 41 of the Securities 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</p>	<p>conditions are equivalent after evaluation of reasonable price difference for the floor or area based on real property sale and purchase practice.</p> <p>iii. Cases of leases of the same targeted housing/land within the past year and not involving related parties, which transaction conditions are equivalent after evaluation of reasonable price difference for the floor based on real property lease practice.</p> <p>(2) Evidence is provided showing that the transaction conditions of the real property to be acquired from the related party is equivalent to closing cases in the vicinity within the past year, not involving related parties and with a similar surface.</p> <p>In principle, a closing case in the vicinity means the same or neighboring block within 500 meters diameter from the transaction target or similar published current value. Similar surface means the surface of the transaction case of non-related parties is not less than 50% of the surface of the transaction target. Within one year means one year preceding the date of occurrence of the current acquisition of real property.</p> <p>5. For any acquisition of real property from a related party, if the result of evaluation under sections 3 and 4 is lower than the transaction price, the following matters shall be carried out:</p> <p>(1) The difference between the real property transaction price and the evaluation cost shall be provided as special reserve in accordance with Section 1, Article 41 of the Securities 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</p>

Article	After The Revision	Before The Revision
	<p>1, Article 41 of the Securities Transaction Act.</p> <p>(2) The independent directors of the audit committee shall proceed in accordance with Article 281 of the Company Law.</p> <p>(3) The situations under subsections (1) and (2) above shall be reported to the shareholder meeting and the details of the transaction shall be disclosed in the annual report and the prospectus.</p> <p>If the company and the publicly traded company that evaluated the company's investment under the equity method have provided special reserve in accordance with the above, the special reserve may only be used when the asset purchased at the high price has devalued or disposed of or compensated appropriated or reinstated to its original status, or if there is any other evidence showing that there is no issue of reasonableness and the Securities and Futures Bureau of the Financial Supervisory Commission has given consent.</p> <p>6. For any real property acquired by the company from a related party, if there is any other evidence showing that the transaction is inconsistent with operational norms, the previous section 2 and 3 shall be followed.</p>	<p>1, Article 41 of the Securities Transaction Act.</p> <p>(2) The independent directors of the audit committee shall proceed in accordance with Article 281 of the Company Law.</p> <p>(3) The situations under subsections (1) and (2) above shall be reported to the shareholder meeting and the details of the transaction shall be disclosed in the annual report and the prospectus.</p> <p>If the company and the publicly traded company that evaluated the company's investment under the equity method have provided special reserve in accordance with the above, the special reserve may only be used when the asset purchased at the high price has devalued or disposed of or compensated appropriated or reinstated to its original status, or if there is any other evidence showing that there is no issue of reasonableness and the Securities and Futures Bureau of the Financial Supervisory Commission has given consent.</p> <p>6. For any real property acquired by the company from a related party, if there is any other evidence showing that the transaction is inconsistent with operational norms, section 2 and 3 shall be followed.</p>
Article 9	<p>Evaluation and Procedure for Acquisition or Disposal of Membership and Intangible Assets</p> <p>1. The means of price determination and supporting reference materials</p> <p>For the acquisition or disposal of any membership or intangible asset, the future possible proceeds from such asset and market fair value should be taken into consideration. If required, expert opinions should be referred to. Negotiation and determination shall be made with the transaction counterparty.</p> <p>2. Expert Opinions</p> <p>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</p>	<p>Evaluation and Procedure for Acquisition or Disposal of Membership and Intangible Assets</p> <p>1. The means of price determination and supporting reference materials</p> <p>For the acquisition or disposal of any membership or intangible asset, the future possible proceeds from such asset and market fair value should be taken into consideration. If required, expert opinions should be referred to. Negotiation and determination shall be made with the transaction counterparty.</p> <p>2. Expert Opinions</p> <p>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</p>

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	<p>reasonableness of the transaction price prior to the date of occurrence of the event. The accountant shall proceed in accordance with Audit Standard No. 20 published by the Accounting Research and Development Foundation. Calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 6-3, paragraph 3.</p>	<p>reasonableness of the transaction price prior to the date of occurrence of the event. The accountant shall proceed in accordance with Audit Standard No. 20 published by the Accounting Research and Development Foundation. Calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 6-3.</p>
<p>Article 11</p>	<p>Evaluation and Procedure for Acquisition or Disposal of Derivative Products</p> <p>In order to effectively manage the company's income, expenses, assets, debts and risks arising out of foreign exchange and the company's transactions of derivative products.</p> <p>1. Operational or Hedging Strategy</p> <p>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</p> <p>The finance manager shall designate the staff of the finance department who may engage in derivative product transactions and confirmations.</p> <p>There shall be transaction confirmation and settlement staff. The confirmation staff shall be responsible for confirming the transaction with the transaction counterparty. The settlement staff shall be responsible for arranging settlement due. The transaction confirmation staff shall not be the same person as the settlement staff.</p> <p>3. Determination of Limit on Total Transaction Contract Amount and Loss Limit</p> <p>(1) Total Transaction Contract Amount</p> <p><u>Hedging Operation</u></p> <p>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>Evaluation and Procedure for Acquisition or Disposal of Derivative Products</p> <p>In order to effectively manage the company's income, expenses, assets, debts and risks arising out of foreign exchange and the company's transactions of derivative products.</p> <p>1. Operational or Hedging Strategy</p> <p>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</p> <p>The finance manager shall designate the staff of the finance department who may engage in derivative product transactions and confirmations.</p> <p>There shall be transaction confirmation and settlement staff. The confirmation staff shall be responsible for confirming the transaction with the transaction counterparty. The settlement staff shall be responsible for arranging settlement due. The transaction confirmation staff shall not be the same person as the settlement staff.</p> <p>3. Determination of Limit on Total Transaction Contract Amount and Loss Limit</p> <p>(1) Total Transaction Contract Amount</p> <p><u>Hedging Operation</u></p> <p>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>

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	<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 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</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 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</p>

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	<p>written approval based on the amount. The authorization amount, transaction approval and level are as follows:</p> <table border="1" data-bbox="247 309 799 589"> <thead> <tr> <th>Amount (NT\$)</th> <th>Department Supervisor</th> <th>General Manager</th> <th>Chairman</th> <th>Board of Directors</th> </tr> </thead> <tbody> <tr> <td>Below 100 Million</td> <td>Review</td> <td>Review</td> <td>Approval</td> <td></td> </tr> <tr> <td>100 Million and above (inclusive)</td> <td>Review</td> <td>Review</td> <td>Review</td> <td>Resolution</td> </tr> </tbody> </table> <p>To ensure that the transaction counterparty complies with the company's supervision and management, the transaction authorization amount and level provided under this article shall be notified to the transaction counterparty in writing. However, if the written confirmation with the transaction counterparty does not indicate the authorization amount, then the supervisor of the finance department will approve the transaction.</p> <p>6. Significant Derivative Product Transaction Significant derivative product transactions shall be carried out in accordance with relevant rules and submitted to the board of directors for resolution.</p> <p>7. The units responsible for implementation and Process</p> <ol style="list-style-type: none"> (1) Confirm transaction position. (2) Analysis and judgment about relevant trend. (3) Determine specific hedging method: <ol 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. (4) Obtain approval for transaction. (5) Execute transaction. <ol 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 	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>written approval based on the amount. The authorization amount, transaction approval and level are as follows:</p> <table border="1" data-bbox="885 309 1437 589"> <thead> <tr> <th>Amount (NT\$)</th> <th>Department Supervisor</th> <th>General Manager</th> <th>Chairman</th> <th>Board of Directors</th> </tr> </thead> <tbody> <tr> <td>Below 100 Million</td> <td>Review</td> <td>Review</td> <td>Approval</td> <td></td> </tr> <tr> <td>100 Million and above (inclusive)</td> <td>Review</td> <td>Review</td> <td>Review</td> <td>Resolution</td> </tr> </tbody> </table> <p>To ensure that the transaction counterparty complies with the company's supervision and management, the transaction authorization amount and level provided under this article shall be notified to the transaction counterparty in writing. However, if the written confirmation with the transaction counterparty does not indicate the authorization amount, then the supervisor of the finance department will approve the transaction.</p> <p>6. Significant Derivative Product Transaction Significant derivative product transactions shall be carried out in accordance with relevant rules and submitted to the board of directors for resolution.</p> <p>7. The units responsible for implementation and Process</p> <ol style="list-style-type: none"> (1) Confirm transaction position. (2) Analysis and judgment about relevant trend. (3) Determine specific hedging method: <ol 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. (4) Obtain approval for transaction. (5) Execute transaction. <ol 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 	Amount (NT\$)	Department Supervisor	General Manager	Chairman	Board of Directors	Below 100 Million	Review	Review	Approval		100 Million and above (inclusive)	Review	Review	Review	Resolution
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	<p>product transactions shall first be approved by the highest decision making supervisor of the finance department, general manager and chairman and then notified to the financial institution dealing with the company. No other staff may engage in the transactions.</p> <p>8. Risk Management</p> <p>(1) Credit Risk: In principle, the company's transaction counterparties are limited to banks or renowned financial institutions dealing with the company and those who can provide professional information. Otherwise, approval shall be required from the highest decision making supervisor of the finance department.</p> <p>(2) Market Risk: The company's derivative financial products shall be focused on hedging transactions against market price fluctuations due to change of foreign exchange or other reasons and shall be monitored at all times.</p> <p>(3) Liquidity Risk: In order to ensure liquidity, it shall be confirmed with the capital staff prior to the transaction that the transaction amount will not cause any insufficiency of liquidity.</p> <p>(4) Cash Risk: The company shall maintain sufficient liquid assets and credit facilities to satisfy settlement capital requirements.</p> <p>(5) Process Risk: The company shall have clear authorization amounts and process flows to avoid process risks.</p> <p>(6) Legal Risk: The documents between 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>product transactions shall first be approved by the highest decision making supervisor of the finance department, general manager and chairman and then notified to the financial institution dealing with the company. No other staff may engage in the transactions.</p> <p>8. Risk Management</p> <p>(1) Credit Risk: In principle, the company's transaction counterparties are limited to banks or renowned financial institutions dealing with the company and those who can provide professional information. Otherwise, approval shall be required from the highest decision making supervisor of the finance department.</p> <p>(2) Market Risk: The company's derivative financial products shall be focused on hedging transactions against market price fluctuations due to change of foreign exchange or other reasons and shall be monitored at all times.</p> <p>(3) Liquidity Risk: In order to ensure liquidity, it shall be confirmed with the capital staff prior to the transaction that the transaction amount will not cause any insufficiency of liquidity.</p> <p>(4) Cash Risk: The company shall maintain sufficient liquid assets and credit facilities to satisfy settlement capital requirements.</p> <p>(5) Process Risk: The company shall have clear authorization amounts and process flows to avoid process risks.</p> <p>(6) Legal Risk: The documents between 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>

