

104 Corporation

2017

Annual Shareholders' Meeting Handbook

(Translation)

Time : 09:00 a.m., June 8, 2017.

Location : 104 Corporation Headquarters.

(3F, No.119 BaoZhong Rd., Xindian Dist., New Taipei City, Taiwan, (R.O.C.))

104 Corporation

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Meeting Procedure

104 Corporation

2017 Annual Shareholders' Meeting Procedure

- I. Call Meeting to Order
- II. Chairman's Address
- III. Matters for Report
- IV. Matters for Ratification
- V. Matters for Discussion
- VI. Extemporaneous Motions
- VII. Adjournment

Meeting Agenda

104 Corporation
2017 Annual Shareholders' Meeting Agenda

Time : 9:00 a.m., June 8, 2017

Place : 104 Corporation Headquarters

(3F, No.119 BaoZhong Rd., Xindian Dist., New Taipei City, Taiwan, (R.O.C.))

- I. Call Meeting to Order
- II. Chairman's Address
- III. Matters for Report
 - 1. 2016 Business Report.
 - 2. Supervisor's Review Report on the 2016 Financial Statements.
 - 3. The Report of the 2016 Employees, Directors and Supervisors' Compensation.
- IV. Matters for Ratification
 - 1. Adoption of the 2016 Financial Statements and Business Report.
 - 2. Adoption of the Proposal for Distribution of 2016 Earnings.
- V. Matters for Discussion
 - 1. Amendment to the Company's "Articles of Incorporation".
 - 2. Amendment to the Company's "Directors and Supervisors Election Guidelines".
 - 3. Amendment to the Company's "Procedure for Acquisition and Disposal of Assets".
- VI. Extemporary Motions
- VII. Adjournment

I. Matters for Report

1. 2016 Business Report.

Explanatory Notes :

For the Company's 2016 Business Report, please refer to attachment 1 on Pages 8 to 10.

2. Supervisor's Review Report on the 2016 Financial Statements.

Explanatory Notes :

For the Supervisor's Review Report, please refer to attachment 2 on Page 11.

3. The Report of the 2016 Employees, Directors and Supervisors' Compensation

Explanatory Notes :

(1) Pursuant to Article 25 of the Company's Articles of Incorporation.

(2) Income before tax excluding employees, directors and Supervisors' compensation in 2016 is NT\$459,273,244. Based on the resolution of the Board of Directors, cash will be distributed to the employees, directors and supervisors' compensation are NT\$36,741,860 and NT\$9,185,465, respectively. There is no difference between the above resolution and those recognized in the financial statements.

II. Matters for Ratification

1. Adoption of the 2016 Financial Statements and Business Report. (Proposed by the Board of Directors)

Explanatory Notes :

(1) The Company's 2016 financial statements have been approved by the Board of Directors and audited by KPMG.

(2) Please refer to attachment 1 on Pages 8 to 10 and attachment 3 on Pages 12 to 27.

Resolution :

2. Adoption of the Proposal for Distribution of 2016 Earnings. (Proposed by the Board of Directors)

Explanatory Notes :

(1) The Company's net income after tax in 2016 is NT\$398,368,327. For the Earnings Distribution Proposal, please refer to attachment 4 on Page 28.

(2) Articles 66-6 and 66-9 of the Income Tax Act are applicable to the calculation of the earnings distribution proposal mentioned in the preceding paragraph. The 2016 earnings will be distributed first. If such earnings are insufficient, the earnings for the past years will be distributed in sequence.

(3) The proposal is to distribute a cash dividends of NT\$10.8 per share, totaling NT\$358,837,560. After the proposal is approved by the annual shareholder's meeting, the Board of Directors authorized to determine the ex-dividend date. Cash dividends shall be based on the distribution ratio and rounded off to the integer. Fractional dividend amounts that are less than NT\$1 shall be ranked from high to low in value and from old to new in account number, and then they shall be adjusted in this order until the total distribution amount of cash dividends is met. In case the number of the Company's outstanding shares is affected from changes to the laws, adjustments by the competent authority, repurchase or cancellation of the Company's treasury shares, or other possible situations which may lead to the changes in the shareholder dividend ratio, it is proposed to the shareholder's meeting to authorize the Board of Directors to adjust it.

Resolution :

III. Matters for Discussion

1. Amendment to the Company's "Articles of Incorporation". (Proposed by the Board of Directors)

Explanatory Notes :

- (1) In accordance with the No.1060000381 issued by the Financial Supervisory Commission on January 18, 2017, companies listed on TWSE (TPEX) shall adopt the electronic transmission as one of the methods for exercising the voting power at a shareholder's meetings from 2018.
- (2) Since the Company voluntarily adopts e-voting in advance in 2017, a candidate nomination system is to be adopted for election of the Company's directors or supervisors.
- (3) The proposal is to amend partial provisions of the Company's "Articles of Incorporation" pursuant to the Company Act. For the comparison table of the amendments, please refer to attachment 5 on Page 29.

Resolution :

2. Amendment to the Company's "Directors and Supervisors Election Guidelines". (Proposed by the Board of Directors)

Explanatory Notes :

Since a candidate nomination system is to be adopted for an election of directors or supervisors by the Company, the proposal is to amend partial provisions of the Company's "Directors and Supervisors Election Guidelines" based on the Company Act. For the comparison table of the amendments, please refer to attachment 6 on Page 30.

Resolution :

3. Amendment to the Company's "Procedure for Acquisition and Disposal of Assets". (Proposed by the Board of Directors)

Explanatory Notes :

In accordance with the No.1060001296 issued by the Financial Supervisory Commission on February 9, 2017, the proposal is to amend partial provisions of the Company's "Procedure for Acquisition and Disposal of Assets". For the comparison table of the amendments, please refer to attachment 7 on Pages 31 to 36.

Resolution :

IV. Extemporaneous Motions

V. Adjournment

Attachment

104 Corporation Business Report

I. Introduction

Dear shareholders:

Thank you for taking the time to attend the Company's 2017 annual shareholder's meeting. On behalf of 104 Corporation, I would like to welcome your attendance and advice.

II. 2016 Business Report

1. Implementation of the Operating Plan

The Company has continually striven to solve social problems by offering recruitment and job searches in the job market. At the initial stage of incorporation, it set a business mission of " More than a job, we help you define a career; more than an employ, we help you manage talent " As time has advanced and the Company has grown, it has expanded its business mission to "Commitment to the elderly, commitment to career matchmaking, and commitment to children" and anticipated to further enhance the level of human culture in the society and promote a sound development of careers. As of 2016, its mission also covered the cultivation and exchange of talents in terms of the social community careers, care in terms of food, clothing, housing, and traffic for the elderly, development of children's talents, crowd-funding for entrepreneurs and HR cloud-computing services for enterprises. The development of such services mostly compliments the trend of cloud computing, mobility, opening and the social community, which contribute to enhancing the depth and breadth of services. The new services and business models that were developed in 2016 include the following:

- (1)**Mobile Job-Seeking Service:** As of the end of 2016, the accumulated download number of the mobile job-seeking apps had exceeded 3.94 million. The ratio of job seekers using cell phones to apply for jobs to total job applications continued to rise and has exceeded 50%. In terms of corporate users, approximately 30% of users also recruited talents through mobile devices. For the purposes of adapting to such trends, the Company constantly improves the user experience of mobile services and provides an app and mobile version website to satisfy various needs of different segments. The website launched an internet phone and display of online status, and Education and career map for mobile version in September and December of 2016, respectively.
- (2)**Career Social Platform:** This stores comprehensive information concerning talent, including a brief static resume and job movements. This is a setting for social community exchange through strategic positioning, sharing of professionalism, and exchange of job experiences. The Company will enhance its job-seeking services to offer thorough career services by introducing the concept of social community. This platform's aim is to help members create a comprehensive career record through the strength and intelligence of the crowd and accumulate workplace relationships place rapidly, enabling them to discover diverse and suitable potential opportunities and attract the attention of more recruiting employers. As of the end of 2016, the Company had accumulated more than 540,000 users.
- (3)**HR Cloud-Computing Management Platform:** According to the characteristics of each industry, this platform provides specialized personnel management services, allowing SMEs to manage talent and timeliness with low-cost and high-efficiency practices. Through big data analysis, an enterprise talent model was established to predict employee turnover trends, helping enterprises effectively retain talent and increase the added value of the Company's talent pool. As of the end of 2016, the platform attracted nearly 1,800 clients to activate cloud-computing management platform services.
- (4)**104 EXECUTIVE Manager Platform:** This platform helps managers develop a second career

- and strengthen the depth and breadth of the executive search business model.
- (5)**Crowd-Funding Platform:** It is to provide a platform and introduce funds, manpower and materials from society and enterprises to raise resources through the platform in order to address social problems or realize dreams. As of the end of 2016, 39 social care plans were matched and 49 entrepreneurial teams succeeded in raising funds to realize dreams through such platforms.
- (6)**Senior Care Platform:** The Company launched the development of the first generation of the senior care app and tested the demands of the senior market. It completed the supply-and-demand test for four categories of housekeeping services (care, meals, housework, accompanying housekeeper) based on three major regions (Songshan District of Taipei City, Xinzhuang District of New Taipei City, and Xitun District of Taichung City).
- (7)**104 World of Work Platform (formerly the Public Welfare Q&A Platform):** A knowledge transmission platform constructed in the form of questions and answers cultivate children's ability to ask questions and think independently. As of the end of 2016, more than 100 junior and senior high schools activated the platform to help children learn about different aspects of career. There were more than 500 volunteers answering career questions for children on the platform.

2. Operating Performance

The consolidated revenue for 2016 was NT\$1,454,753 thousand, up 3% from the consolidated revenue of NT\$1,409,398 thousand for 2015. The consolidated net income for 2016 was NT\$338,955 thousand up 3% from the consolidated operating income of NT\$330,019 thousand for 2015. The consolidated net income for 2016 was NT\$398,304 thousand, up 20% from the consolidated net income of NT\$330,818 thousand for 2015.

3. Financial Statements and Profitability

Unit: NT\$1,000

Consolidated Income Statement	2016	2015
Operating Revenue	1,454,753	1,409,398
Operating income	338,955	330,019
Net income before tax	376,635	351,211
Income tax expense	17,096	58,105
Income from continuing operations	359,539	293,106
Income from discontinued operations (Note)	38,765	37,712
Net income	398,304	330,818
Return on assets (%)	17	15
Return on shareholders' equity (%)	26	24
Pre-tax income to paid-in capital (%)	113	106
Net margin (%)	27	23
Basic EPS (after Tax) (NT\$)	12.04	9.99

Note: The Company's Board of Directors resolved to dispose of the full ownership of its subsidiary, 104 Human Resources Corporation, on December 29, 2015 and completed the transaction on January 5, 2016. According to IFRS 5, the relevant gains on disposal and the operating income which write off by consolidation had classified as income (loss) from discontinued operations in the consolidated statements of comprehensive income for 2016 and 2015.

4. Research and Development Status

In order to meet the requirements for the future development of customers and the Company, it continued to invest in the optimization of existing products and the research and development of new services and business models. The R&D projects of crucial product included:

- (1)Integration of the Career Social Platform and the Job-Seeking Platform.
- (2)Optimization of the HR Cloud-Computing Management Platform.
- (3)Development of the 104 EXECUTIVE Manager Platform.
- (4)Development of the Senior Health Prevention and Housekeeper Matching Platform.
- (5)Development of the 104 World of Work Platform.
- (6)Establishment of the Developer Center and Application Service Center.

III. The Company's Development Strategies and Future Prospects

1. The Company's Development Strategies

- (1)In pursuit of industry innovation, the Company adopts the C.M.O.S. four core concepts (Cloud, Mobile, Open, Social) to usher in the second generation of 104, optimizing its wide coverage of services and satisfying deep-rooted demands based on the existing foundation of diversified careers and human resources.
- (2)In view of the trends in an era of an aging population and low birth rate, the Company has extended the coverage of its business from careers to the senior generation and children. It made "Commitment to the elderly, commitment to career matchmaking and commitment to children" the three major core values for the development of the Company in hopes of bringing the quality of life of the healthy elderly into full play, caring for the dignity of the disabled elderly, and dismantling the invisible bomb that may explode when workers withdraw from the workplace in order to care for the elderly. Meanwhile, it anticipates finding the talents of each child and values quality above quantity in order to mitigate the impacts of the shortages in the society's talent supply.

2. Future Prospects

In the future, the Company will focus on developing diversified HR service products, endeavor to expand its presence in the realm of senior care services, and develop a sharing economy platform that integrates the senior care industry. At the same time, it extends its roots deeper to cultivate the career competitiveness of the next generation and endeavors to reach the 2017 business goals to create better investment benefits for all shareholders. Your guidance and support will be greatly appreciated. Thank you!

Chairman: Chi-Kuan Yang

General Manager: Chi-Kuan Yang

Chief Accountant: Fen-Ju Lin

**104 Corporation
Supervisor's Review Report**

The Board of Directors has prepared the 2016 Business Report, Financial Statements, and Earnings Distribution Proposal. Of which, the financial statements have been audited by CPAs Guan, Chun-Hsiu and Lu, Li-Li of KPMG, and an audit report with unqualified opinion was issued. The aforementioned statements have been reviewed and determined to be correct and accurate by the supervisors. The Report is submitted in accordance with Article 219 of the Company Act.

To

2017 annual shareholder's meeting of 104 Corporation

Supervisor: Ask force Corporation

Representative: Mei-Fang Hsu

Supervisor: Zan-Hsiung Tsai

March 16, 2017

Independent Auditors' Report

To the Board of Directors of 104 Corporation:

Opinion

We have audited the financial statements of 104 Corporation ("the Company"), which comprise the statements of financial position as of December 31, 2016 and 2015, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2016 and 2015, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements taken as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgement, the key audit matters that should be disclosed in this audit report are as follows:

Revenue recognition

Please refer to note 4(13) "Revenue" for accounting policy related to revenue recognition, and note 6(14) for the disclosure related to revenue and deferred revenue of the financial statements.

Description of key audit matter:

The Company's operating revenues mainly derive from providing online advertising and consulting services, wherein they are recognized in the following different ways: For services rendered with specified quantity over a fixed period of time or for services with undefined quantity, revenue is recognized in accordance with the timing of services being rendered or the quantity of the service, respectively, as well as the amounts which are designated in the online advertising contract. The revenue for consulting service mainly derived from selling software and providing consultation service. Revenue is only recognized after certain task, which are designated in the contracts, are completed. After the Company identified the main items of each completed tasks, revenue is recognized on the percentage of services performed to date to total services to be performed. Additionally, the Company often received its payments in advance after the contracts are signed; therefore, the amount is deferred according to the Company's policy and recognized as revenue once the service is performed. The aforementioned matter is the basis for the Company's management to determine the amount of revenue that can be recognized, therefore, revenue recognition was considered to be one of the key audit matters in our audit.

How the matter was addressed in our audit:

Our audit procedures included:

- Assessing and testing the design, as well as the effectiveness of the operating on the control over sales and collection cycle. Selecting appropriate samples and comparing them to relevant documents such as customer order and confirmation of completion order signed by customer to assess whether revenue and deferred revenue have been appropriately recognized.
- Performing comparison analysis on operating revenue of the current period to last period and the latest quarter to assess the existence of any significant exceptions, and further identify and analyze the reasons, if there is any significant exception.
- Performing test-of-detail on operating revenue to assess the assertions of existence and accuracy, as well as the appropriateness of recognition.
- Examining relevant documents of a period before and after the financial position date, such as customer order, information reported back from business department, or confirmation of completion of duty executed by customer, and verify the accuracy of the amount recognized as revenue in accordance with the timing of service provided or quantity provided to determine whether the deferred revenue should not be recognized as revenue and whether operating revenue has been appropriately recognized.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 auditor's report are Chun-Hsiu Kuang and Lily Lu.

KPMG

Taipei, Taiwan (Republic of China)
March 16, 2017

Note to Readers

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

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

104 CORPORATION

Statements of Financial Position

December 31, 2016 and 2015

(Amounts expressed in thousands of New Taiwan dollars)

	December 31, 2016		December 31, 2015	
	Amount	%	Amount	%
Assets				
Current assets:				
Cash and cash equivalents (note 6(1))	\$ 1,855,264	80	1,1682,628	78
Notes receivable, net (note 6(2))	2,230	-	3,748	-
Accounts receivable, net (notes 6(2) and 7)	39,248	2	33,110	2
Other receivables (notes 6(2) and 7)	11,964	1	17,516	1
Non-current assets held for sale, net (note 6(3))	-	-	85,860	4
Other current assets (note 6(7))	7,822	-	9,079	-
Total current assets	1,916,528	83	1,831,941	85
Non-current assets:				
Investments accounted for using equity method (note 6(4))	120,060	6	130,186	6
Property, plant and equipment (notes 6(5) and 7)	218,588	10	177,399	8
Intangible assets (note 6(6))	12,175	1	13,757	1
Deferred tax assets (note 6(10))	4,143	-	2,836	-
Refundable deposits	6,205	-	6,115	-
Other financial assets – non-current (note 8)	10,000	-	10,000	-
Total non-current assets	380,171	17	340,293	15
Total assets	\$ 2,296,699	100	2,172,234	100
Liabilities and Equity				
Current liabilities:				
Notes payable	\$ -	2	282	-
Accounts payable	7,646	-	6,316	-
Other payables (notes 6(15) and 7)	269,067	12	280,972	13
Current tax liabilities	36,218	2	89,927	4
Deferred revenue (note 6(14))	364,792	16	334,956	16
Other current liabilities	49,333	2	26,421	1
Total current liabilities	727,058	32	738,874	34
Non-current liabilities:				
Net defined benefit liability (note 6(9))	4,474	-	4,639	-
Total non-current liabilities	4,474	-	4,639	-
Total liabilities	731,532	32	743,513	34
Equity (notes 6(9), (10), (11) and (12))				
Common stock	332,417	14	331,237	15
Capital surplus	401,962	18	388,393	18
Retained earnings:				
Legal reserve	338,362	15	305,396	14
Unappropriated earnings	506,436	22	404,938	19
Total retained earnings	844,798	37	710,334	33
Other equity:				
Foreign currency translation differences for foreign operations	(2,320)	-	1,941	-
Other	(11,690)	(1)	(3,184)	-
Total other equity	(14,010)	(1)	(1,243)	-
Total equity	1,565,167	68	1,428,721	66
Total liabilities and equity	\$ 2,296,699	100	2,172,234	100

See accompanying notes to financial statements.

104 CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2016 and 2015

(Amounts expressed in thousands of New Taiwan dollars)

	2016		2015	
	Amount	%	Amount	%
Operating revenue (notes 6(14) and 7)	\$ 1,429,014	100	1,321,971	100
Operating costs (notes 6(5), (6), (8), (9), (12), (15) and 7)	134,513	9	135,986	10
Gross profit	1,294,501	91	1,185,985	90
Operating expenses (notes 6(2), (5), (6), (8), (9), (11), (12), (15) and 7):				
Selling expenses	660,400	47	589,406	46
Administrative expenses	150,270	11	122,050	9
Research and development expenses	191,630	13	194,644	15
Total operating expenses	1,002,300	71	906,100	70
Operating income	292,201	20	279,885	20
Non-operating income and expenses (notes 6(4), (16), (17) and 7):				
Other income	39,782	3	60,434	5
Other gains and losses	39,527	3	253	-
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	41,836	3	46,956	4
Total non-operating income and expenses	121,145	9	107,643	9
Income before income tax	413,346	29	387,528	29
Less: income tax expenses (note 6(10))	14,978	1	57,872	4
Net income	398,368	28	329,656	25
Other comprehensive income (loss) (note 6(9)):				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements from defined benefit plans (note 6(9))	1,285	-	(4,393)	-
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	-	-	419	-
Income tax related to items that will not be reclassified subsequently to profit or loss (note 6(10))	(218)	-	747	-
Total items that will not be reclassified subsequently to profit or loss	1,067	-	(3,227)	-
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(4,261)	-	(788)	-
Income tax related to items that are or may be reclassified subsequently to profit or loss	-	-	-	-
Total items that may be reclassified subsequently to profit or loss	(4,261)	-	(788)	-
Other comprehensive loss, net of tax	(3,194)	-	(4,015)	-
Total comprehensive income	\$ 395,174	28	325,641	25
Earnings per share (expressed in New Taiwan dollars) (note 6(13))				
Basic earnings per share	\$ 12.04		9.99	
Diluted earnings per share	\$ 11.91		9.84	

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

104 CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2016 and 2015

(Amounts expressed in thousands of New Taiwan dollars)

	Common stock	Capital surplus	Legal reserve	Retained earnings	Total	Foreign currency translation differences for foreign operations	Other	Total	Total equity
				Unappropriated earnings					
Balance at January 1, 2015	331,197	386,182	274,337	341,251	615,588	2,729	(10,062)	(7,333)	1,325,634
Appropriations and distributions									
Legal reserve	-	-	31,059	(31,059)	-	-	-	-	-
Cash dividends	-	-	-	(231,782)	(231,782)	-	-	-	(231,782)
Net income for the year	-	-	-	329,656	329,656	-	-	-	329,656
Other comprehensive income (loss) for the year	-	-	-	(3,227)	(3,227)	(788)	-	(788)	(4,015)
Total comprehensive income (loss) for the year	-	-	-	(3,227)	(3,227)	(788)	-	(788)	(4,015)
Issuance of restricted employee shares	-	-	-	326,429	326,429	(788)	-	(788)	325,641
Adjustments for restricted employee shares	120	1,394	-	-	-	-	(1,514)	(1,514)	-
Cancellation of restricted employee shares	-	737	-	99	99	-	(737)	(737)	99
Compensation cost of restricted employee shares	(80)	80	-	-	-	-	-	-	-
Balance at December 31, 2015	331,237	388,393	305,396	404,938	710,334	1,941	(3,184)	(1,243)	1,428,721
Appropriations and distributions									
Legal reserve	-	-	32,966	(32,966)	-	-	-	-	-
Cash dividends	-	-	-	(264,989)	(264,989)	-	-	-	(264,989)
Net income for the year	-	-	-	398,368	398,368	-	-	-	398,368
Other comprehensive income (loss) for the year	-	-	-	1,067	1,067	(4,261)	-	(4,261)	(3,194)
Total comprehensive income (loss) for the year	-	-	-	399,435	399,435	(4,261)	-	(4,261)	395,174
Issuance of restricted employee shares	-	-	-	-	-	-	-	-	-
Adjustments for restricted employee shares	1,250	13,991	-	-	-	-	(15,241)	(15,241)	-
Cancellation of restricted employee shares	-	(492)	-	18	18	-	31	31	(443)
Compensation cost of restricted employee shares	(70)	70	-	-	-	-	-	-	-
Balance at December 31, 2016	332,417	401,962	338,362	506,436	844,798	(2,320)	(11,690)	(14,010)	1,565,167

Note: The Company's remuneration of directors and supervisors of \$9,185 and \$8,807 thousand and remuneration of employees' compensation \$36,742 and \$44,037 thousand for the years ended December 31, 2016 and 2015, had been deducted from statements of comprehensive income for the years ended December 31, 2016 and 2015, respectively.

104 CORPORATION

Statements of Cash Flows

For the years ended December 31, 2016 and 2015

(Amounts expressed in thousands of New Taiwan dollars)

	2016	2015
Cash flows from (used in) operating activities:		
Income before tax	\$ 413,346	387,528
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	55,964	59,644
Amortization expense	11,789	14,141
Provision (reversal of provision) on bad debt expense	(714)	1,449
Interest income	(12,858)	(13,375)
Compensation cost of restricted employee shares	6,704	9,129
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(41,836)	(46,956)
Gain on disposal of property, plant and equipment	(793)	(4)
Gain on disposal of investments accounted for using equity method	(38,765)	-
Adjustments for restricted employee shares	(443)	99
Total adjustments to reconcile profit	(20,952)	24,127
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Notes receivable	1,518	(146)
Accounts receivable	(5,424)	2,174
Other receivables	5,340	20,546
Other current assets	1,257	(2,701)
Total net changes in operating assets	2,691	19,873
Net changes in operating liabilities:		
Notes payable	(280)	18
Accounts payable	1,330	2,419
Other payables	(10,289)	29,029
Deferred revenue	29,836	50,591
Other current liabilities	22,912	8,670
Net defined benefit liability	1,120	(1,661)
Total net changes in operating liabilities	44,629	89,066
Total net changes in operating assets and liabilities	47,320	108,939
Total adjustments	26,368	133,066
Cash inflow generated from operations	439,714	520,594
Interest received	13,070	13,413
Dividends received	38,701	25,149
Income taxes paid	(70,212)	(8,353)
Net cash flows from operating activities	421,273	550,803
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	-	(30,720)
Proceeds from disposal of investments accounted for using equity method	124,625	-
Acquisition of property, plant and equipment	(98,331)	(79,315)
Proceeds from disposal of property, plant and equipment	820	170
Increase in refundable deposits	(90)	(51)
Acquisition of intangible assets	(10,672)	(11,056)
Net cash flows used in investing activities	16,352	(120,972)
Cash flows used in financing activities:		
Cash dividends paid	(264,989)	(231,782)
Net cash flows used in financing activities	(264,989)	(231,782)
Net increase in cash and cash equivalents	172,636	198,049
Cash and cash equivalents at beginning of year	1,682,628	1,484,579
Cash and cash equivalents at end of year	\$ 1,855,264	1,682,628



安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of 104 Corporation:

Opinion

We have audited the consolidated financial statements of 104 Corporation and its subsidiaries ("the Consolidated Company"), which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2016 and 2015, 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 Consolidated Company as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), 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 Consolidated Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements taken as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgement, the key audit matters that should be disclosed in this audit report are as follows:

Revenue recognition

Please refer to note 4(13) "Revenue" for accounting policy related to revenue recognition, and note 6(13) for the disclosure related to revenue and deferred revenue of the consolidated financial statements.