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	<p>(2) Upon occurrence of a transaction, the transaction staff shall immediately complete the transaction closing form and confirm with the confirmation staff. The confirmation staff shall confirm with the transaction counterparty based on the closing form and make records in the general positions chart for reference.</p> <p>(3) When the company engages in derivative product transactions, the evaluation, supervision and control of relevant risks shall be under the responsibility of internal audit staff independent from the finance department who reports to the board of directors and the chairman.</p> <p>10. Regular Evaluation Method and Anomaly Handling</p> <p>The finance department shall perform derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. The evaluation report shall be submitted to the senior staff authorized by the board of directors. Any anomaly shall be immediately reported to the board of directors and necessary corresponding measures shall be taken.</p> <p>The evaluation shall include the following:</p> <p>(1) Regularly evaluate whether the performance of derivative product transactions engaged are consistent with the existing operational strategy.</p> <p>(2) Whether the risks undertaken are within the company's scope of tolerance.</p> <p>(3) Monthly evaluation of risk management measures: Regularly evaluate whether the risk management measures currently used are suitable and duly compliant with the Derivative Product Transaction procedure established by the</p>	<p>(2) Upon occurrence of a transaction, the transaction staff shall immediately complete the transaction closing form and confirm with the confirmation staff. The confirmation staff shall confirm with the transaction counterparty based on the closing form and make records in the general positions chart for reference.</p> <p>(3) When the company engages in derivative product transactions, the evaluation, supervision and control of relevant risks shall be under the responsibility of internal audit staff independent from the finance department who reports to the board of directors and the chairman.</p> <p>10. Regular Evaluation Method and Anomaly Handling</p> <p>The finance department shall perform derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. The evaluation report shall be submitted to the senior staff authorized by the board of directors. Any anomaly shall be immediately reported to the board of directors and necessary corresponding measures shall be taken.</p> <p>The evaluation shall include the following:</p> <p>(1) Regularly evaluate whether the performance of derivative product transactions engaged are consistent with the existing operational strategy.</p> <p>(2) Whether the risks undertaken are within the company's scope of tolerance.</p> <p>(3) Monthly evaluation of risk management measures: Regularly evaluate whether the risk management measures currently used are suitable and duly compliant with the Derivative Product Transaction procedure established by the</p>

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	<p>company.</p> <p>(4) The finance department shall proceed in accordance with the Commercial Accounting Act, the Financial Accounting Standards and letters and orders from relevant competent authorities. If there is no relevant rules, details shall be recorded and calculations shall be made on monthly basis under statements of realized and unrealized profit and loss.</p> <p>11. Where a public company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:</p> <p>(1) Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.</p> <p>(2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.</p> <p>12. Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:</p> <p>(1) Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the 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</p>	<p>company.</p> <p>(4) The finance department shall proceed in accordance with the Commercial Accounting Act, the Financial Accounting Standards and letters and orders from relevant competent authorities. If there is no relevant rules, details shall be recorded and calculations shall be made on monthly basis under statements of realized and unrealized profit and loss.</p> <p>11. Where a public company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:</p> <p>(1) Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.</p> <p>(2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.</p> <p>12. Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:</p> <p>(1) Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the 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</p>

Article	After The Revision	Before The Revision
	<p>has independent directors, an independent director shall be present at the meeting and express an opinion.</p> <p>A company shall report to the soonest board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</p> <p>13. The internal audit staff shall regularly understand the suitability of internal control of derivative product transaction and shall audit the compliance of transaction related departments with relevant provisions under this procedure on monthly basis. The transaction cycles shall also be analyzed and recorded into audit reports. If any significant violation is discovered, the board of directors shall be informed in writing.</p> <p>14. The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 11-2 of Article 12-1 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of Article 20 shall be recorded in detail in the log book.</p> <p>15. Any of the company’s managers or responsible staff who engages in any derivative product transaction shall comply with the provisions under this procedure in order to avoid any inappropriate operational loss suffered by the company. In case of any violation of any relevant legislation or this procedure, the sanctions shall be imposed in accordance with relevant human resource regulations.</p> <p>16. If any subsidiary of the company <u>except Nova Technology Corp. and its subsidiaries</u> contemplate to engage in</p>	<p>has independent directors, an independent director shall be present at the meeting and express an opinion.</p> <p>A company shall report to the soonest board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</p> <p>13. The internal audit staff shall regularly understand the suitability of internal control of derivative product transaction and shall audit the compliance of transaction related departments with relevant provisions under this procedure on monthly basis. The transaction cycles shall also be analyzed and recorded into audit reports. If any significant violation is discovered, the board of directors shall be informed in writing.</p> <p>14. The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 11-2 of Article 12-1 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of Article 20 shall be recorded in detail in the log book.</p> <p>15. Any of the company’s managers or responsible staff who engages in any derivative product transaction shall comply with the provisions under this procedure in order to avoid any inappropriate operational loss suffered by the company. In case of any violation of any relevant legislation or this procedure, the sanctions shall be imposed in accordance with relevant human resource regulations.</p> <p>16. If any subsidiary of the company contemplate to engage in derivative product transactions, the company shall</p>

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	<p>derivative product transactions, the company shall ensure that it establishes a procedure for derivative product transactions and implement such procedure after it is submitted to the board of directors for resolution in accordance with relevant rules. Any subsidiary of the company that engages in any derivative product transaction shall provide relevant information to the company for review on a regular basis.</p>	<p>ensure that it establishes a procedure for derivative product transactions and implement such procedure after it is submitted to the board of directors for resolution in accordance with relevant rules. Any subsidiary of the company that engages in any derivative product transaction shall provide relevant information to the company for review on a regular basis.</p>
<p>Article 12</p>	<p>Evaluation and Procedure for Merger, Division, Acquisition or Share Transfer</p> <ol style="list-style-type: none"> 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 	<p>Evaluation and Procedure for Merger, Division, Acquisition or Share Transfer</p> <ol style="list-style-type: none"> 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