Description of key audit matter:

The Consolidated Company's operating revenues mainly derive from providing online advertising and consulting services, wherein they are recognized in the following different ways: For services rendered with specified quantity over a fixed period of time or for services with undefined quantity, revenue is recognized in accordance with the timing of services being rendered or the quantity of the service, respectively, as well as the amounts which are designated in the online advertising contract. The revenue for consulting service mainly derived from selling software and providing consultation service. Revenue is only recognized after certain task, which are designated in the contracts, are completed. After the Consolidated Company identified the main items of each completed tasks, revenue is recognized on the percentage of services performed to date to total services to be performed. Additionally, the Consolidated Company often received its payments in advance after the contracts are signed; therefore, the amount is deferred according to the Consolidated Company's policy and recognized as revenue once the service is performed. The aforementioned matter is the basis for the Consolidated Company's management to determine the amount of revenue that can be recognized, therefore, revenue recognition was considered to be one of the key audit matters in our audit.

How the matter was addressed in our audit:

Our audit procedures included:

- Assessing and testing the design, as well as the effectiveness of the operating on the control over sales and collection cycle. Selecting appropriate samples and comparing them to relevant documents such as customer order and confirmation of completion order signed by customer to assess whether revenue and deferred revenue have been appropriately recognized.
- Performing comparison analysis on operating revenue of the current period to last period and the latest quarter to assess the existence of any significant exceptions, and further identify and analyze the reasons, if there is any significant exception.
- Performing test-of-detail on operating revenue to assess the assertions of existence and accuracy, as well as the appropriateness of recognition.
- Examining relevant documents of a period before and after the financial position date, such as customer order, information reported back from business department, or confirmation of completion of duty executed by customer, and verify the accuracy of the amount recognized as revenue in accordance with the timing of service provided or quantity provided to determine whether the deferred revenue should not be recognized as revenue and whether operating revenue has been appropriately recognized.

Other Matter

104 Corporation has prepared parent-company-only financial statements as of and for the years ended December 31, 2016 and 2015, on which we have expressed an unqualified 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation 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 Consolidated Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Consolidated Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 Consolidated Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 Consolidated Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Consolidated Company 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 auditor's 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 auditor's report are Chun-Hsiu Kuang and Lily Lu.

KPMG

Taipei, Taiwan (Republic of China)
March 16, 2017

Note to Readers

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

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

104 CORPORATION AND ITS SUBSIDIARIES

Consolidated Statements of Financial Position

December 31, 2016 and 2015

(Amounts expressed in thousands of New Taiwan dollars)

	December 31, 2016		December 31, 2015	
	Amount	%	Amount	%
Assets				
Current assets:				
Cash and cash equivalents (note 6(1))	\$ 1,988,830	87	1,846,942	79
Notes receivable, net (note 6(2))	2,244	-	4,400	-
Accounts receivable, net (note 6(2))	41,538	2	33,246	1
Other receivables (note 6(2))	10,605	-	8,056	-
Non-current assets held for sale, net (notes 6(3), (4) and 8)	-	-	262,162	11
Other current assets	8,727	-	9,410	-
Total current assets	<u>2,051,944</u>	<u>89</u>	<u>2,164,216</u>	<u>91</u>
Non-current assets:				
Property, plant and equipment (note 6(5))	218,993	10	178,593	8
Intangible assets (note 6(6))	12,175	1	13,757	1
Deferred tax assets (note 6(9))	5,115	-	3,828	-
Refundable deposits	8,467	-	8,589	-
Other financial assets—non-current (note 8)	10,000	-	10,000	-
Total non-current assets	<u>254,750</u>	<u>11</u>	<u>214,767</u>	<u>9</u>
Liabilities and Equity				
Current liabilities:				
Notes payable				
Accounts payable				
Other payables (note 6(14))				
Current tax liabilities				
Liabilities related to non-current assets held for sale (notes 6(3) and (4))				
Deferred revenue (note 6(13))				
Other current liabilities				
Total current liabilities				
Non-current liabilities:				
Net defined benefit liability (note 6(8))				
Total non-current liabilities				
Total liabilities				
Equity attributable to shareholders of the Company (notes 6(8), (9), (10) and (11))				
Common stock				
Capital surplus				
Retained earnings:				
Legal reserve				
Unappropriated earnings				
Total retained earnings				
Other equity:				
Foreign currency translation differences for foreign operations				
Other				
Total other equity				
Total equity attributable to shareholders of the Company				
Non-controlling interests				
Total equity				
Total liabilities and equity				

See accompanying notes to consolidated financial statements.

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

104 CORPORATION AND ITS SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2016 and 2015

(Amounts expressed in thousands of New Taiwan dollars)

	2016		2015	
	Amount	%	Amount	%
Operating revenue (note 6(13))	\$ 1,454,753	100	1,409,398	100
Operating costs (notes 6(5), (6), (7), (8), (11) and (14))	<u>135,815</u>	<u>10</u>	<u>139,958</u>	<u>10</u>
Gross profit	<u>1,318,938</u>	<u>90</u>	<u>1,269,440</u>	<u>90</u>
Operating expenses (notes 6(2), (5), (6), (7), (8), (10), (11), (14) and 7):				
Selling expenses	632,682	43	617,482	44
Administrative expenses	155,671	11	127,547	9
Research and development expenses	<u>191,630</u>	<u>13</u>	<u>194,392</u>	<u>14</u>
Total operating expenses	<u>979,983</u>	<u>67</u>	<u>939,421</u>	<u>67</u>
Operating income	<u>338,955</u>	<u>23</u>	<u>330,019</u>	<u>23</u>
Non-operating income and expenses (notes 6(15) and (16)):				
Other income	34,588	2	18,548	1
Other gains and losses	<u>3,092</u>	<u>-</u>	<u>2,644</u>	<u>-</u>
Total non-operating income and expenses	<u>37,680</u>	<u>2</u>	<u>21,192</u>	<u>1</u>
Income before income tax	376,635	25	351,211	24
Less: income tax expenses (note 6(9))	<u>17,096</u>	<u>1</u>	<u>58,105</u>	<u>4</u>
Income from continuing operations	359,539	24	293,106	20
Income from discontinued operations:				
Income from discontinued operations (notes 6(3) and (4))	<u>38,765</u>	<u>3</u>	<u>37,712</u>	<u>3</u>
Net income	<u>398,304</u>	<u>27</u>	<u>330,818</u>	<u>23</u>
Other comprehensive income (loss) (notes 6(8) and (9)):				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements from defined benefit plans	1,285	-	(3,887)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>(218)</u>	<u>-</u>	<u>660</u>	<u>-</u>
Total items that will not be reclassified subsequently to profit or loss	<u>1,067</u>	<u>-</u>	<u>(3,227)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(4,823)	-	(945)	-
Income tax related to items that are or may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total items that may be reclassified subsequently to profit or loss	<u>(4,823)</u>	<u>-</u>	<u>(945)</u>	<u>-</u>
Other comprehensive loss, net of tax	<u>(3,756)</u>	<u>-</u>	<u>(4,172)</u>	<u>-</u>
Total comprehensive income	<u>\$ 394,548</u>	<u>27</u>	<u>326,646</u>	<u>23</u>
Net income attributable to:				
Shareholders of the Company	\$ 398,368	27	329,656	23
Non-controlling interests	<u>(64)</u>	<u>-</u>	<u>1,162</u>	<u>-</u>
	<u>\$ 398,304</u>	<u>27</u>	<u>330,818</u>	<u>23</u>
Total comprehensive income attributable to:				
Shareholders of the Company	\$ 395,174	27	325,641	23
Non-controlling interests	<u>(626)</u>	<u>-</u>	<u>1,005</u>	<u>-</u>
	<u>\$ 394,548</u>	<u>27</u>	<u>326,646</u>	<u>23</u>
Basic earnings per share (expressed in New Taiwan dollars) (note 6(12))				
Net income from continuing operations	\$ 10.87		8.85	
Net income from discontinued operations	<u>1.17</u>		<u>1.14</u>	
	<u>\$ 12.04</u>		<u>9.99</u>	
Diluted earnings per share (expressed in New Taiwan dollars) (note 6(12))				
Net income from continuing operations	\$ 10.75		8.72	
Net income from discontinued operations	<u>1.16</u>		<u>1.12</u>	
	<u>\$ 11.91</u>		<u>9.84</u>	

See accompanying notes to consolidated financial statements.

(Amounts expressed in thousands of New Taiwan dollars)

See accompanying notes to consolidated financial statements.

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

104 CORPORATION AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2016 and 2015

(Amounts expressed in thousands of New Taiwan dollars)

	2016	2015
Cash flows from (used in) operating activities:		
Income before tax from continuing operations	\$ 376,635	351,211
Income before tax from discontinued operations	-	39,231
Income before tax	<u>376,635</u>	<u>390,442</u>
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	56,721	60,912
Amortization expense	11,789	14,172
Provision (reversal of provision) on bad debt expense	(66)	6,455
Interest income	(14,032)	(14,912)
Compensation cost of restricted employee shares	6,704	9,129
Gain on disposal of property, plant and equipment	(795)	(229)
Adjustments for restricted employee shares	(443)	99
Total adjustments to reconcile profit	<u>59,878</u>	<u>75,626</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Notes receivable	2,156	(4,540)
Accounts receivable	(8,218)	11,093
Other receivables	4,540	1,365
Other current assets	683	(1,925)
Total net changes in operating assets	<u>(839)</u>	<u>5,993</u>
Net changes in operating liabilities:		
Notes payable	(280)	17
Accounts payable	730	2,407
Other payables	(22,937)	19,066
Deferred revenue	16,133	48,037
Other current liabilities	21,964	(6,962)
Net defined benefit liability	1,120	(1,800)
Total net changes in operating liabilities	<u>16,730</u>	<u>60,765</u>
Total net changes in operating assets and liabilities	<u>15,891</u>	<u>66,758</u>
Total adjustments	<u>75,769</u>	<u>142,384</u>
Cash inflow generated from operations	452,404	532,826
Interest received	14,275	14,862
Income taxes paid	(71,569)	(11,072)
Net cash flows from operating activities	<u>395,110</u>	<u>536,616</u>
Cash flows from (used in) investing activities:		
Proceeds from disposal of subsidiaries	124,625	-
Acquisition of property, plant and equipment	(98,346)	(79,357)
Proceeds from disposal of property, plant and equipment	822	694
Decrease in refundable deposits	122	8
Acquisition of intangible assets	(10,672)	(11,056)
Net cash flows used in investing activities	<u>16,551</u>	<u>(89,711)</u>
Cash flows used in financing activities:		
Cash dividends paid	(264,989)	(231,782)
Net cash flows used in financing activities	<u>(264,989)</u>	<u>(231,782)</u>
Effect of exchange rate changes on cash and cash equivalents	(4,784)	(919)
Net increase in cash and cash equivalents	141,888	214,204
Cash and cash equivalents at beginning of year	<u>1,846,942</u>	<u>1,716,860</u>
Cash and cash equivalents at end of year	<u>\$ 1,988,830</u>	<u>\$ 1,931,064</u>
Cash and cash equivalents in consolidated statements of financial position	<u>\$ 1,988,830</u>	<u>\$ 1,846,942</u>
Other item qualifying for cash and cash equivalents under the definition of IAS 7	<u>\$ -</u>	<u>84,122</u>

See accompanying notes to consolidated financial statements.