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	<p>wholly owned subsidiary or a merger between its directly or indirectly wholly owned subsidiaries, the company may be exempted from obtaining the opinions as mentioned above.</p> <p>4. Decision Level If the company engages in any merger, division, acquisition or share transfer, the resolutions shall be in accordance with the Company Law and relevant legislations.</p> <p>5. Submission of Relevant Information and Disclosure of Information when Approval by Shareholder Meeting Cannot be Obtained</p> <p>(1) If the company engages in any merger, division, acquisition or share transfer, important agreed provisions and relevant matters about the merger, division or acquisition shall be included into a public document brought to the attention of the shareholders before the shareholder meeting and sent to the shareholders together with expert opinions under Section 3 of this Article and notice for shareholder meetings to serve as reference as to whether the merger, division or acquisition proposal should be approved, except other merger, division or acquisition matters that do not require shareholder resolutions in accordance with laws.</p> <p>(2) If the shareholder meeting of any company participating in the merger, division or acquisition cannot be held due to insufficient quorum or voting rights or other legal restrictions or if the proposal is rejected by the shareholder meeting, the companies participating in the merger, division or acquisition shall immediately make a public announcement about the reasons, subsequent steps and expected dates to convene their shareholder meetings.</p> <p>6. Dates of Board Meeting and Shareholder Meeting</p> <p>(1) Unless otherwise provided by law or in case of any special reason that is reported to and approved by the Financial Supervisory Commission in</p>	<p>wholly owned subsidiary or a merger between its directly or indirectly wholly owned subsidiaries, the company may be exempted from obtaining the opinions as mentioned above.</p> <p>4. Decision Level If the company engages in any merger, division, acquisition or share transfer, the resolutions shall be in accordance with the Company Law and relevant legislations.</p> <p>5. Submission of Relevant Information and Disclosure of Information when Approval by Shareholder Meeting Cannot be Obtained</p> <p>(1) If the company engages in any merger, division, acquisition or share transfer, important agreed provisions and relevant matters about the merger, division or acquisition shall be included into a public document brought to the attention of the shareholders before the shareholder meeting and sent to the shareholders together with expert opinions under Section 3 of this Article and notice for shareholder meetings to serve as reference as to whether the merger, division or acquisition proposal should be approved, except other merger, division or acquisition matters that do not require shareholder resolutions in accordance with laws.</p> <p>(2) If the shareholder meeting of any company participating in the merger, division or acquisition cannot be held due to insufficient quorum or voting rights or other legal restrictions or if the proposal is rejected by the shareholder meeting, the companies participating in the merger, division or acquisition shall immediately make a public announcement about the reasons, subsequent steps and expected dates to convene their shareholder meetings.</p> <p>6. Dates of Board Meeting and Shareholder Meeting</p> <p>(1) Unless otherwise provided by law or in case of any special reason that is reported to and approved by the Financial Supervisory Commission in</p>

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

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	<p>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 3 and 4 sections 6 (3).</p> <p>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.</p> <p>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 or if public disclosure has been made. Conditions that may be changed in relation to share swap percentage or acquisition price are as follows:</p> <ol style="list-style-type: none"> (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 	<p>division or acquisition is not a company listed on any stock exchange or whose shares traded in securities dealers' premises, the companies who are listed on stock exchanges or whose shares are traded in securities dealers' premises shall sign an agreement with such company and proceed in accordance sections 3 and 4.</p> <p>7. Confidentiality Obligation and Avoidance of Insider Trading All persons participating or that know about the company's merger, division, acquisition or share transfer plan shall issue a written confidentiality undertaking and shall not disclose the plan before the publication of the news, nor shall they purchase or sell any stock or any security in the nature of stock entitlement of any company that is related to the merger, division, acquisition or share transfer plan either in their own name or in the name of any other person.</p> <p>8. Principle for Change of Share Swap Percentage or Acquisition Price Companies participating in a merger, division, acquisition or share transfer shall not make any change to the share swap percentage or acquisition price in principle, unless the contract has already provided for the conditions for change or if public disclosure has been made. Conditions that may be changed in relation to share swap percentage or acquisition price are as follows:</p> <ol style="list-style-type: none"> (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

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	<p>transfer makes adjustment pursuant to repurchase of treasury shares in accordance with law.</p> <p>(5) Any increase, decrease or change of any entity or number of entities participating in the merger, division, acquisition or share transfer.</p> <p>(6) Any condition that may be changed as provided under the contract, and which has been publicly disclosed.</p> <p>9. Matters to be Provided in Contract In relation to any merger, division, acquisition or share transfer to which the company participates, in addition to the provisions under Company Law and Enterprise Acquisition Act, the contract shall also specify the rights and obligations of the companies participating in the merger, division, acquisition or share transfer and specify the following matters:</p>	<p>transfer makes adjustment pursuant to repurchase of treasury shares in accordance with law.</p> <p>(5) Any increase, decrease or change of any entity or number of entities participating in the merger, division, acquisition or share transfer.</p> <p>(6) Any condition that may be changed as provided under the contract, and which has been publicly disclosed.</p> <p>9. Matters to be Provided in Contract In relation to any merger, division, acquisition or share transfer to which the company participates, in addition to the provisions under Company Law and Enterprise Acquisition Act, the contract shall also specify the rights and obligations of the companies participating in the merger, division, acquisition or share transfer and specify the following matters:</p>
Article 14	<p>Control Procedure for Acquisition or Disposal of Asset by Subsidiary</p> <p>1. The company shall see that each subsidiary establishes and executes the procedure for acquisition or disposal of asset in accordance with the “Guidelines for Acquisition and Disposal of Asset by Publicly Traded Companies” by the Financial Supervisory Commission.</p> <p>2. Any acquisition or disposal of an asset by any subsidiary <u>except Nova Technology Corp. and its subsidiaries</u> which is subject to approval by the board of directors in accordance with the “Procedure for Acquisition or Disposal of Assets” it established or other legislations shall be reported to the company before the 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.</p>	<p>Control Procedure for Acquisition or Disposal of Asset by Subsidiary</p> <p>1. The company shall see that each subsidiary establishes and executes the procedure for acquisition or disposal of asset in accordance with the “Guidelines for Acquisition and Disposal of Asset by Publicly Traded Companies” by the Financial Supervisory Commission.</p> <p>2. Any acquisition or disposal of an asset by any subsidiary which is subject to approval by the board of directors in accordance with the “Procedure for Acquisition or Disposal of Assets” it established or other legislations shall be reported to the company before the occurrence of the fact. The responsible department of the company 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.</p>
Article 20	<p>Implementation and Amendment The Procedure for Acquisition or Disposal of Assets shall be implemented after more than half of all audit committee members grants the approval, and shall be sent to the board of directors for further approval and reported at a shareholders' meeting. If any director voices</p>	<p>Implementation and Amendment The Procedure for Acquisition or Disposal of Assets shall be implemented after more than half of all audit committee members grants the approval, and shall be sent to the board of directors for further approval and reported at a shareholders' meeting. If any director voices</p>

Article	After The Revision	Before The Revision
	any objection by record or written statement, the company shall send such director's objection information to the audit committee and submit them for approval by the shareholders' meeting. <p>The same procedure shall be followed when the procedure have been amended.</p>	<p>any objection by record or written statement, the company shall send such director's objection information to the audit committee and submit them for approval by the shareholders' meeting. The same procedure shall be followed when the procedure have been amended.</p>
Article 21	<p>This procedure was established on 3 May 2005...</p> <p>This procedure was amended on 26 May 2017.</p> <p>This procedure was amended on 30 May 2018.</p>	<p>This procedure was established on 3 May 2005...</p> <p>This procedure was amended on 26 May 2017.</p>

Attachment 8: Comparison Table of the Endorsement and Guarantee Procedure

Article	After The Revision	Before The Revision
Article 3	The company may only provide endorsement and guarantee to the following companies, except reciprocal guarantee in accordance with contract among companies of the same industry or co-constructors due to project contracting requirements or endorsement and guarantee undertaken by <u>all</u> investing shareholders to their invested company in accordance with their shareholding ratios.	The company may only provide endorsement and guarantee to the following companies, except reciprocal guarantee in accordance with contract among companies of the same industry or co-constructors due to project contracting requirements or endorsement and guarantee undertaken by investing shareholders to their invested company in accordance with their shareholding ratios.
Article 4	<p>1. The total amount of liability, standard of amount limit and amount for the company's external endorsement and guarantee are as follows:</p> <p>(1) The total amount of a reciprocal guarantee among companies of the same industry in accordance with contract for project contracting requirement shall not exceed <u>5 times</u> the net value of the company. The amount of endorsement and guarantee to any single enterprise shall not exceed 3 times the company's net value.</p> <p>(2) Other than a guarantee for project contracting, the accumulated amount of liability under external endorsement and guarantee <u>for other companies that not directly or indirectly be owned by the company</u> shall not exceed 20% of the net value of the company. The amount of endorsement and guarantee for any single enterprise shall not exceed <u>10%</u> of the company's net value.</p>	<p>1. The total amount of liability, standard of amount limit and amount for the company's external endorsement and guarantee are as follows:</p> <p>(1) The total amount of a reciprocal guarantee among companies of the same industry in accordance with contract for project contracting requirement shall not exceed <u>5 times</u> the net value of the company. The amount of endorsement and guarantee to any single enterprise shall not exceed 3 times the company's net value.</p> <p>(2) Other than a guarantee for project contracting, the accumulated amount of liability under external endorsement and guarantee shall not exceed 20% of the net value of the company. The amount of endorsement and guarantee for any single enterprise shall not exceed <u>10%</u> of the company's net value.</p>
Article 5	<p>1. When the company provides an endorsement and guarantee, approval procedures shall be carried out in accordance with Article 6 of this procedure and the endorsement and guarantee shall only be provided after board resolution. However, to meet timing requirements, execution may be done in accordance with the following rules:</p> <p>(1) Any single endorsement and guarantee <u>among companies of the same industry in accordance with contract for project contracting</u></p>	<p>1. When the company provides an endorsement and guarantee, approval procedures shall be carried out in accordance with Article 6 of this procedure and the endorsement and guarantee shall only be provided after board resolution. However, to meet timing requirements, execution may be done in accordance with the following rules:</p> <p>(1) Any single endorsement and guarantee for project contracting below NT\$1 Billion (inclusive) may be executed by the chairman first</p>

Article	After The Revision	Before The Revision
	<p>requirement for project contracting below NT\$1 Billion (inclusive) may be executed by the chairman first with the authorization from the board of directors and then submitted to the <u>next</u> board of directors for ratification.</p> <p>(2) Any single endorsement and guarantee between parent companies and subsidiaries below NT\$1 Billion (inclusive) may be executed by the chairman first with the authorization from the board of directors and then submitted to the <u>next</u> board of directors for ratification.</p> <p>(3) Any endorsement and guarantee other than the previous two subsections within the total endorsement and guarantee amount below NT\$200 Million (inclusive) may be executed by the chairman first with the authorization from the board of directors and then submitted to the <u>next</u> board of directors for ratification.</p>	<p>with the authorization from the board of directors and then submitted to the board of directors for ratification.</p> <p>(2) Any single endorsement and guarantee between parent companies and subsidiaries below NT\$1 Billion (inclusive) may be executed by the chairman first with the authorization from the board of directors and then submitted to the board of directors for ratification.</p> <p>(3) Any endorsement and guarantee other than the previous two subsections within the total endorsement and guarantee amount below NT\$200 Million (inclusive) may be executed by the chairman first with the authorization from the board of directors and then submitted to the board of directors for ratification.</p>
Article 9	<p>1. After the company becomes a publicly traded company, tThe 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.</p> <p>2. After the company becomes a publicly traded company, wWhen the balance amount of endorsement and guarantee reaches one of the following thresholds, a public announcement shall be made within 2 days commencing immediately from the date of occurrence:</p>	<p>1. After the company becomes a publicly traded company, the company shall make a public announcement about the balance amount of endorsement and guarantee by the company and its subsidiaries for the previous month within the 10th day of every month.</p> <p>2. After the company becomes a publicly traded company, when the balance amount of endorsement and guarantee reaches one of the following thresholds, a public announcement shall be made within 2 days commencing immediately from the date of occurrence:</p>
Article 11	<p>1. If any subsidiary of the company contemplates to provide an endorsement or guarantee for any other person, the company shall ensure that such subsidiary proceed in accordance with the endorsement and guarantee procedure established in accordance with the “Guidelines for Funds Lending and Endorsement and Guarantee by Publicly Traded Company” by the Securities and Futures Bureau, provided that the net</p>	<p>1. If any subsidiary of the company contemplates to provide an endorsement or guarantee for any other person, the company shall ensure that such subsidiary proceed in accordance with the endorsement and guarantee procedure established in accordance with the “Guidelines for Funds Lending and Endorsement and Guarantee by Publicly Traded Company” by the Securities and Futures Bureau, provided that the net</p>

Article	After The Revision	Before The Revision
	<p>value shall be calculated based on the net value of the subsidiary.</p> <p>2. Any subsidiary of the company <u>except Nova Technology Corp. and its subsidiaries</u> that contemplate to provide any endorsement or guarantee for any other person shall only do so following report to and approval from the company. The finance department of the company shall make a substantial evaluation of the necessity, reasonableness and risk of such endorsement and guarantee and the impact on the operational risk, financial status and shareholder interest of the parent and subsidiary. A report shall be filed with the chairman for approval.</p>	<p>value shall be calculated based on the net value of the subsidiary.</p> <p>2. Any subsidiary of the company that contemplates to provide any endorsement or guarantee for any other person shall only do so following report to and approval from the company. The finance department of the company shall make a substantial evaluation of the necessity, reasonableness and risk of such endorsement and guarantee and the impact on the operational risk, financial status and shareholder interest of the parent and subsidiary. A report shall be filed with the chairman for approval.</p>
Article 13	<p>1. If the beneficiary of the company's endorsement and guarantee is consistent with this procedure but subsequently becomes inconsistent, or if the amount of endorsement and guarantee exceeds the regulated amount due to change of amount limit calculation basis, an improvement plan shall be established for the amount of the endorsement and guarantee for such beneficiary or the portion exceeding the limit to eliminate the inconsistencies. The relevant improvement plan shall be sent to audit committee.</p> <p>2. The finance department shall prepare a detailed table about the guarantee matters that occurred or cancelled during each month to facilitate control, follow-up and public announcements. In addition, probable loss from the endorsement and guarantee shall be evaluated or recognized, and the endorsement and guarantee information shall be properly disclosed in the financial reports relevant information shall be provided to the certifying accountant to execute necessary audit procedure.</p> <p>3. Prior to the expiry date of the endorsement and guarantee, the finance department shall take the initiative to inform the beneficiary enterprise of the guarantee to take back guarantee notes left with the bank or the creditor institution and cancel instruments related to the endorsement and guarantee.</p>	<p>1. If the beneficiary of the company's endorsement and guarantee is consistent with this procedure but subsequently becomes inconsistent, or if the amount of endorsement and guarantee exceeds the regulated amount due to change of amount limit calculation basis, an improvement plan shall be established for the amount of the endorsement and guarantee for such beneficiary or the portion exceeding the limit to eliminate the inconsistencies. The relevant improvement plan shall be sent to audit committee.</p> <p>2. The finance department shall prepare a detailed table about the guarantee matters that occurred or cancelled during each month to facilitate control, follow-up and public announcements. In addition, probable loss from the endorsement and guarantee shall be evaluated or recognized, and the endorsement and guarantee information shall be properly disclosed in the financial reports relevant information shall be provided to the certifying accountant to execute necessary audit procedure.</p> <p>3. Prior to the expiry date of the endorsement and guarantee, the finance department shall take the initiative to inform the beneficiary enterprise of the guarantee to take back guarantee notes left with the bank or the creditor institution and cancel instruments related to the endorsement and guarantee.</p>

Article	After The Revision	Before The Revision
	<p>4. Endorsements and guarantees undertaken by the company and its subsidiaries and related matters during each operational year shall be reported to the following year's shareholder meeting for reference.</p> <p><u>5.4.</u> If the beneficiary of the endorsement and guarantee is a subsidiary with net value that is less than 1/2 of the paid-in capital, the subsequent relevant control measures shall be specified and the control measures shall be reported to the <u>following next</u> board of directors.</p> <p>In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under subparagraph 11 of the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.</p>	<p>4. Endorsements and guarantees undertaken by the company and its subsidiaries and related matters during each operational year shall be reported to the following year's shareholder meeting for reference.</p> <p>5. If the beneficiary of the endorsement and guarantee is a subsidiary with net value that is less than 1/2 of the paid-in capital, the subsequent relevant control measures shall be specified and the control measures shall be reported to the following board of directors.</p> <p>In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under subparagraph 11 of the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.</p>
Article 16	<p>This procedure was made on 3 May 2005. The first amendment to this procedure was made on 4 October 2005. The second amendment to this procedure was made on 16 June 2009. The third amendment to this procedure was made on 10 June 2010. The fourth amendment to this procedure was made on 19 June 2013. The fifth amendment to this procedure was made on 28 May 2015. <u>The sixth amendment to this procedure was made on 30 May 2018.</u></p>	<p>This procedure was made on 3 May 2005. The first amendment to this procedure was made on 4 October 2005. The second amendment to this procedure was made on 16 June 2009. The third amendment to this procedure was made on 10 June 2010. The fourth amendment to this procedure was made on 19 June 2013. The fifth amendment to this procedure was made on 28 May 2015.</p>