Attachment 4: Earnings Distribution Proposal

104 Corporation
Earnings Distribution Proposal

Unit : NT\$

Items	Amount	Note
Unappropriated earnings at beginning of period	106,982,671	
Plus:		
Remeasurements from defined benefit plans	1,066,446	
Adjustments for restricted employee shares	18,993	
2016 Net income after tax	398,368,327	
Earnings available for distribution	506,436,437	
Less:		
Legal reserve	(39,836,833)	
Items of distribution:		
Shareholders' dividends - cash	(358,837,560)	NT\$10.8 per share
Unappropriated earnings at end of period	107,762,044	

Attachment 5: Comparison Table of the "Articles of Incorporation" Amendments

104 Corporation

Comparison Table of the "Articles of Incorporation" Amendments

Amended Articles	Current Articles	Explanation
<u>Article 14</u> <u>The voting power at a shareholders' meeting may be exercised in writing or by way of electronic transmission. A shareholder exercising voting power in writing form or by way of electronic transmission shall be deemed to have attended the meeting in person, but to have waived his/her voting power with respect to the extemporary motions and amendments to original proposals of that meeting. Electronic voting shall be conducted in accordance with to Article 177-2 of the Company Act.</u>		In accordance with the No. 1060000381 issued by the Financial Supervisory Commission on January 18, 2017, it is to add that electronic transmission shall be listed as one of the methods for exercising voting power at a shareholder's meeting.
Article 15	Article 14	To defer the article number
Article 16 The corporation shall have six directors and two supervisors, to be elected at the shareholders' meeting. The number of directors indicated in the preceding paragraph shall include two seats for independent directors which in turn shall be no fewer than one-fifth (1/5) of the total board size. The directors and supervisors shall be elected in accordance with the candidate nomination process, meaning shareholders shall elect the directors and supervisors among the nominees list in the roster of director candidates. (Paragraph 4 is not amended:	Article 15 The corporation shall have six directors and two supervisors, to be elected at the shareholders' meeting. <u>The tenure of office of the directors and the supervisors shall be three years, and they shall be eligible for re-election.</u> The number of directors indicated in the preceding paragraph shall include two seats for independent directors which in turn shall be no fewer than one-fifth (1/5) of the total board size. The independent directors shall be elected in accordance with the candidate nomination process found in Article 192-1 of the Company Act, meaning shareholders shall elect the independent directors among the nominees list in the roster of director candidates. (Paragraph 3 is not	1. The second half of Paragraph 1 is moved to Paragraph 5 2. The amendment is conducted in accordance with Article 192-1 and Paragraph 1 of Article 216-1 of the "Company Act." 3. Paragraph 3 is deferred

Amended Articles	Current Articles	Explanation
omitted) <u>The tenure of office of the directors and the supervisors shall be three years, and they shall be eligible for re-election.</u> <u>In case no election of new directors and supervisors is effected after expiration of the term of office of existing directors and supervisors, the term of office of out-going directors and supervisors shall be extended until the time new directors and supervisors have been elected and assumed their office.</u>	amended: omitted)	to Paragraph 4. 4. To make an addition in accordance with Articles 195 and 217 of the "Company Act."
Articles <u>17 ~ 29</u> Article <u>30</u> The Articles of Incorporation was first made executed on October 1, 1993 The first amendment was made on July 31, 1998. The second amendment was made on March 14, 2000 The third amendment was made on July 20, 2000 The fourth amendment was made on August 14, 2000 The fifth amendment was made on June 3, 2002 The sixth amendment was made on June 9, 2004 The seventh amendment was made on May 16, 2005 The eighth amendment was made on June 12, 2006 The ninth amendment was made on June 11, 2008 The tenth amendment was made on June 10, 2009 The eleventh amendment was made on June 17, 2010 The twelfth amendment was made on June 15, 2012 The thirteenth amendment was made on June 24, 2015 The fourteenth amendment was made on June 7, 2016 <u>The fifteenth amendment was made on June 8, 2017</u>	Articles <u>16 ~ 28</u> Article <u>29</u> The Articles of Incorporation was first made executed on October 1, 1993 The first amendment was made on July 31, 1998. The second amendment was made on March 14, 2000 The third amendment was made on July 20, 2000 The fourth amendment was made on August 14, 2000 The fifth amendment was made on June 3, 2002 The sixth amendment was made on June 9, 2004 The seventh amendment was made on May 16, 2005 The eighth amendment was made on June 12, 2006 The ninth amendment was made on June 11, 2008 The tenth amendment was made on June 10, 2009 The eleventh amendment was made on June 17, 2010 The twelfth amendment was made on June 15, 2012 The thirteenth amendment was made on June 24, 2015 The fourteenth amendment was made on June 7, 2016	To defer the article umbers. 1. To defer the article number. 2. To add the date.

Attachment 6: Comparison Table of the "Directors and Supervisors Election Guidelines" Amendments

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Comparison Table of the “Directors and Supervisors Election Guidelines” Amendments

Amended Articles	Current Articles	Explanation
Article 5 The Company shall comply with the Articles of Incorporation to adopt a candidate nomination system <u>for the election of the directors and supervisors. For the purpose of reviewing the qualifications, academic backgrounds and experiences of director and supervisor candidates and whether they are involved in any of the actions prescribed in Article 30 of the Company Act, the Company may not arbitrarily add the documentary proof of other qualifications. In addition, it shall publicize the results of the review to the shareholders for their reference, enabling them to select the competent directors and supervisors.</u>	Article 5 <u>If a candidate's name entered into a ballot is an independent director,</u> the Company shall comply with the Articles of Incorporation to adopt a candidate nomination system.	Amended in accordance with Articles 192-1 and 216-1 of the "Company Act."

Attachment 7: Comparison Table of the "Procedure for Acquisition and Disposal of Assets" Amendments

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Comparison Table of the "Procedure for Acquisition and Disposal of Assets" Amendments

Amended Articles	Current Articles	Explanation
Article 3: Scale of Assets The term “assets” as used in the Procedures includes the following: (No amendment is made to Subparagraph 1: omitted) 2. Real property (including land, houses and buildings, <u>investment property</u>, rights to use land, and construction enterprise inventory) and equipment. (No amendment is made to Subparagraphs 3 to 8: omitted)	Article 3: Scale of Assets The term “assets” as used in the Procedures includes the following: (No amendment is made to Subparagraph 1: omitted) 2. Real property (including land, houses and buildings, investment in property, rights to use land, and construction enterprise inventory) and equipment. (No amendment is made to Subparagraphs 3 to 8: omitted)	To amend the wording under Subparagraph 2 of Paragraph 1.
Article 9: Appraisal Report for Acquiring or Disposing of Real Properties or Equipment In acquiring or disposing of real property or equipment which meets the standard for announcement and report, and where the transaction amount reaches 20 % of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government <u>agency</u>, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:	Article 9: Appraisal Report for Acquiring or Disposing of Real Properties or Equipment In acquiring or disposing of real property or equipment which meets the standard for announcement and report, and where the transaction amount reaches 20 % of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government <u>institution</u>, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:	The intention of the original article is government agency. The probability of a price manipulation in transactions with the central and local government agencies for acquiring or disposing of assets is lower. Hence, the obtainment of a professional appraiser's opinion may be exempted and the wordings in the first paragraph are amended.

Amended Articles	Current Articles	Explanation
(No amendment is made to Subparagraph 1 to 5: omitted)	(No amendment is made to Subparagraph 1 to 5: omitted)	
Article 10: Appraisal report for acquisition or disposal of securities and memberships or intangible assets. (No amendment is made to Subparagraph 1: omitted) 2. Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 % or more of the Company's paid-in capital or NT\$300 million or more, except in transactions with a government <u>agency</u>, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. The CPA shall comply with the provisions of statement of the Auditing Standards No. 20 published by the ARDF. (No amendment is made to Subparagraph 3: omitted)	Article 10: Appraisal report for acquisition or disposal of securities and memberships or intangible assets. (No amendment is made to Subparagraph 1: omitted) 2. Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 % or more of the Company's paid-in capital or NT\$300 million or more, except in transactions with a government <u>institution</u>, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. The CPA shall comply with the provisions of statement of the Auditing Standards No. 20 published by the ARDF. (No amendment is made to Subparagraph 3: omitted)	The reason for the amendment is the same as that for Article 9.
Article 11: Related Party transactions (No amendment is made to Subparagraph 1: omitted) 2. When the Company intends to acquire real property from 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 % or more of the Company's paid-in capital, 10 % or more of total assets, or NT\$300 million	Article 11: Related Party transactions (No amendment is made to Subparagraph 1: omitted) 2. When the Company intends to acquire real property from 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 % or more of the Company's paid-in capital, 10 % or	Domestic money market funds as used in Subparagraph 2 of Paragraph 1 refer to, pursuant to the Securities Investment Trust and Consulting Act, money market funds issued by institutions operating

Amended Articles	Current Articles	Explanation
or more, except in the trading of government bonds, bonds under repurchase and resale agreements, or subscription or redemption of money market funds <u>issued by domestic securities investment trust enterprises</u>, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors: (No amendment is made to Subparagraphs 3 to 8: omitted)	more of total assets, or NT\$300 million or more, except in the trading of government bonds, bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors: (No amendment is made to Subparagraphs 3 to 8: omitted)	securities investment trust businesses with approval by the Financial Supervisory Commission. Hence, the amendment is made.
Article 13: Mergers, Demergers, Acquisitions, or Transfers of Shares 1. <u>The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit to the Board of Directors for deliberation and passage. However, the Company may be exempt from obtaining an aforesaid opinion on reasonableness issued by an expert. In the case of a merger by the Company of a subsidiary in the which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company holds 100% of percent of the respective</u>		1. To add Subparagraphs 1 to 3 to Paragraph 1 concerning the assessment on a merger, demerger, acquisition, or transfer of shares in accordance with Articles 22 to 23 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies". 2. For the second half of Subparagraph 1 of Paragraph 1, given that a company's merger of the subsidiaries which are wholly owned by itself, or the merger between the subsidiaries which are wholly

Amended Articles	Current Articles	Explanation
<u>subsidiaries' issued shares or authorized capital.</u> 2. <u>The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholder's meeting, and include it along with the expert opinion referred to in the preceding subparagraph when sending shareholders notification of the shareholder's meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided Where a provision of another act exempts the Company from convening a shareholder's meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.</u> 3. <u>Where the shareholder's meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to of a lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholder's meeting.</u> 4. <u>If the Company intends to participate in a merger, demerger, or acquisition, it shall convene a Board of Directors meeting and shareholder's meeting on the day of the transaction to resolve matters</u>	1. <u>If the Company intends to participate in a merger, demerger, or acquisition, it shall convene a Board of Directors meeting and shareholder's meeting on the day of the transaction to</u>	owned by itself, pursuant to the Business Mergers and Acquisitions Act, are attributed to organizational restructure within the group. Thus, there shall be no involvement in the share exchange ratio, or distribution of cash or other property to shareholders. The restrictions on such mergers are eased and the requirement of obtaining an opinion on the reasonableness of the share exchange ratio issued by an expert may be exempted. 3. To amend the wordings in the existing Subparagraph 1 of Paragraph 1 and move such to Subparagraph 4 of

Amended Articles	Current Articles	Explanation
relevant to the merger, demerger, or acquisition, <u>unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent</u>. A company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. <u>When participating in a merger, demerger, acquisition, or transfer of shares</u>, the Company shall prepare a full written record of the following information and retain it for five years for reference: No amendment is made to the following content: omitted. <u>5.</u> Every person participating in or privy to the Company's plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information, and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares. <u>6.</u> The Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances,	resolve matters relevant to the merger, demerger, or acquisition. A company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. The Company shall prepare a full written record of the following information and retain it for five years for reference: No amendment is made to the following content: omitted. <u>2.</u> Every person participating in or privy to the Company's plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information. and also may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares. <u>3.</u> The Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the	Paragraph 1 in accordance with Article 24 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies". 4. Subparagraphs 2 to 4 of Paragraph 1 are moved to Subparagraphs 5 to 7 of Paragraph 1.