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

Aritcle	After The Revision	Before The Revision
Aritcle 5	<p>1. Short term financing requirement with the company means a term that is one year or one business cycle (whichever is longer) according to the above letter of interpretation by the Ministry of Economic Affairs.</p>	<p>1. Short term financing requirement with the company means a term that is one year or one business cycle (whichever is longer) according to the above letter of interpretation by the Ministry of Economic Affairs.</p>
Aritcle 6	<p>1. When the company contemplates to lend funds, a resolution by the board of directors shall be required. No other person shall be authorized to make the decision.</p> <p>2. For funds lending between the company and its parent or subsidiary or among the company's subsidiaries, the board of directors may authorize the chairman to approve several drawdowns or revolving drawdowns by the same borrower within a period of one year within a certain amount resolved by the board of directors. Other than overseas companies whose 100% voting shares are directly or indirectly held by the company, the authorized amount of funds lending from the company or the subsidiary to any single enterprise shall not exceed 10% of the net value on the company's latest financial statements.</p> <p>3. When this procedure is submitted to the board of directors for discussion <u>the company contemplates to lend funds</u> in accordance with the previous section, opinions of independent directors shall be fully taken into consideration and their specific opinions for approval or objection and the reasons for objection shall be included in the minutes of the board meeting.</p>	<p>1. When the company contemplates to lend funds, a resolution by the board of directors shall be required. No other person shall be authorized to make the decision.</p> <p>2. For funds lending between the company and its parent or subsidiary or among the company's subsidiaries, the board of directors may authorize the chairman to approve several drawdowns or revolving drawdowns by the same borrower within a period of one year within a certain amount resolved by the board of directors. Other than overseas companies whose 100% voting shares are directly or indirectly held by the company, the authorized amount of funds lending from the company or the subsidiary to any single enterprise shall not exceed 10% of the net value on the company's latest financial statements.</p> <p>3. When this procedure is submitted to the board of directors for discussion in accordance with the previous section, opinions of independent directors shall be fully taken into consideration and their specific opinions for approval or objection and the reasons for objection shall be included in the minutes of the board meeting.</p>
Aritcle 10	<p>1. For first time borrowers, the borrower shall provide basic information and financial information so that the responsible <u>processing</u> department can carry out credit verification.</p>	<p>1. For first time borrowers, the borrower shall provide basic information and financial information so that the responsible department can carry out credit verification.</p>
Aritcle 11	<p>1. Following credit verification or verification, if the lending will not be released because the borrower has bad credit or if the purpose for the loan is inappropriate, the processing staff shall seek approval for the reason for decline</p>	<p>1. Following credit verification or verification, if the lending will not be released because the borrower has bad credit or if the purpose for the loan is inappropriate, the processing staff shall seek approval for the reason for decline</p>

Article	After The Revision	Before The Revision
	<p>and inform the borrower timely.</p> <p>2. Following review and evaluation, for cases with good credit, appropriate lending purpose and no negative impact on the company's finance, business and shareholder interest, the processing staff shall preparesubmit the credit verification and evaluation report together with the contemplated lending amount, duration and interest rate for the responsible department's confirmation about feasibility and submit the information to the board of directors for decision.</p>	<p>and inform the borrower timely.</p> <p>2. Following review and evaluation, for cases with good credit, appropriate lending purpose and no negative impact on the company's finance, business and shareholder interest, the processing staff shall prepare the credit verification and evaluation report together with the contemplated lending amount, duration and interest rate for the responsible department's confirmation about feasibility and submit the information to the board of directors for decision.</p>
Article 12	<p>1. For any lending case, the processing staff shall draft the contract provisions for review and approval by the supervisor of the responsible department. If required, the provisions shall be submitted to the legal consultant for an opinion. The procedure for contract signing shall then be carried out.</p>	<p>1. For any lending case, the processing staff shall draft the contract provisions for review and approval by the supervisor of the responsible department. If required, the provisions shall be submitted to the legal consultant for an opinion. The procedure for contract signing shall then be carried out.</p>
Article 13	<p>After a lending proposal is approved, the finance department shall only release the amount after the borrower has signed the contract, submitted promissory note and completed registration of mortgage (pledge) creation on the collateral, with all procedures verified and confirmed by the responsible department.</p>	<p>After a lending proposal is approved, the finance department shall only release the amount after the borrower has signed the contract, submitted promissory note and completed registration of mortgage (pledge) creation on the collateral, with all procedures verified and confirmed by the responsible department.</p>
Article 16	<p>1. After the company becomes a publicly traded company, 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> <p>2. For publicly traded companies, if the balance of funds lending reaches any of the following thresholds, a public announcement shall be made within 2 days commencing immediately from the date of occurrence:</p>	<p>1. After the company becomes a publicly traded company, 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> <p>2. For publicly traded companies, if the balance of funds lending reaches any of the following thresholds, a public announcement shall be made within 2 days commencing immediately from the date of occurrence:</p>
Article 17	<p>1. When the subsidiary of the company contemplates to lend funds, the company shall ensure that the subsidiary performs in accordance with the funds lending procedure established in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" by the Securities and Futures</p>	<p>1. When the subsidiary of the company contemplates to lend funds, the company shall ensure that the subsidiary performs in accordance with the funds lending procedure established in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" by the Securities and Futures</p>

Article	After The Revision	Before The Revision
	<p>Bureau, provided that the net value shall be calculated based on the net value of the company.</p> <p>2. Any subsidiary of the company <u>except Nova Technology Corp. and its subsidiaries</u> that contemplate to carry out funds lending shall only do so after reporting to and approval from the company. The company's finance department shall perform substantial evaluation of the necessity, reasonableness and risk of such funds lending, as well as its impact on the operations risk, financial status and shareholder interest of the parent company and the subsidiary, and submit such evaluation to the chairman for approval.</p>	<p>Bureau, provided that the net value shall be calculated based on the net value of the company.</p> <p>2. Any subsidiary of the company that contemplates to carry out funds lending shall only do so after reporting to and approval from the company. The company's finance department shall perform substantial evaluation of the necessity, reasonableness and risk of such funds lending, as well as its impact on the operations risk, financial status and shareholder interest of the parent company and the subsidiary, and submit such evaluation to the chairman for approval.</p>
Article 19	<p>1. The management activities under this procedure shall be included in the internal control system and duly implemented. The internal audit shall perform at least quarterly inspection and evaluation of the performance of the above provisions and written records shall be prepared. In case of any significant violation, all audit committee shall be notified in writing.</p> <p>2. If the company exceeds the limit of lending balance due to any change of circumstances, a correction plan shall be established and sent to audit committee. <u>And the company shall complete the rectification according to the timeframe set out in the plan.</u></p>	<p>1. The management activities under this procedure shall be included in the internal control system and duly implemented. The internal audit shall perform at least quarterly inspection and evaluation of the performance of the above provisions and written records shall be prepared. In case of any significant violation, all audit committee shall be notified in writing.</p> <p>2. If the company exceeds the limit of lending balance due to any change of circumstances, a correction plan shall be established and sent to audit committee.</p>
Article 22	<p>1. This procedure shall be implemented after it is approved by more than half of all audit committee members, submitted to the board of directors for further approval and submitted to the shareholder meeting for approval. If any director voices any objection by recording or written statement, the company shall submit the objection to the audit committee and shareholder meeting for discussion. The same procedure shall be applicable to any amendment hereof.</p> <p>2. When the funds lending procedure is submitted to the board of directors for discussion in accordance with the previous section, opinions of independent</p>	<p>1. This procedure shall be implemented after it is approved by more than half of all audit committee members, submitted to the board of directors for further approval and submitted to the shareholder meeting for approval. If any director voices any objection by recording or written statement, the company shall submit the objection to the audit committee and shareholder meeting for discussion. The same procedure shall be applicable to any amendment hereof.</p> <p>2. When the funds lending procedure is submitted to the board of directors for discussion in accordance with the previous section, opinions of independent</p>