Amended Articles	Current Articles	Explanation
and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares. <u>7.</u> The contract for participation by the Company in a merger, demerger, acquisition, or transfer of shares shall record the rights and obligations, and shall also record the following: <u>8.</u> After public disclosure of the information, if the Company participating in the merger, demerger, acquisition, or share transfer intends to further carry out a merger, demerger acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer. An exception to this is where the number of participating companies is decreased and a participating company's shareholder's meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority. In these cases, the Company may be exempted from calling another shareholder's meeting to resolve on the matter anew. <u>9.</u> Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall	below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares. <u>4.</u> The contract for participation by the Company in a merger, demerger, acquisition, or transfer of shares shall record the rights and obligations, and shall also record the following: <u>5.</u> After public disclosure of the information, if the Company participating in the merger, demerger, acquisition, or share transfer intends to further carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer. An exception to this is where the number of participating companies is decreased and a participating company's shareholder's meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority. In these cases, the Company may be exempted from calling another shareholder's meeting to resolve on the matter anew. <u>6.</u> Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the	5. Subparagraphs 5 to 6 of Paragraph 1 are moved to Subparagraphs 8 to 9 of Paragraph 1. 6. To amend the wording in the existing Subparagraph 6 of Paragraph 1 along

Amended Articles	Current Articles	Explanation
sign an agreement with the non-public company whereby the latter is required to abide by the provisions of <u>Subparagraph 4, Subparagraph 5, and Subparagraph 8</u> under this Article.	Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of <u>Paragraph 1, Paragraph 2, and Paragraph 5</u> under this Article.	with the aforementioned addition and shifting of provisions.
Article 14: Procedures for Public Disclosure of Information (No amendment is made to Subparagraph 1: omitted) (1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 % or more of the Company's paid-in capital, 10 % or more of total assets, or NT\$300 million or more. This shall not apply to the trading of government bonds, bonds under repurchase and resale agreements, or subscription or redemption of money market funds <u>issued by domestic securities investment trust enterprises.</u> No amendment is made to (2) to (3): omitted. (4) Where the type of assets acquired or disposed of is equipment for business use, the trading counter-party is not a related party, <u>and the transaction amount meets any of the following criteria:</u> 1. <u>For a public company whose paid-in capital less than NT\$10 billion,</u> the transaction amount reaches NT\$500	Article 14: Procedures for Public Disclosure of Information (No amendment is made to Subparagraph 1: omitted) (1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 % or more of the Company's paid-in capital, 10 % or more of total assets, or NT\$300 million or more. This shall not apply to the trading of government bonds, bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds. No amendment is made to (2) to (3): omitted.	1. Domestic money market funds as used in Item 1 of Subparagraph 1 of Paragraph 1 refer to, pursuant to the Securities Investment Trust and Consulting Act, money market funds issued by institutions operating securities investment trust businesses with approval by the Financial Supervisory Commission. Hence, the amendment is made. 2. The existing Item 4-3 of Subparagraph 1 of Paragraph 1 is moved to Item 4 of Subparagraph 1 of Paragraph. 1. The acquisition or disposal of equipment for business use is a necessary daily

Amended Articles	Current Articles	Explanation
million or higher. <u>2. For a public company whose a paid-in capital is NT\$10 billion or more, and the transaction amount reaches NT\$1 billion or more.</u> <u>(5)</u> 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		business exercise by companies. For a company with a larger scale, an overly low standard to be publicized will result in overly high frequency of announcement and reporting. This would reduce the value of reference in terms of the materiality of information disclosure. As a result, for a public company having a paid-in capital reaching NT\$10 billion or more, the standard of publication for transactions in acquiring or disposing of equipment for business use, with the trading counterparty not being a related party, is raised to a transaction amount of NT\$1 billion, and such restriction is moved to Item 4-4 of Subparagraph 1 of Paragraph 1. 3. The existing Item 4-4 of Subparagraph 1 of Paragraph 1 is moved to Item 5 of Subparagraph 1 of Paragraph 1.

Amended Articles	Current Articles	Explanation
transaction reaches NT\$500 million. (6) Where an asset transaction other than any of those referred to in the preceding <u>five items</u>, a disposal of receivables by a financial institution, or an investment in the Mainland China area reaches 20 % or more of paid-in capital or NT\$300 million. This shall not apply to the following circumstances: 1. Trading of government bonds. 2. Trading of bonds, under repurchase and resale agreements, or subscription or repurchase of money market funds issued by <u>domestic securities investment trust enterprises</u>. (No amendment is made to Subparagraphs 2 to 4: omitted)	(4) Where an asset transaction other than any of those referred to in the preceding <u>three subparagraphs</u>, a disposal of receivables by a financial institution, or an investment in the Mainland China area reaches 20 % or more of paid-in capital or NT\$300 million. This shall not apply to the following circumstances: 1. Trading of government bonds. 2. Trading of bonds, under repurchase and resale agreements, or subscription or redemption of domestic money market funds. 3. Where the type of assets acquired or disposed of is equipment for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million. 4. 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 is <u>no more than</u> NT\$500 million. (No amendment is made to Subparagraphs 2 to 4: omitted)	4. The existing Item 4 of Subparagraph 1 of Paragraph 1 is moved to Item 6 of Subparagraph 1 of Paragraph 1. 5. The existing Item 4-2 of Subparagraph 1 of Paragraph 1 is moved to Item 6-2 of Subparagraph 1 of Paragraph 1. Domestic money market funds as used hereunder refer to, pursuant to the Securities Investment Trust and Consulting Act, money market funds issued by institutions operating securities investment trust businesses with approval by the Financial Supervisory Commission. Hence, the amendment is made.

Amended Articles	Current Articles	Explanation
5. 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 report in their entirety <u>within two days counting inclusively from the date of knowing of such error or mission.</u> (No amendment is made to Subparagraphs 6 and 7: omitted)	5. 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 items shall be again publicly announced and reported in their entirety. (No amendment is made to Subparagraphs 6 & 7: omitted)	6. In accordance with Paragraph 5 of Articles 30 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies": 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 items shall be again publicly announced and reported in their entirety within two days <u>counting inclusively from the date of knowing of such error or mission.</u>
Article 15: Management of Subsidiaries 1. Where the Company's subsidiary is a public company, it shall establish the "Procedure for Acquisition and Disposal of Assets". After the procedure have been approved by <u>its Board of Directors and shareholder's meeting</u>, they shall be <u>submitted to the Company's Board of Directors for reference</u>. The same applied when the procedure are amended. (No amendment is made to Subparagraph 2: omitted)	Article 15: Management of Subsidiaries 1. Where the Company's subsidiary is a public company, it shall establish the "Procedure for Acquisition and Disposal of Assets". After the procedure have been approved by <u>the Board of Directors</u> they shall be <u>reported to the shareholder's meetings of both parties</u>. The same applied when the procedure are amended. (No amendment is made to Subparagraph 2: omitted)	Pursuant to Article 7-3 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," the Company shall see to its subsidiaries adopt and implement the "Procedure for Acquisition and Disposal of Assets" based on the said Regulations. Hence, the wordings in Subparagraph 1 of Paragraph 1 are amended.

Amended Articles	Current Articles	Explanation
Article 16: For the calculation of 10 % of total assets under the <u>Procedures</u>, the total assets stated in the most recent parent company only financial statement or individual financial statement in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. In the case of the Company whose shares have no par value or a par value other than NT\$10 per share, for the threshold of transaction amounts of 20 % of paid-in capital under the procedure shall be replaced by 10 % of equity attributable to owners of the parent.	Article 16: For the calculation of 10 % of total assets under these <u>Guidelines</u>, the total assets stated in the most recent parent company only financial statement or individual financial statement in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. In the case of the Company whose shares have no par value or a par value other than NT\$10 per share, for the threshold of transaction amounts of 20 % of paid-in capital under the <u>Handling Procedures</u> shall be replaced by 10 % of equity attributable to owners of the parent.	The wording in Paragraphs 1 and 2 are amended for the purpose of enhancing the integrity of the Procedures.
Article 20: The Procedures were established on June 10, 2003. The first amendment was on June 9, 2004. The second amendment was on June 12, 2006. The third amendment was on June 21, 2007. The fourth amendment was on June 15, 2012. The fifth amendment was on June 19, 2014. <u>The sixth amendment was on June 8, 2017.</u>	Article 20: The Procedures were established on June 10, 2003. The first amendment was on June 9, 2004. The second amendment was on June 12, 2006. The third amendment was on June 21, 2007. The fourth amendment was on June 15, 2012. The fifth amendment was on June 19, 2014.	Based on the date on which a resolution will be made at the shareholder's meeting.

Appendix

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Rules and Procedures of Shareholders' Meetings

2015/06/24

- Article 1 : Except as otherwise provided by law or the articles of incorporation, shareholders' meetings of the Company shall be conducted in accordance with these Rules and Procedures.
- Article 2 : Except as otherwise provided by law, shareholders' meetings of the Company shall be convened by the board of directors.
- Article 3 : The reason(s) for calling a meeting shall be specified in the meeting notifications and notices, and a shareholder may be informed via electronic means upon his/her approval.
- Article 4 : A shareholders' meeting shall be held at the head office of the Company or at an appropriate venue convenient for shareholders to attend and shall not begin earlier than 9:30 a.m. or later than 3:00 p.m.
- Article 5 : Shareholders or appointed proxies (hereinafter referred to as "Shareholders") shall attend a shareholders' meeting on an attendance card, a sign-in card or other certificates of attendance. Proxy solicitors shall also present identification documents for verification.
Attending shareholders shall submit their sign-in cards in lieu of signing in.
- Article 6 : A shareholders' meeting convened by the board of directors shall be presided over by the chairperson of the board of directors. If the chairperson of the board of directors is on leave or, for some reason, is unable to exercise his/her authority, the vice chairperson of the board of directors shall act on his/her behalf. In the absence of a vice chairperson or in the case of the vice chairperson also being on leave or unable to carry out such a duty for some reason, the chairperson shall designate one of the managing directors to preside as chair. In the absence of managing directors, the chairperson shall appoint one of the other directors to chair the meeting. Without any such designation, managing directors or the other directors shall elect an acting chair for the meeting from among themselves.
A shareholders' meeting not called by the board of directors but by any other person entitled to convene such a meeting shall be presided over by the person convening the meeting.
- Article 7 : The Company may appoint its lawyers(s), accountant(s) or other relevant persons to attend a shareholder's meeting.
- Article 8 : The Company shall make an audiotape or videotape recording of a shareholders' meeting in its entirety, and such recording shall be retained for at least one year.
- Article 9 : The attendance and voting at a shareholders' meeting shall be calculated based on the number of shares.
The shares held by shareholders who are without voting rights shall be excluded from the total number of shares in the issue when voting on a resolution at a shareholders' meeting.
The number of attending shares shall be calculated according to the number of sign-in cards submitted and the number of shares voted in writing.
- Article 10 : The chair shall call the meeting to order at the time scheduled. However, the chair may postpone the meeting, two times at the maximum (20 minutes for the 1st postponement and 10 minutes for the 2nd postponement), if the number of shares represented by the shareholders in attendance falls short of one-half of the total number of shares in issue.
- Article 11 : If, after two postponements as described above, the number of shares represented by

the shareholders in attendance is still short of the quorum but over one-third of all shares issued, a tentative resolution, with majority approval of voting shareholders in attendance, may be adopted in accordance with Article 175 of the Company Act. All shareholders shall be informed of the tentative resolution, and another shareholders' meeting shall be convened within one month's time.

Prior to the conclusion of the meeting, if the number of shares represented by the shareholders in attendance surpasses one-half of the total number of shares in issue, the chair may call for a re-voting of the tentative resolution by attending shareholders in accordance with Article 174 of the Company Act.

- Article 12 : For a shareholders' meeting convened by the board of directors, the meeting's agenda shall be set by the board of directors, and the meeting shall proceed as set by the agenda unless otherwise changed by a resolution passed in the shareholders' meeting. The provision prescribed in the preceding paragraph shall also apply to a shareholders' meeting not called by the board of directors but by any other person entitled to convene such a meeting.
- Article 13 : During discussion of a motion, the chair may announce the conclusion of discussion at an appropriate time and may terminate the discussion when necessary.
- Article 14 : A motion concluded or terminated of discussion by the chair shall be submitted for a vote immediately.
- Article 15 : Before an attending shareholder makes a speech, a slip specifying the key points of the speech, the shareholder's account number (or attendance card number), and the account name must first be filled out, and any attending shareholder wishing to speak shall do so in the order determined by the chair.
An attending shareholder who has submitted the slip to speak but does not actually make a speech shall be regarded as not having spoken. The contents of the speech shall prevail over the contents of the slip if there is any inconsistency.
When an attending shareholder makes a speech, other shareholders shall not interrupt the speech without the permission of the chair and the speaking shareholder. The chair shall stop anyone committing such a violation.
- Article 16 : A shareholder may not speak more than twice regarding the same proposal
- Article 17 : A shareholder's speech may not exceed 5 minutes; however, a 3-minute extension, allowed once only, may be granted upon the chair's permission. After an attending shareholder makes his/her speech, the chair may respond personally or may appoint a relevant person to make the response.
- Article 18 : When a shareholder's speech exceeds the time limit or goes outside of the scope of the topic in discussion, the chair may stop his/her speech at any time.
- Article 19 : When a corporation attends a shareholders' meeting as the proxy, only one person may be appointed as its representative at the meeting. When a corporate shareholder appoints two persons as its representatives at a shareholders' meeting, only one person may speak on each particular motion in discussion.
- Article 20 : Every shareholder shall have one vote for each share held; however, shareholders who are subject to restrictions or without voting rights as provided in Paragraph 2, Article 179 of the Company Act shall be excluded. Unless otherwise provided by the Company Act and the Company's Articles of Incorporation, a motion put to a vote shall be approved by the majority of votes represented by the shareholders in attendance. For the voting, if no objection is voiced after an inquiry by the chair, a motion shall be deemed as approved with the same effect as votes cast.
- Article 21 : If there is an amendment or a substitute proposal to a motion in discussion, the chair shall decide on their order of vote along with the original motion. If one of them has been approved, the others shall be deemed rejected and no further voting is required.
- Article 22 : Persons responsible for monitoring and counting the ballots during a vote shall be

appointed by the chair; however, the person(s) monitoring the vote shall be a shareholder(s).

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 23 : The chair may direct disciplinary officers (or security guards) to help maintain order at the meeting venue. When assisting in keeping order at the venue, disciplinary officers (or security guards) shall wear arm-bands marked “Disciplinary Officer”.

If the venue is equipped with sound amplification equipment, the chair may stop a shareholder from speaking when he/she speaks using an apparatus not installed by the Company.

The chair may direct disciplinary officers (or security guards) to escort any shareholder who violates these Rules and Procedures, fails to abide by the chair’s correction or interferes with the progress of the meeting and fails to comply after being asked to refrain out of the meeting venue.

Article 24 : During the meeting, the chair may, at his/her discretion, set time for a recess. In case of an incident of force majeure, the chair may temporarily suspend the meeting and shall decide how and when the meeting will resume.

Article 25 : All resolutions reached at a shareholders’ meeting shall be compiled in the form of meeting minutes. The meeting minutes shall be signed or stamped by the chair and shall be distributed to each shareholder within 20 days of the meeting.

The company may distribute the meeting minutes to shareholders who hold less than 1,000 shares of registered stock in the form of an announcement on the Market Observation Post System (MOPS).

The date (year, month, and day) and place of the meeting, the name of the chairperson, the resolution method, the summary of proceedings, and outcomes of the meeting shall be faithfully recorded in the meeting minutes, and the meeting minutes shall be permanently retained as long as the Company exists.

Regarding the resolution method as mentioned in the preceding paragraph, “approved without objection from any attending shareholder following the chair’s inquiry” shall be recorded in the meeting minutes if no objection is voiced by shareholders against a motion after the chair’s asking. However, if there are any objections, the voting method as well as the number of votes in favor and the ratio of votes in favor over total votes cast shall be specified in the meeting minutes.

These Rules and Procedures shall come into force after their approval at the shareholders’ meeting. The same applies when an amendment is made.

Appendix 2: Articles of Incorporation (Before Amendments)

104 Corporation **Articles of Incorporation**

Chapter 1: General Principles

Article 1 : The corporation is incorporated under the Company Act of the Republic of China and named 104 CORPORATION (English name: 104 CORPORATION)

Article 2 : The lines of business operated by the corporation are as follows:

- (1) CC01120 Data Storage Media Manufacturing and Duplication
- (2) F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
- (3) F118010 Wholesale of Computer Software
- (4) F209060 Retail Sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
- (5) F218010 Retail Sale of Computer Software
- (6) F601010 Intellectual Property
- (7) I103060 Management Consultancy
- (8) I301010 Software Design Services
- (9) I301020 Data Processing Services
- (10) I301030 Digital Information Supply Services
- (11) I401010 General Advertising Services
- (12) I701011 Employment Services
- (13) IZ12010 Manpower Services
- (14) IZ13010 Internet Authentication Services
- (15) J303010 Magazine and Periodical Publication
- (16) J304010 Book Publishers
- (17) JB01010 Conference and Exhibition Services
- (18) IZ15010 Marketing Research and Opinion Polling
- (19) J202010 Industry Innovation and Incubation 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 head office shall be located in New Taipei City. If necessary it may establish branches or offices domestic and/or overseas upon passing relevant resolutions at its board meetings.

Article 4 : When the corporation issues external endorsements and reinvests in other businesses to facilitate its business requirements, it shall not be subject to the restrictions of Article 13 of Company Act.

Chapter 2 Shares

Article 5 : The total capital of this bank shall be Five Hundred Million New Taiwan Dollars (NT\$500,000,000), divided into Fifty Million (50,000,000) shares at Ten New Taiwan Dollars (NT\$10.00) per share, and shall be issued in installments subject to the authorization of the board of directors.

Fifty Million New Taiwan Dollars (NT\$50,000,000) of the aforementioned capital is retained and divided into Five Million (5,000,000) shares at Ten New Taiwan Dollars (NT\$10.00) per share. The aforementioned capital shall reserve funds for issuing employee stock warrants which shall be issued in installments subject to the resolutions of the board of directors.

Article 5-1 When the price of issued employee stock warrants is lower than the closing price of the

corporation common stocks as of the issuing date, an issuer is required to obtain the consent of at least two-thirds of the voting rights represented at a shareholders meeting attended by shareholders representing a majority of the total issued shares.

To transfer shares to employees at less than the average actual share repurchase price, this corporation must have obtained the consent of at least two-thirds of the voting rights present at the most recent shareholders meeting attended by shareholders representing a majority of total issued shares.

Article 6 : All share certificates of the corporation shall be registered, signed or sealed and numbered by at least three directors. The share certificates shall be duly certified or authenticated by the competent authority or a certified institution appointed by the competent authority before issuance.

The corporation-issued shares are exempted from printing share certificates, and shall be registered in Taiwan Depository & Clearing Corporation.

Article 7 : When the corporation issues new shares, all the shares to be printed in that issue should be printed together; moreover, issued shares are exempted from printing. The issued shares in the provisions of the preceding article shall be registered with or stored in the Taiwan Depository & Clearing Corporation; they may also be merged or reissued with large denomination securities as per the demand of Taiwan Depository & Clearing Corporation.

Article 8 : When corporation shareholders process stock-related affairs including share transfers, rights pledges, loss reports, inheritance, gifts, seal loss reports and changes, or address changes, and exercise any or all within their rights, unless otherwise provided by regulations and securities laws, all other related matters shall follow the Regulations Governing the Administration of Shareholder Services of Public Companies.

Article 9 : Registration for transfer of shares shall be suspended 60 days before the date of a general meeting of shareholders, and 30 days before the date of any extraordinary meeting of shareholders, or within five days before the day on which dividends, bonus, or any other benefit is scheduled to be paid by the corporation.

Chapter 3: Shareholders' meetings

Article 10 : Shareholders' meetings of the corporation shall be of two types, namely general meetings and extraordinary meetings.

1. General meetings shall be convened once a year within six months after the close of each fiscal year, and a notice to convene a general meeting shall be given to the shareholders within 30 days.

2. When necessary, extraordinary meetings shall be convened and a notice to convene an extraordinary meeting shall be given to the shareholders within 15 days.

The notice in the preceding paragraph shall specify date, place and agenda of the meeting.

Unless otherwise provided by the Company Act, the shareholders' meetings are convened by the board of directors.

Article 11 : When a shareholder is unable to attend a shareholders' meeting for some reason, he or she may appoint a proxy to attend a shareholders' meeting on his or her behalf by executing a power of attorney printed by the corporation stating therein the scope of power authorized to the proxy. When a person acts as proxy for two or more shareholders, the number of votes represented by him or her shall not exceed 3% of the total number of voting shares of the corporation, otherwise, the portion of excessive voting power shall not be counted.

A shareholder may only execute one power of attorney and appoint one proxy only, and shall serve such written proxy to the Company no later than 5 days prior to the date of the shareholders' meeting.

Unless otherwise regulated by the Company of Act, other matters in relation hereto shall follow “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies”.

- Article 12 : Unless otherwise regulated by the Company Act, a shareholders’ meeting shall be presided over by the chairman. In the chairman’s absence, the chairman shall designate one director to act on his or her behalf. In the absence of such designation, the directors shall elect one to act on his or her behalf. The rules of procedures for the corporation's shareholders meetings shall be as provided in the Company ethical best practices regulations.
- Article 13 : Except for shares without voting powers or when the director is restricted from voting, as provided in Article 179 of the Company Act, each shareholder of the corporation shall be entitled to one vote for each share he/she holds.
- Article 14 : Unless otherwise provided by the Company Act, resolutions at a shareholders’ meeting shall be adopted by a majority vote (50%) of the shareholders present, who hold more than 50% of the total number of shares issued and outstanding. Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within twenty days after the close of the meeting.
- The preparation of the minutes of shareholders' meeting as required in the preceding paragraph may be effected by means of electronic transmission.
- The distribution of the minutes of shareholders' meeting as required in the preceding Paragraph may be effected by means of electronic transmission.
- The minutes of shareholders' meeting shall record the date and place of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be kept persistently throughout the life of the Company.
- The attendance list bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept by the Company for a minimum period of at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 hereof, the minutes of the shareholders' meeting involved shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

Chapter 4: Director and Supervisor

- Article 15 : The corporation shall have six directors and two supervisors, to be elected at the shareholders' meeting. The tenure of office of the directors and the supervisors shall be three years, and they shall be eligible for re-election.
- The number of directors indicated in the preceding paragraph shall include two seats for independent directors which in turn shall be no fewer than one-fifth (1/5) of the total board size. The independent directors shall be elected in accordance with the candidate nomination process found in Article 192-1 of the Company Act, meaning shareholders shall elect the independent directors among the nominees list in the roster of director candidates.
- The election of the directors shall follow Article 198 of the Company Act. The election of independent and non-independent directors shall be carried out together but their votes calculated separately. Candidates prevailing in the vote count shall be deemed independent directors and directors.
- Article 16 : The total number of shares held by the directors and supervisors shall follow the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies” designated by the competent authority.

- Article 17 : To disperse director and supervisor law liability risks and thereby increase the corporation's governance capability, the corporation shall take out Directors and Officers Liability Insurance for all directors and supervisors, and for all reinvestment corporation director and supervisor representatives throughout their term of office.
- Article 18 : The board of directors shall be composed of directors. The chairman of the board of directors shall be elected from among the directors by a majority vote of the directors present at a meeting attended by at least two-thirds (2/3) of the directors. The chairman shall be in charge of the entire corporation's internal business as well as for its external representation.
- Article 19 : The board of directors is convened by the chairman. The meeting shall be presided by the chairman. If he is on leave or if, for any cause, he is unable to perform his duties, the chairman shall designate another director to act on his behalf. Without such a designation, the other directors shall elect one from among themselves to act for the chairman.
- The board meeting may be convened by video conference. A director shall be deemed to attend the board meeting in person if he attends the video conference.
- When a director is unable to attend the meeting for some reason, he or she may appoint another director as a proxy to attend the meeting in his or her behalf by executing a power of attorney.
- All board directors and supervisors need to be notified seven days prior to the convening of board meetings. The board must be able to convene at any time in instances of emergencies.
- The notice to convene must expressly stipulate the subject of the meeting and be sent out in the form of written notices, emails, or faxes.
- Article 20 : Except as otherwise provided in the Company Act, resolutions at the meetings of the board of directors shall be adopted by a majority vote at a meeting attended by majority of the directors.
- Article 21 : The supervisors may attend the directors' meetings and express their opinions but shall not vote at these meetings.
- Article 22 : When the corporation directors and supervisors execute their duties, regardless of whether the corporation business operates at a profit or loss, the corporation shall furnish their remuneration. The board is authorized to determine remuneration to directors and supervisors based on their level of participation in corporation operations and their individual contributions, using industry standards as their reference. Such deliberations will refer to industry norms and standards and not exceed standard agreements per corporation management regulations for the corporation's highest positions.

Chapter 5: Manager

- Article 23 : The corporation may establish several managers with their appointments authorized by resolutions of the board of directors and decided by the chairman. If a managerial relationship position is appointed, the appointment, dismissal and remuneration shall conform with the Company Act.

Chapter 6: Accounting

- Article 24 : The fiscal year of the corporation shall begin on January 1 and end on December 31 of each year. Annual closing of books shall be done at the close of each fiscal year. The board of directors shall then have the following financial statements and other reports prepared in accordance with the Company Act, and shall deliver these to the supervisor for examination 30 days before the date fixed for the regular shareholders' meeting.

- (1) Report on operations;
- (2) Financial statements; and
- (3) Proposals on distribution of profits or covering of losses.

Article 25 : At the end of the fiscal year, if the corporation operates at a profit (the profit so-called is pre-tax profit before deducting remuneration for distributed employees and directors and supervisors) it shall contribute an employee bonus consisting of 8%-15% of employee salaries and bonuses to directors and supervisors consisting of no more than 3% of their salaries. However, any losses accumulated by the corporation to date shall be paid off first.

The employee bonus in the preceding paragraph shall be distributed in the form of shares or in cash and object of payment includes the employees of subsidiaries of the corporation meeting certain specific requirements. The directors and supervisors' remuneration shall be distributed in the form of cash.

The items in the preceding two paragraphs shall be undertaken by resolution of the board of directors and a report shall be submitted to the shareholders' meeting.