Article	After The Revision	Before The Revision
	<p>directors shall be fully taken into consideration and their clear opinions for approval or objection and the reasons for objection shall be included in the minutes of the board meeting.</p> <p>3. This procedure was approved by the shareholder meeting on 3 May 2005.</p>	<p>directors shall be fully taken into consideration and their clear opinions for approval or objection and the reasons for objection shall be included in the minutes of the board meeting.</p> <p>3. This procedure was approved by the shareholder meeting on 3 May 2005.</p>
Article 23	<p>This procedure was established on 3 May, 2005.</p> <p>The first amendment to this procedure was made on 16 June, 2009.</p> <p>The second amendment to this procedure was made on 10 June, 2010.</p> <p>The third amendment to this procedure was made on 15 June, 2011.</p> <p>The fourth amendment to this procedure was made on 19 June, 2013.</p> <p>The fifth amendment to this procedure was made on 28 May, 2015.</p> <p>The sixth amendment to this procedure was made on 31 May, 2016.</p> <p>The seventh amendment to this procedure was made on 30 May, 2018.</p>	<p>This procedure was established on 3 May, 2005.</p> <p>The first amendment to this procedure was made on 16 June, 2009.</p> <p>The second amendment to this procedure was made on 10 June, 2010.</p> <p>The third amendment to this procedure was made on 15 June, 2011.</p> <p>The fourth amendment to this procedure was made on 19 June, 2013.</p> <p>The fifth amendment to this procedure was made on 28 May, 2015.</p> <p>The sixth amendment to this procedure was made on 31 May, 2016.</p>

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

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

Article	After The Revision	Before The Revision
	<p><u>Independent directors shall be excluded from distribution. Independent directors that be appointed to be any member of functional committee by the board meeting can gain extra remuneration mentioned under section 5.</u></p> <p><u>5. The remuneration for members of functional committee: The remuneration for each member of each functional committee is NT\$10,000 dollars per month since he/her be appointed by the company. For the calculation of member resign during the year, the remuneration will be calculated based on the proportion of the period of serving.</u></p> <p>4.6.The board of directors is authorized to provide business implementation expense for directors based on the contents of executive business in accordance with the Articles of Incorporation.</p> <p>5.7.The remuneration of directors (excluding independent directors) approved by the board of directors, shall be determine by following methods:</p> <p>(1)1 basis point for each director. For the directors are elected within 1 year, the basis point is calculated based on the proportion of the period of serving. For the directors resign during the year of distribution, he or she will not include in scoring (re-election are exempted from this restriction).</p> <p>(2)The chairman of the board gains an additional 01.5 basis points.</p>	<p>4. The board of directors is authorized to provide business implementation expense for directors based on the contents of executive business in accordance with the Articles of Incorporation.</p> <p>5. The remuneration of directors (excluding independent directors) approved by the board of directors, shall be determine by following methods:</p> <p>(1)1 basis point for each director. For the directors are elected within 1 year, the basis point is calculated based on the proportion of the period of serving. For the directors resign during the year of distribution, he or she will not include in scoring (re-election are exempted from this restriction).</p> <p>(2)The chairman of the board gains an additional 0.5 basis points.</p>
Article 4	<p>The board of directors is authorized to implement <u>This regulation shall be implemented after approval by the board of directors</u>after it is approved by the shareholders meeting. The same procedure shall be applicable to any amendment hereof.</p>	<p>The board of directors is authorized to implement this regulation after it is approved by the shareholders meeting. The same procedure shall be applicable to any amendment hereof.</p>

Attachment 11: The qualification of the nominated

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

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

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

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

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

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

XI.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 director 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. The remuneration of all directors shall be in accordance with Article 26-1 of the company's articles of association.

Chapter 5 Managers and Staff

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

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

Chapter 6 Closing

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

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

Article 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.

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: Procedures for Election of Directors

Procedures for Election of Directors

Article 1. Purpose and the basis

To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies. Except as otherwise provided by law and regulation or by this Corporation's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.

Article 2. The abilities that must be present in the board

The overall composition of the board of directors shall be taken into consideration in the selection of this Corporation's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The company's Board of Directors shall consider adjusting the composition of the Board of Directors based on the performance assessment results.

Article 3. Qualifications for the independent directors

The qualifications for the independent directors of this Corporation shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The election of independent directors of this Corporation shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 4.Electoral machinery of directors

The cumulative voting method will be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Elections of directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. Arbitrary addition of supporting documents for other eligibility requirements is disallowed while reviewing the eligibility, education and experience of prospective directors, and presence of individual conditions under Article 30 of the Company Act or not and review results shall be provided to shareholders for their reference in order to select competent directors. Any shareholder holding 1% or more of the total number of outstanding shares issued by the company and the board of directors may submit a roster of director candidates to the company, and , and, upon evaluation by the board of directors that all candidates so nominated are qualified director candidates, submit it to the shareholders' meeting for elections. The shareholders shall elect directors from among the nominees listed in the roster of director candidates. Matters related to the acceptance and public announcement for the nomination of candidates of directors shall be in accordance with the relevant laws and regulations such as the Company Act and Securities and Exchange Act.

Article 5.By-election mode for the shortfall of directors

When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in this Corporation's articles of incorporation, this Corporation shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, or the related provisions of the Taiwan Stock Exchange Corporation rules governing the review of listings, or subparagraph 8 of the Standards for Determining Unsuitability for GTSM Listing under Article 10, Paragraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 6.Preparation for the ballots

The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 7.Number of directors and elected mode

The number of directors and supervisors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 8.Vote monitoring and counting

Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 9.Filling in the ballot

If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 10.Invalid circumstances of the ballot

A ballot is invalid under any of the following circumstances :

1. The ballot was not prepared by the board of directors.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

Article 11.Count of votes

The ballot boxes shall be opened right after the voting session is completed. The Chair shall announce the voting result, including the list of elected directors and the number of votes in their favor.

Ballot examiners shall seal and sign the ballot papers indicated under election information in the preceding paragraph and keep them properly for at least one year. If a shareholder makes a litigious claim against the Company according to Article 189 of the Company Act, however, the abovementioned documents must be retained until the end of the litigation.

Article 12.Elected notice

The board of directors of this Corporation shall issue notifications to the persons elected as directors.

Article 13.Implementation

These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Article 14.Date of Establishment and Amendment

This procedure was established on 3 May 2005.

This procedure was amended on 16 June 2009.

This procedure was amended on 15 June 2011.

This procedure was amended on 28 May 2015.

This procedure was amended on 26 May 2017.

Appendix 4: Rules of Procedure for Board of Directors Meeting < Before the revision >

Rules of Procedure for Board of Directors Meeting

Article 1. Purpose and Basis of Establishment

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

Article 2. Scope of Rules

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

Article 3. Convening and Notice of Meetings

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

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

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

Article 4. Principles for Meeting Location and Time

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

Article 5. Meeting Notice and Meeting Information

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

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

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

When the company convenes a board meeting, an attendance sheet shall be prepared for signatures

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

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

Article 7. Agenda

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

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

Article 8. Matters subject to Board Discussion

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

1. The company's operational plan.
2. Annual financial report and semi-annual financial report , with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).
3. Internal control system established or amended in accordance with Article 14-1 of the Securities Transaction Act.
4. Procedure for significant financial activities such as acquisition or disposal of asset, derivative product transaction, capital lending, endorsement or guarantee established or amended in accordance with Article 36-1 of the Securities Transaction Act.
5. Placement, offer or private placement of securities in the nature of share entitlement.
6. Dismissal of finance, accounting or internal audit supervisor.
7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
8. Significant matters subject to shareholder resolution or board resolution or rules by the competent authority in accordance with Article 14-3 of the Securities Transaction Act and other legislations or articles of association.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the "Regulations Governing the Preparation of Financial Reports by Securities Issuers." The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders' equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under this paragraph.

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

Article 9. Authorization Principle

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

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

Article 10. Chairman and Representative

The chairman shall convene board meetings of the company and serve as the chairman of such meetings. However, the first board meeting of each term shall be convened by the director that received the most votes in the shareholder meeting. Such person shall also serve as the chairman of

the meeting. If there are two or more persons having the right to convene the meeting, one person shall be elected from among them to serve as the chairman.