Article 26 : At the end of each fiscal year, if the corporation has net profits they shall first be used to remedy any losses and 10% of net profits will be set aside as a statutory surplus reserve. However, if the accumulation of statutory surplus reserves reaches the total capital volume, then this limitation does not apply. Whether the rest of the accumulated profit is to be distributed in the form of dividends or retained shall be decided by resolution at the shareholders' meeting.

Article 27 : The corporation's dividend policy shall be based on considerations of the corporation's current industry operating environment and growth phase and shall accord with future capital demand and the long term financial planning of the corporation, and be allocated on sound principles. Currently our industry is projected to enjoy a growth phase and over the next few years, we anticipate business expansion plans and capital demand. Therefore, as regards the second part of Article 26 vis-a-vis surplus profit available for distribution, dividends shall be distributed in the form of cash or shares. The cash dividend shall not be less than 10% of the total amount of the dividend. The type and ratio of surplus profit distribution shall depend on the real profit and capital condition at the end of each fiscal year and be revised by resolution of the shareholders' meeting.

Chapter 7: Supplementary Provisions

Article 28 : The Company Act shall be referred to for matters not covered in these Articles of Incorporation.

Article 29 : The Articles of Incorporation was first made executed on October 1, 1993

The first amendment was made on July 31, 1998.

The second amendment was made on March 14, 2000

The third amendment was made on July 20, 2000

The fourth amendment was made on August 14, 2000

The fifth amendment was made on June 3, 2002

The sixth amendment was made on June 9, 2004

The seventh amendment was made on May 16, 2005

The eighth amendment was made on June 12, 2006

The ninth amendment was made on June 11, 2008

The tenth amendment was made on June 10, 2009

The eleventh amendment was made on June 17, 2010

The twelfth amendment was made on June 15, 2012

The thirteenth amendment was made on June 24, 2015

The fourteenth amendment was made on June 7, 2016

104 Corporation
Directors and Supervisors Election Guidelines

2015/06/24

- Article 1 : Except as otherwise provided by law and regulation or by the Company's Articles of Incorporation, elections of directors and supervisors shall be conducted in accordance with the Rules.
- Article 2 : 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.
At least one supervisor position must be held by a person having neither a spousal relationship nor a relationship within the second degree of kinship with any other supervisor or with any director.
At least one of the supervisors must be domiciled in the Republic of China (Taiwan) to be able to promptly fulfill the functions of supervisor.
- Article 3 : The cumulative voting method shall be used for elections of the directors and supervisors at the Company. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders. Each share will have voting rights in numbers equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates. Elections of the independent directors and non-independent directors shall be held together, with voting rights separately calculated for these two positions.
- Article 4 : The number of directors and supervisors will be as specified in the Company's Articles of Incorporation. Those receiving ballots representing the highest numbers of voting rights will sequentially be elected as the directors or supervisors according to their respective numbers of votes. When two or more persons receive the same number of vote, 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.
For any shareholder who is simultaneously elected as both director and supervisor, in accordance with the preceding paragraph, he/she shall determine whether to assume the position of the director or the supervisor, and the resulting vacancy shall be filled by the candidate who receives the second highest rights of vote originally.
- Article 5 : If a candidate's name entered into a ballot is an independent director, the Company shall comply with the Articles of Incorporation to adopt a candidate nomination system.
- Article 6 : When an election begins, the chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel.
- Article 7 : The ballots are prepared by the Company with attendance card numbers and corresponding voting rights printed on the them.
A voter must enter the candidate's account name and shareholder account number or ID card number in the "candidate" column of the ballot. However, when the candidate is a juristic person shareholder, the name of the 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 juristic person shareholder and the name of its representative may be entered.
- Article 8 : A ballot is invalid under any of the following circumstances:
1. The ballot was not prepared by the Company.

2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. Other words or marks are entered in addition to the candidate's account name and shareholder account number or identity card number and the number of voting rights allotted.
5. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or ID card number is provided in the ballot to identify such individual.

Article 9 : The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation shall be announced by the chair or a delegated master of ceremony on the site.

Article 10 : The Rules, and any amendments thereto, shall be implemented after being approval at the shareholder's meeting.

Appendix 4: Procedure for Acquisition and Disposal of Assets (Before Amendments)

104 Corporation

Procedure for Acquisition and Disposal of Assets

Article 1 : Purpose

The Procedures are enacted especially for guaranteeing investments, implementing information disclosure and strengthening the Company's management of the acquisition or disposal of assets.

Article 2 : Basis

The Procedures are adopted in accordance with Article 36-1 of the Securities and Exchange Act and Article 7 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".

Article 3 : Scale of Assets

The term "assets" as used in the Procedures includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment in property, rights to use land, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Claims of financial institutions (including receivables, bills 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 4 : Definition of Terms

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, 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 transfers 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. This could also refer to the transfer of shares from another company through the issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Paragraph 8 of Article 156 of the Company Act.
3. Related party or subsidiary: As defined in the 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 equipment.
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 director resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. For investments 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, 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.

Article 5 : Exclusion of Related Parties

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 any party to the transaction.

Article 6 : Scale and Limit of Investment

Real property and securities acquired by the Company for non-business use, other than bonds or bills traded under repurchase agreements, negotiable certificates of deposit and other financial instruments, shall be executed in accordance with the Company's internal control system and the level of authority table. The limits thereof are as below:

1. The total amount of real property for non-business use shall not exceed 15% of the Company's net worth for the previous year, audited by a certified public account.
2. The total amount of securities investment shall not exceed 40% of the Company's net worth for the previous year, audited by a certified public account.
3. The limit on investments in individual securities shall not exceed 30% of the Company's net worth for the previous year, audited by a certified public account.
4. The transaction amount of acquiring or disposing of memberships or intangible assets shall not exceed 15% of the Company's net worth for the previous year, audited by a certified public account.

Article 7 : Appraisal and Operational Procedures for Assessment of Acquisition or Disposal of Assets

1. Determination Procedures for trading terms

(1) The means of price determination and supporting reference materials for acquiring or disposing of assets:

i. Acquisition or disposal of securities

(i) The price of securities traded in centralized securities exchanges or over-the-counter securities firms shall be decided by the market price of such securities at the time of the transaction.

(ii) The price of securities not acquired or disposed of in a centralized securities exchange or over-the-counter securities firms shall be decided upon by taking into account the net worth per share, profitability, future development potential and referring to the trading price at the time of the transaction.

ii. An acquisition or disposal of real property, equipment or memberships, or intangible assets shall be conducted by means of price comparison, price negotiation, invitation to tender, or other methods.

(2) The unit in charge shall abide by the Company's Approval Authorization Table to conduct an acquisition or disposal of assets, and submit such to the unit in charge for deliberation.

2. Determination Procedures for authorized limits

(1) Acquisition or disposal of securities

The Company shall abide by its level of authority Table to conduct an acquisition or disposal of short-term and long-term securities investments. It shall then submit such to the unit in charge for deliberation.

(2) Acquisition or disposal of real property, equipment or memberships, or intangible assets:

The unit undertaking the operation shall arrange, according to the Company's level of authority Table, reasons for the proposed acquisition or disposal, underlying assets, trading counter-party, transfer price, payment/receipt terms, and supporting reference materials for prices. The unit shall then submit such to the unit in charge for deliberation.

Article 8 : Director or Independent Director's Dissent with regard to the Acquisition or Disposal of Assets. With respect to the Company's acquisition or disposal of assets that is subject to the approval of the Board of Directors under the Procedures, if a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor.

Where the position of the independent director has been created in the Company, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, this shall be recorded in the minutes of the Board of Directors meeting.

Article 9 : Appraisal Report for Acquiring or Disposing of Real Property or Equipment

In acquiring or disposing of real property or equipment which meets the standard for announcement and report, and where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government institution, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstance it is necessary to give a limited price, specific price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval by the Board of Directors in advance, and the same procedure shall be followed for any future changes to the in case the transaction terms and conditions of the transaction.
2. Where the transaction amount is over NT \$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all of 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 (the "ARDF") and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - (1) The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 - (2) The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
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. 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. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA's opinion.

Article 10 : Appraisal report for Acquisition or Disposal of Securities and Memberships or Intangible Assets.

1. In acquiring or disposing of securities, the Company prior to the date of occurrence of the event, shall obtain the issuing company's most recent audited or reviewed financial statement by a CPA for reference in appraising the transaction price. In the dollar amount of the transaction is 20% of the Company's paid-in capital or NT \$300 million or more, a CPA shall be engaged to provide an opinion regarding the reasonableness of the transaction price before the date of the occurrence of the event. If an expert's opinion should be adopted by the CPA, this shall be carried out in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. However, this requirement does not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of Financial Supervisory Commission (FSC)
2. Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20% or more of the Company's paid-in capital or NT\$300 million or more, except in transactions with a government institution, the Company shall engage a certified public accountant prior to the date of the occurrence of the event to render an opinion on the reasonableness of the transaction price. The CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.
3. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA's opinion.

Article 11 : Related Party transactions

1. The Company shall conduct the necessary resolution and appraise on the reasonableness of trading terms in accordance with the provisions under Articles 7 to 10 and the Article while acquiring or disposing of assets from or to a related party. Where the transaction amount reaches 10% or more of the Company's total assets, it shall also obtain the appraisal report from by a professional appraiser or CPA's opinion pursuant to the preceding article. When judging whether a trading counter-party is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.
2. When the Company intends to acquire real property from 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% or more of the Company's paid-in capital, 10% or more of total assets, or NT \$300 million or more, except in trading of government bonds, bonds under repurchase, resale agreements, or subscriptions or redemptions of domestic money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors:
 - (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 - (2) The reason for choosing the related party as a trading counterparty.
 - (3) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraph 3, Paragraph 4, Paragraph 5, and Paragraph 6 under the Article.
 - (4) The date and price at which the related party originally acquired the real property, the original trading counter-party, and that trading counterparty's relationship to the Company and the related party.
 - (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
 - (6) An appraisal report from a professional appraiser or a CPA's opinion in compliance with the preceding article.
 - (7) Restrictive covenants and other important stipulations associated with the transaction.Where the position of independent director has been created in the Company, when a matter is submitted for discussion by the Board of Directors pursuant to Paragraph 2, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, this shall be recorded in the minutes of the Board of Directors meeting.
3. The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means (where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph):
 - (1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly born by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property. This may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 - (2) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan. The actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.
4. The Company that acquires real property from a related party and appraises the cost of the real property in accordance with Paragraph 3 shall also engage a CPA to check the appraisal and render a specific opinion.
5. Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraph 2, and the preceding two paragraphs do not apply:

- (1) The related party acquired the real property through inheritance or as a gift.
 - (2) More than five years will have elapsed from the time the related party signed the contract to obtain the real property and the signing date for the current transaction.
 - (3) The real property is acquired through the signing of a joint development 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.
6. When the results of the Company's appraisal conducted in accordance with Paragraph 3 of the Article are uniformly lower than the transaction price for acquiring real property from the related party, the matter shall be handled in compliance with Paragraph 7. However, where the following circumstances exist, objective evidence has been submitted, and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, this restriction shall not apply:
- (1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - i. Where undeveloped land is appraised in accordance with the means in the preceding article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - ii. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
 - iii. Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.
 - (2) Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.
 - (3) Completed transactions for neighboring or closely valued parcels of land in (1) and (2), in principle, refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters, or parcels close in publicly announced current value. Transactions for similarly sized parcels, in principle, refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction. "Within the preceding year" refers to the year preceding the date of occurrence of the acquisition of the real property.
7. Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Paragraph 3 of this Article are uniformly lower than the transaction price, the following steps shall be taken:
- (1) A special reserve shall be set aside in accordance with Paragraph 1 of Article 41 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and it may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another public company, the special reserve called for pursuant to law shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.
 - (2) Supervisors shall comply with Article 218 of the Company Act.
 - (3) Actions taken pursuant to Subparagraph (1) and (2) shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
 - (4) The Company that has set aside a special reserve under the preceding provisions may not

utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, they have been disposed of, adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

- (5) The Company shall also comply with the preceding four subparagraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.
8. With respect to the acquisition or disposal of business-use equipment between the Company and its parent or subsidiaries, the Company shall make arrangements in accordance with the Approval Authorization Table and have the decisions deliberated by the unit in charge. Subsequently the finance unit shall submit the relevant data to be ratified by the next Board of Directors meeting.

Article 11-1: The calculation of the transaction amounts referred to in Article 9, Article 10 and Paragraph 1 of Article 11 shall be made in accordance with Paragraph 2 of Article 14 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. The calculation of the transaction amounts referred to in Paragraph 2 of Article 11 shall be made in accordance with Paragraph 2 of Article 4 herein. "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 the Board of Directors and recognized by the supervisors need not be counted toward the transaction amount.