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

Article 11.Reference Information and Attendees

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

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

Article 12.Procedure for Convening Meeting

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

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

All directors referred to above means directors actually in place.

Article 13.Discussion

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

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

consideration of the time.

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

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

Article 14. Voting Method

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

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

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

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

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

Article 15. Voting, Vote Supervision and Vote Calculation Method

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

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

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

The result of voting shall be reported and recorded immediately.

Article 16. System of Interest Avoidance

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

voting rights on behalf of other directors:

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

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

Article 17. Meeting Records and Signatures

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

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

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

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

1. Matters for which independent director has any objection or reservation opinion with record or written statement.

2. Matters not approved by the audit committee of any company that has an audit committee and approved by 2/3 of all directors.

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

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

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

Article 18. Video or Audio Recording of Meeting

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

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

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

Article 19. Public Announcement

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

Article 20. Cancellation of Board Meeting

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

Article 21. Implementation

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

Article 22.Date of Implementation and Amendment

These rules were established on June 16, 2009.

These rules were amended on March 25, 2011.

These rules were amended on April 30, 2012.

These rules were amended on October 30, 2012.

These rules were amended on July 30, 2015.

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

Ethical Corporate Management Operating Procedures and Conduct Guide

Article 1. Goal

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

Article 2. Scope

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

Article 3. Applicable targets

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

Any improper benefits that are provided, promised, requested, or received by the employees of this company by means of a third party are presumed to be actions carried out by the employees of this company.

Article 4. Unethical conduct

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

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

Article 5. Types of benefit

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

Article 6. Responsible unit

The audit office of this company shall serve as the responsible unit (referred to below as "the responsible unit of this company") under the board of directors, and shall handle revision,

implementation, explanation and consulting matters in connection with this operating procedure and conduct guide, and shall enter and file reports, monitor compliance, be in charge of the following matters and report to the board of directors on a regular basis.

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

Article 7. Prohibition of providing or receiving improper benefit

Except for the following situations, the employees of this company shall follow the "Ethical Corporate Management Best Practice Principles for TSE/GTSM Listed Companies" and the regulations of this operating procedure and conduct guide, and shall handle matters in accordance with relevant procedures prior to directly or indirectly providing, receiving, promising or requesting any benefits as specified in Article 5.

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

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

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

Except for the situations mentioned above, such matters shall be handled in accordance with the following procedures when the employees of this company find themselves provided or promised any benefits as specified in Article 5 from a third party:

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

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

1. A relationship involving business dealings, supervision or granting of awards or subsidies.
2. The party is currently seeking or establishing or has already established a contractual relationship involving contracting, sales, or other matters.
3. Other situations involving the company's decisions, actions or inaction, or resulting from favorable or unfavorable conditions.

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

Article 9. Prohibition of facilitating payments and handling procedures

This company shall not provide or promise any facilitating payments.

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

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

Article 10. Handling procedures for political contributions

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

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

Article 11. Handling procedures for charitable donations and sponsorships

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

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

Article 12. Recusal

If this company's directors, officers or other stakeholders attending or present at the board meeting, or the juristic person represented, has any conflict of interest with any board resolution involving either the director personally or the juridical person represented by that director, officers or stakeholders shall state the important aspects of the conflict of interest in the meeting, and this conflict of interest may be injurious to the company's interests, the director may not otherwise engage in discussion or voting, and must recuses himself/herself from discussion and voting. Such a director absolutely may not exercise his/her voting rights on behalf of another director. The directors must maintain self-restraint, and may not support each other for improper purposes.

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

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

Article 13. Organization and responsibilities of confidentiality mechanisms

This company shall establish a responsible unit. This unit shall be responsible for drafting and implementing procedures for managing, preserving, and maintaining the confidentiality of this Company's trade secrets, trademarks, patents, works and other intellectual properties and it shall regularly examine implementation results to ensure the continued effectiveness of the confidentiality procedures.

All personnel of this Company shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of this Company of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of this Company unrelated to their individual duties.

Article 14. Prohibition of disclosure of business secrets

This Company shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 15. Prohibition of insider trading

This Company shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of this Company to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

This Company shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

Where there are media reports, or sufficient facts to determine, that this Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, this Company shall, within three days, recall those products or suspend the services, verify the facts and present a review and improvement plan.

The responsible unit of this Company shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the board of directors.

Article 16. Nondisclosure agreement

The employees of this company shall follow the regulations of the Securities and Exchange Act, and shall not use known but undisclosed information in insider trading, and, to prevent others from using undisclosed information for insider trading, shall not disclose such information to others. Organizations or personnel who participate in this company's merger, split, acquisition, assignment of shares, important memorandum, strategic alliance, other business cooperation plan or important contract shall sign a nondisclosure agreement with this company, pledging that it/he/she will not disclose known business secrets or other important information of this company to others, and will not use this information without the permission of this company.

Article 17. External announcement of the ethical corporate management policy

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

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

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

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

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

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

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

Article 20. Avoidance of business transactions with unethical enterprises

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

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

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

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

Article 22. Handling of company employees' unethical conduct

As an incentive to insiders for informing of unethical or unseemly conduct, this Corporation will grant a reward of more than NT\$6,000 depend on the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.

This Corporation shall internally establish and publicly announce on its website, or provide through an independent mailbox, for Company insiders to submit reports. A whistleblower shall at least furnish the following information:

1. The whistleblower's name and an address, telephone number and e-mail address where it can be reached.
2. The informed party's name or other information sufficient to distinguish its identifying features.
3. Specific facts available for investigation.

Company personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. This Corporation also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing.

The responsible unit of this Corporation shall observe the following procedure:

1. Information shall be reported to the department head. However, if the rank or the file involves a director or a senior executive that shall report to an independent director.
2. The responsible unit of this Corporation and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.
3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or this Corporation's policy and regulations of ethical management, this Corporation shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, this Corporation will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
5. With respect to confirmed information, this Corporation shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.
6. The responsible unit of this Corporation shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

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

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

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

The responsible unit of this Company shall organize awareness sessions each year and arrange for the chairperson, general manager, or senior management to communicate the importance of ethics to its directors, employees, and mandataries.

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

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

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

Article 25. Implementation

This operating procedure and conduct guide shall be implemented after the resolution and approval by more than half of all audit committee members and submitted to the board of directors for further approval, and shall be presented to the shareholders' meeting, and the same shall apply to revisions.

When these Procedures and Guidelines are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.

Article 26. Drafting and revision dates

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

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

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

This operating procedure and conduct guide was revised on July 30, 2015.

Appendix 6: 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 50% of the net value according to the latest financial statements of the company. The amount of investment in any individual security shall not exceed 30% of the net value according to the latest financial statements of the company. Securities with guaranteed principal shall not be included in the calculation of the amount of investment in securities.
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 30, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

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 and bank endorsed drafts, sale and purchase with back-back option and bonds with sell-back condition are not covered by the above and may be approved by the chairman.

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 published 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) If there is any special reason requiring any fixed price, specific price, or special price to serve as reference benchmarks for the transaction price, such transaction shall first be submitted to the board of directors for resolution, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.

(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 6-3.

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 fixed asset 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 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section. The calculation of the transaction amount shall be made in accordance with Article 6-3 herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

2. When a public company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by Securities Investment Trust Enterprises (SITs), 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) The situations under subsections (1) and (2) above shall be reported to the shareholder meeting and the details of the transaction shall be disclosed in the annual report and the prospectus.

If the company and the publicly traded company that evaluated the company's investment under the equity method have provided special reserve in accordance with the above, the special reserve may only be used when the asset purchased at the high price has devalued or disposed of or compensated appropriated or reinstated to its original status, or if there is any other evidence showing that there is no issue of reasonableness and the Securities and Futures Bureau of the Financial Supervisory Commission has given consent.

6. For any real property acquired by the company from a related party, if there is any other evidence showing that the transaction is inconsistent with operational norms, section 2 and 3 shall be followed.

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 6-3.

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 contemplates 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 (1) and (2) 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 sections 3 and 4.

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 or if public disclosure has been made. 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, in addition to the provisions under Company Law and Enterprise Acquisition Act, the contract shall also specify the rights and obligations of the companies participating in the merger, division, acquisition or share transfer and specify the following matters:

- (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 percent or more of paid-in capital, 10 percent 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 trading 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, where the trading 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 percent 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 percent 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 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 percent 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. If any director voices any objection by record or written statement, the company shall send such director's objection information to the audit committee and submit them for approval by the shareholders' meeting. The same procedure shall be followed when the procedure have been amended.

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.

Appendix 7: 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 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 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 for project contracting below NT\$1 Billion (inclusive) may be executed by the chairman first with the authorization from the board of directors and then submitted to the board of directors for ratification.
 - (2) Any single endorsement and guarantee between parent companies and subsidiaries below NT\$1 Billion (inclusive) may be executed by the chairman first with the authorization from the board of directors and then submitted to the board of directors for ratification.
 - (3) Any endorsement and guarantee other than the previous two subsections within the total endorsement and guarantee amount below NT\$200 Million (inclusive) may be executed by the chairman first with the authorization from the board of directors and then submitted to the board of directors for ratification.

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. After the company becomes a publicly traded company, the company shall make a public announcement about the balance amount of endorsement and guarantee by the company and its subsidiaries for the previous month within the 10th day of every month.
2. After the company becomes a publicly traded company, when the balance amount of endorsement and guarantee reaches one of the following thresholds, a public announcement shall be made within 2 days commencing immediately from the date of occurrence:
 - (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 that contemplates to provide any endorsement or guarantee for any other person shall only do so following report to and approval from the company. The finance department of the company shall make a substantial evaluation of the necessity,

reasonableness and risk of such endorsement and guarantee and the impact on the operational risk, financial status and shareholder interest of the parent and subsidiary. A report shall be filed with the chairman for approval.

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. Endorsements and guarantees undertaken by the company and its subsidiaries and related matters during each operational year shall be reported to the following year’s shareholder meeting for reference.
5. If the beneficiary of the endorsement and guarantee is a subsidiary with net value that is less than 1/2 of the paid-in capital, the subsequent relevant control measures shall be specified and the control measures shall be reported to the following board of directors.
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.

Appendix 8: 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) according to the above letter of interpretation by the Ministry of Economic Affairs.
2. The company may waive interest for funds lending to any company whose 100% voting shares are held directly or indirectly by the company. For other lending to companies or enterprises approved by the company, interest shall accrue at the basic lending rate of the Bank of Taiwan for the current month plus 2%. If the borrower fails to perform the financing contract, monthly interest shall accrue at the original interest rate times 1.1 starting from the date of violation of the financing contract.
3. In case of any special situation and subject to the approval of the board of directors, lending may be extended upon expiry based on the actual situation.

Article 6.Decision Level

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

Article 7.Application and Review Procedure

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

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

Article 8.Warranty and Guarantee

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

Article 9. Insurance

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

Article 10. Credit Verification

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

Article 11. Loan Approval

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

Article 12. Contract Signing and Guarantor

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

shall carry out the guarantee procedure.

Article 13. Advance

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

Article 14. Subsequent Control Measures for Amount Advanced

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

Article 15. Overdue Debt

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

Article 16. Public Announcement

1. After the company becomes a publicly traded company, a public announcement shall be made by the 10th day of each month about the balance of funds lending by the company and its subsidiaries for the previous month.
2. For publicly traded companies, if the balance of funds lending reaches any of the following thresholds, a public announcement shall be made within 2 days commencing immediately from the date of occurrence:
 - (1) The balance of funds lending by the company and its subsidiaries exceeds 20% of the net value based on the company's latest financial statements.
 - (2) The balance of funds lending by the company and its subsidiaries to any single enterprise reaches 10% of the net value based on the company's latest financial statements.
 - (3) The amount of new funds lending by the company or its subsidiaries exceeds NT\$10 Million and reaches 2% of the net value based on the company's latest financial statements.

3. If any subsidiary of the company that is not a domestic publicly traded company has any matter that is subject to public announcement in accordance with the previous section, the company shall make a public announcement on behalf of the subsidiary.
4. The percentage of the subsidiary's funds lending balance over the net value shall be calculated based on the subsidiary's funds lending balance as a percentage to the company's net value.
5. "Date of occurrence" in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

Article 17. Control Procedure for Funds Lending by Subsidiary

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

Article 18. Establishment of Reference Book

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

Article 19. Other Matters

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

Article 20. Penalty

If any manager and responsible staff of the company violates the "Guidelines for Funds Lending and Endorsement and Guarantee Procedure for Publicly Traded Companies of the Securities and Futures Bureau" or the "Funds Lending Procedure" of the company, a sanction shall be imposed

based on the gravity of the matter in accordance with the company's human resource management rules and work rules, with regular report and audit.

Article 21. Relevant Legislations

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

Article 22. Implementation and Amendment

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

Article 23. Date of Establishment and Amendment

This procedure was established on 3 May, 2005.

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

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

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

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

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

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

Appendix 9: Regulations governing remuneration paid to directors< Before the revision >

Regulations governing remuneration paid to directors

Article 1. In accordance with Article 23 and 26-1 of the Articles of Incorporation, this regulation is established to determine the remuneration of directors.

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

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

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

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

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

Appendix 10: Shareholding of Directors

- As of April 1, 2018, the company's registered capital is NT\$720,000,000, the issued capital of the Company is NT\$471,528,190, the issued 47,152,819 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 3,772,225 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 April 1, 2018, the actual collective shareholdings of directors were shown as below:

Position	Name	Date elected	Term (Years)	Directors	
				Shares	Shareholding ratio (%)
Chairman	Liang, Chin-Li	104.05.28	3	1,711,688	3.63%
Directors	Yang, Jung-Tang	104.05.28	3	865,495	1.84%
Directors	Kao, Hsin-Ming	104.05.28	3	1,156,662	2.45%
Directors	Hu, Tai-Tsen	104.05.28	3	601,401	1.28%
Independent Director	Yeh, Hui-Hsin	104.05.28	3	3,000	0.01%
Independent Director	Wang, Mao-Rong	104.05.28	3	3,000	0.01%
Independent Director	Yang, Qian	104.05.28	3	0	0.00%
combined shareholding of all directors				4,341,246	9.22%

Appendix 11: 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	61,369,156	61,369,156	0	
Directors' compensation	30,684,578	30,684,578	0	

Appendix 12: 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 19, 2018 to March 28, 2018.
 - (3) The company had not received any proposals from shareholders.

2. The company's response about the list of nominated in this Annual Shareholder's Meeting :
 - (1) According to the article 192-1 of the Company Act, both shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company and the Board meeting may propose to the company the nomination for election at a regular shareholders' meeting.
 - (2) The company has announced that the shareholders can submit nominations to be elected at the meeting on the Market Observation Post System. The period is March 19, 2018 to March 28, 2018.
 - (3) The company has announced matters about nomination in accordance with the legal procedures. The list of nominated has been reviewed by the Board meeting on April 11, 2018 and is proposed to release the restriction on competitive activities for the nominated, who participate in the operations of other company that engages in the same or similar business as the Company.

3. Influence of Proposed Stock Dividend Distribution upon 2017 Operating Performance and Earnings Per Share :

Unit : NTD\$, Share

Item	Year	2018 (Forecast)	
Beginning paid-in Capital		471,528,190	
Dividend Distribution (Note 1)	Cash dividend per share	13	
	Stock dividend per share for capital increase from retained earnings	0.15	
	Stock dividend per share for capital increase from capital reserve	0	
Business Performance Variation	Operating profit	Not Applicable (Note 2)	
	Year-on-year increase / decrease (%) of operating profit		
	Net profit after tax		
	Year-on-year increase / decrease (%) of net profit after tax		
	Earnings per share		
	Year-on-year increase / decrease of earnings per share		
	Average return over investment (annualized)		
Pro forma earnings per share and its P/E ratio	If cash dividend is distributed instead of capital increase from retained earnings	Pro forma earnings per share	Not Applicable (Note 2)
		Pro forma average return over investment (annualized)	
	If no capital increase from capital reserve	Pro forma earnings per share	Not Applicable (Note 2)
		Pro forma average return over investment (annualized)	
	If no capital reserve and cash dividend is distributed instead of capital increase from retained earnings	Pro forma earnings per share	Not Applicable (Note 2)
		Pro forma average return over investment (annualized)	

Note1: The distribution of 2017 profits shall be determined by the 2018 annual shareholders' meeting.

Note2: Acter is not required to disclose its 2018 financial forecast pursuant to "Regulations Governing the Publication of Financial Forecasts of Public Companies."