Article 12 : Engaging in Derivatives Trading

1. Business and hedging strategies
The purpose of engaging in derivatives trading shall be to avert risks, and the products selected for trading shall mainly enable the Company to avert the risk arising from business operations. The Company shall only select banks it has established business relations with to engage in transactions in order to avoid credit risks.
2. Delineation of duties
 - (1) Financial personnel
 - i. Collection of market information, trend and risk analysis, familiarity with financial products, their applicable laws, and trading techniques. This includes engaging in derivatives trading according to the instruction and authorization by the supervisor in charge to avert the risk of market price volatility.
 - ii. Periodic evaluation methods
 - iii. Periodic public announcement and reporting.
 - (2) Accountant
 - i. Providing information on risk-exposed positions.
 - ii. Bookkeeping and compiling financial statements according to TIFRS.
 - iii. Measurement, supervision and controlling of transaction risks.
3. Essentials of performance evaluation
 - (1) Hedging transactions shall be evaluated once on a biweekly basis, and the evaluation report should be submitted to the General Manager at the Head Office for ratification.
 - (2) In performance evaluations, a comparison between the current value and preset assessment benchmark shall be made on the date of evaluation to serve as a reference for future decisions.
4. Limits on transactions and upper limits on losses.
 - (1) The total contractual amount of transactions involving hedging positions denominated in a foreign currency, including foreign exchange (FX) forwards and other derivatives, shall not exceed the net foreign currency assets or liabilities held by the Company.
 - (2) With respect to hedging transactions such as FX trading and interest rate swaps, such transactions are made for the purpose of hedging. Thus, there is no upper limit on losses. Where exchange rates pose material adverse effect, the General Manager at the Head Office shall gather the relevant personnel to discuss the countermeasures. The upper limit on losses from a singular contract involving other derivatives shall not exceed 10% of the transaction amount. Proposals may be dealt with by the Chairman first prior to being

submitted to the Board of Directors for ratification when necessary.

5. Operating procedures:
 - (1) Confirmation of trading positions.
 - (2) Analysis and judgment of the relevant trends.
 - (3) Specific methods for determining hedging:
 - i. Underlying assets.
 - ii. Trading positions.
 - iii. Target price and range.
 - iv. Strategies and types of transactions.
 - (4) Acquisition of approval for transaction
 - (5) Execution of transaction
 - i. Trading counter-party: Limited to domestic and foreign financial institutions. Otherwise, a proposal shall be submitted to the General Manager of the Head Office for approval.
 - ii. Dealer: The Company's dealers who are allowed to perform derivatives trading shall be proposed to the General Manager of the Head Office for approval before the dealing commences. Subsequently, a notice stating that personnel other than the aforementioned dealers are not allowed to engage in trading shall be sent to the financial institutions having business relations with the Company.
 - (6) Confirmation of transaction: After a dealer makes a transaction, dealer shall fill out a transaction document and engage the personnel responsible for verification to confirm whether the trading terms are the same as those in the transaction document, dealer shall then submit such to be reviewed by the General Manager of the Head Office.
 - (7) Settlement: After a transaction is confirmed, the unit in charge of dispatching funds shall appoint a settlement personnel member to prepare the money and the relevant receipts and conduct the settlement based on the agreed price.
6. Authorized limit
An authorized limit on the Company's engagement in hedging trading shall be carried out in accordance with the Company's level of authority Table.
7. Accounting treatment method
The accounting treatment of derivatives trading is to recognize and evaluate transactions pursuant to TIFRS.
8. Internal control
 - (1) Risk management measurement
 - i. Credit risk management: Trading counter-parties shall mainly be banks having business relations with the Company.
 - ii. Market risk management: Limited to transactions in a public centralized securities exchange and over-the-counter markets.
 - iii. Liquidity risk management: To ensure the liquidity, the Company shall confirm with the personnel in charge of dispatching funds whether the trading limit will cause insufficient liquidity before executing a transaction.
 - iv. Cash flow risk management: To ensure that the Company maintains a stable level of operational funds, the Company shall only engage in derivative trading with its own funds, and the trading amount shall take into consideration the demand for funds based on the cash flow forecasts for the next three months.
 - v. Operational risk management: The Company is required to comply with the authorized limits and operational procedures in order to avoid operational risks.
 - vi. Legal risk management: Any document signed with banks shall be reviewed by legal affairs personnel prior to the official signing to avoid legal risks.
 - (2) Internal control
 - i. Dealers may not serve concurrently in other operations, such as confirmations and settlements.
 - ii. Dealers shall hand over trading slips or contracts to personnel in charge of the registry for recordation.
 - iii. Personnel in charge of registry shall periodically perform reconciliations with or while making registrations for the trading counterparty.

- iv. Personnel in charge of registry shall establish a log book in which the types and amounts of derivatives trading engaged in, approval dates by the Chairman or the Board of Directors, and the matters required to be carefully evaluated shall be recorded in detail.
 - v. Finance personnel shall be responsible for the measurement, supervision and control of trading risks, and they shall report such to the Board of Directors on a regular basis.
- (3) Periodic evaluation
- i. A finance supervisor appointed by the Board of Directors shall pay attention to the supervision and control of risks arising from derivatives trading at all times. The finance supervisor shall also make periodic evaluations on whether the performance of the transaction complies with the existing business strategies and whether the risks undertaken fall within a tolerable scope.
 - ii. The finance supervisor shall make periodic evaluations of whether existing risk management procedures are properly and realistically carried out in accordance with the Procedures.
 - iii. Hedging transactions carried out based on business needs shall be evaluated every two weeks, and such evaluation reports shall be reported to the senior supervisor authorized by the Board of Directors.
 - iv. When an irregularity occurs, the finance supervisor shall adopt necessary countermeasures and report to the Board of Directors instantly. If there are independent directors on the Board, the independent directors shall attend the Board of Director's meeting and give opinions.
 - v. When the Company engages in derivatives trading, it shall authorize the relevant personnel to make arrangements pursuant to the provisions of the Procedures and subsequently report such to the next Board of Directors meeting.

9. Internal audit system

- (1) Internal auditors shall, pursuant to the Procedures, understand the suitability of internal control for derivatives trading on a regular basis, audit the trading department's compliance with the "Procedure for Acquisition and Disposal of Assets", analyze the trading cycle on a monthly basis, and prepare an audit report. In the event of discoveries of material violations, a written notice shall be submitted to the supervisors.
- (2) In accordance with the "Regulations Governing Establishment of Internal Control Systems by public companies the audit report in the preceding paragraph and the correction conditions of irregularities shall be reported to the FSC for recordation.

Article 13 : Mergers, Demergers, Acquisitions, or Transfers of Shares

- 1. If the Company intends to participate in a merger, demerger, or acquisition, it shall convene a Board of Directors meeting and shareholder's meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition. A company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

The Company shall prepare a full written record of the following information and retain it for five years for reference:

- (1) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
- (2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
- (3) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans; any letter of intent or memorandum of understanding, material contracts, and minutes of the Board of Directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall report such to the parent company as soon as the proposal is adopted by the Board of Directors. The parent company shall, within two days

commencing immediately from the date of passage of a resolution by the Board of Directors, report the information set out in the preceding paragraph in the prescribed format and via the Internet-based information system to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby provisions set out in the above shall be carried out.

2. Every person participating in or privy to the Company's plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
3. The Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
 - (1) Cash capital increase, issuance of convertible corporate bonds, issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
 - (2) An action, such as a disposal of major assets, which affects the Company's financial operations.
 - (3) An event, such as a major disaster or major change in technology, which affects the Company's shareholder equity or share price.
 - (4) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stocks.
 - (5) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - (6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
4. The contract for participation by the Company in a merger, demerger, acquisition, or transfer of shares shall record the rights and obligations and it shall also record the following:
 - (1) Handling of breach of contract.
 - (2) Principles for the handling of equity-type securities previously issued or treasury stocks previously bought back by any company that is extinguished in a merger or that is demerged.
 - (3) The amount of treasury stocks participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 - (4) The manner of handling changes in the number of participating entities or companies.
 - (5) Preliminary progress schedule for plan execution, and anticipated completion date.
 - (6) Scheduled date for convening the legally mandated shareholder's meeting if the plan exceeds the deadline without completion, and relevant procedures.
5. After public disclosure of the information, if the Company participating in the merger, demerger, acquisition, or share transfer intends to further carry out a merger, demerger, acquisition, or share transfer with another company, participating Companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer. An exception to this is that where the number of participating companies is decreased and a participating company's shareholder's meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, In these case, the Company may be exempted from calling another shareholder's meeting to resolve on the matter anew.
6. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Paragraph 1, 2, and 5 under this Article.

Article 14 : Procedures for Public Disclosure of Information

1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:
 - (1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of total assets, or NT\$300 million or more. This shall not apply to the trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.
 - (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.
 - (4) Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the Mainland China area which reaches 20% or more of paid-in capital or NT\$300 million. This shall not apply to the following circumstances:
 - i. Trading of government bonds.
 - ii. Trading of bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.
 - iii. Where the type of assets acquired or disposed of is equipment for business use, the trading counterparty is not a related party, and the transaction amount is less than NT \$500 million.
 - iv. 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 is no more than NT \$500 million.
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.
3. "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 Procedures need not be counted toward the transaction amount.
4. 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 FSC by the 10th day of each month.
5. 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.
6. When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for at least five years, except where another act provides otherwise.
7. When any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced in accordance with the regulations, a public report of relevant information shall be made on the website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
 - (1) Change, termination, or rescission of a contract signed in regards 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.

Article 15 : Management of Subsidiaries

1. Where the Company's subsidiary is a public company, it shall establish the its "Procedure for Acquisition and Disposal of Assets". After the procedure have been approved by the Board of Directors they shall be reported to the shareholder's meetings of both parties. The same applied when the procedures are amended.
2. Where a subsidiary invested in by the Company is a domestic non-public company, and when assets to be acquired or disposed of meet the standards for public announcements and reporting, the Company shall also make an announcement and reporting and send a copy. In accordance with the subsidiary's standards for public announcements and reporting, "20 percent or more of the Company's paid-in capital", as used therein, shall be based on the Company's paid-in capital.

Article 16 : For the calculation of 10% of total assets under these Guidelines, the total assets stated in the most recent parent company only financial statement or individual financial statement is conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

In the case of the Company whose shares have no par value or a par value other than NT\$10 per share, for the threshold of transaction amounts of 20% of paid-in capital under the Handling Procedures shall be replaced, 10% of equity attributable to owners of the parent.

Article 17 : When the relevant personnel violates the Procedures and applicable law, the Company may issue a warning, reprimand, demotion, suspension of duties or make other punishments based on the severity and use, such as internal review items.

Article 18 : Items not dealt with in the Procedures will be executed in compliance with legal regulations and the Company's relevant articles. If the competent authority amends the originally publicized Order for the Regulations Governing the Acquisition and Disposal of Assets, the Company shall abide by the new order.

Article 19 : The Procedures, and any amendments thereto, shall be submitted to the supervisors and reported to the Board of Directors for approval prior to implementation. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor.

Where the position of independent director has been created, if an independent director objects to or expresses reservations about any matter, this shall be recorded in the minutes of the Board of Directors meeting.

Article 20 : The Procedures were established on June 10, 2003.

The first amendment was on June 9, 2004.

The second amendment was on June 12, 2006.

The third amendment was on June 21, 2007.

The fourth amendment was on June 15, 2012.

The fifth amendment was on June 19, 2014.

Appendix 5: Shareholdings of Directors and Supervisors

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Shareholdings of Directors and Supervisors

Minimum shares required to be held by the entirety of the directors: 3,600,000 shares

Minimum shares required to be held by the entirety of the supervisors: 360,000 shares

April 10, 2017

Job Title	Name	Date of election	Term of office	Shares held as registered in the shareholder's roster during the book closure period	
				Number of Shares	Percentage
Chairman	Chi-Kuan Yang	June 24, 2015	3 Year	3,766,493	11.33%
Director	Hung-Wen Su	June 24, 2015	3 Year	246,167	0.74%
Director	Chien-An Juan	June 24, 2015	3 Year	256,240	0.77%
Director	Chang Mun Kee	June 24, 2015	3 Year	0	0.00%
Independent Director	Wei-Ling Liu	June 24, 2015	3 Year	0	0.00%
Independent Director	Joseph S. Lee.	June 24, 2015	3 Year	0	0.00%
Total of all directors				4,268,900	12.84%
Supervisor	Askforce Corporation: Representative : Mei-Fang Hsu	June 24, 2015	3 Year	2,427,344	7.30%
Supervisor	Zan-Hsiung Tsai	June 24, 2015	3 Year	0	0.00%
Total of all supervisors				2, 427,344	7.30%

Note: As of April 10, 2017, the Company has issued 33,241,700 shares.

