



INNOLUX CORPORATION
2014 ANNUAL GENERAL SHAREHOLDERS' MEETING
MINUTES

Time: 9:00 a.m., June 19, 2014

Place: 3F, No.36 Ke Yan Rd., Zhunan Township, Miaoli County

(The assembly hall of the Administrative Service Center of Zhunan Park, Hsinchu Science Park)

Total shares represented by shareholders present in person or by proxy: 5,145,822,223 shares
(including 2,477,908,644 shares casted electronically)

Percentage of shares held by shareholders present in person or by proxy: 56.51 %

Attendees: Tuan, Hsing-Chien, Chair of the Board of Directors

Wang, Jyh-Chau, Director and President

Chen, Yi-Fang, Supervisor

Wang, Wei-Fan, Attorney

Wu, Han-Chi, Certified Public Accountant of PWC Taiwan

Chair: Tuan, Hsing-Chien Chair of the Board of Directors

Recorder: Joyce Chen

1. Commencement (The aggregate shareholding of the shareholders present in person or by proxy constitutes a quorum. The Chair called the meeting to order.)

2. Chair's Address (omitted)

3. Report Items

(1) Operating report of the year of 2013. (See Attachment 1)

(2) Supervisor's audit report of the accounts and statements of the Company for the year of 2013. (See Attachment 2 and 3)

(3) Supervisor's audit report in relation to the amendment to the allocation of the profits and making up losses for the year of 2012. (See Attachment 4)

(4) The status of capital increase by cash through private placements of year 2013.

4. Ratification Items

(1) Adoption of the allocation of the profits and making up losses for the year of 2012.

Explanation:

1. The amendment to the allocation of the profits and making up losses table for the year of 2012 of the Company had been adopted by resolutions of the Board of Directors of the Company and had been duly audited by supervisors.
2. The preceding statements are attached hereto as Attachment 4

Voting Results: 5,145,798,223 shares were represented at the time of voting

Voting Condition	Voting rights	% of the total represented at the time of voting
Votes in favor	4,004,569,283 (Electronically: 1,358,824,039)	77.81%
Votes against	265,993 (Electronically: 265,993)	0.00%
Votes abstained	1,140,962,947 (Electronically: 1,118,818,612)	22.19%

RESOLVED, that the above proposal be and hereby was accepted as proposed.

(2) Adoption of the Operating Report and Financial Statements for the year of 2013.

Explanation:

1. 2013 Operating Report and financial statements of the Company had been adopted by resolutions of the Board of Directors and had been duly audited by supervisors.
2. The preceding statements are attached hereto as Attachment 1&3

Voting Results: 5,145,798,223 shares were represented at the time of voting

Voting Condition	Voting rights	% of the total represented at the time of voting
Votes in favor	3,964,491,010 (Electronically: 1,318,745,766)	77.03%
Votes against	219,794 (Electronically: 219,794)	0.00%
Votes abstained	1,181,087,419 (Electronically: 1,158,943,084)	22.97%

RESOLVED, that the above proposal be and hereby was accepted as proposed



(3) Adoption of the Proposal for Distribution of 2013 Profits

Explanation:

1. 2013 net profit after tax of the Company is NT\$ 5,102,567,772. After setting aside the legal reserve pursuant to the Articles of Incorporation, the proposed profit for distribution is at the amount of NT\$90,496,032. The profit distribution table is attached hereto as Attachment 5.
2. Proposed cash dividend distributed to shareholders is NT\$ 90,496,032(NT\$0.01per share).
3. Upon the approval of the shareholders' meeting, it is proposed that the Chairman be authorized to resolve the distribution record date and other relevant matters.
4. In the event that, before the distribution record date, the proposed profit distribution is affected due to capital variations, it is proposed that the Chairman be authorized by the Shareholders Meeting to adjust the cash and stock to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.

Voting Results: 5,145,798,223 shares were represented at the time of voting

Voting Condition	Voting rights	% of the total represented at the time of voting
Votes in favor	4,004,155,540 (Electronically:1,358,325,296)	77.80%
Votes against	771,097 (Electronically: 771,097)	0.01%
Votes abstained	1,140,871,586 (Electronically:1,118,812,251)	22.19%

RESOLVED, that the above proposal be and hereby was accepted as proposed

5. Discussion Items

- (1) Proposals to process domestic capital increase by cash to issue common shares, to issue new shares as a result of cash capital increase for sponsoring issuance of GDR.**

Explanation:

To respond to the change of whole operation environment in the future, to enrich working capital, to repay bank loans, to intensify the Company's financial structure, and to satisfy the Company's capital requirements for the long-term development, the Company proposes to

conduct the fund-raising proposal within the limit of 2 billion (2,000,000,000) new shares through domestic capital increase by cash, offering of new shares by way of capital increase by cash for sponsoring issuance of GDR. The foregoing fund-raising proposal will be submitted to the board of directors to conduct at suitable time by selection of one or collocation of two or more projects, and in one or in several installments according to market situations and capital requirement status of the Company, and in accordance with Articles of Incorporation, the related laws & regulations and the handling principles set forth as below.

The main contents described as follows:

- I. The handling principles of granting the board of directors to issue ordinary shares by way of domestic capital increase by cash
 1. Except for ten to fifteen percent of such new shares reserved for subscription by employees of the Company based on the actual offering price in accordance with Article 267 of Company Act, the original shareholders will forfeit their right to subscription to the remaining new shares in accordance with Article 28-1 of Securities and Exchange Act, and all of the remaining new shares will be made public offering by book-building method. In case the employees of the Company forfeit their rights to subscription or the portion left unsubscribed, it is proposed to authorize Chairperson to seek specific person(s) to subscribe based on offering price.
 2. The offering price of new shares as a result of capital increase by cash for sponsoring issuance of GDR will be decided according to Article 7 of the "Autonomy Rules Governing Underwriter Members for Guidance of Offering and Issuance of Securities by Issuing Company" of Taiwan Securities Association, and shall be set by no less than the closing price of the Company's ordinary shares on Taiwan Stock Exchange Corporation on price determination date, 90% of the simple average closing price of the ordinary shares of the Company for either the one, three, or five business days before price determination date, after adjustment for any distribution of stock dividends and cash dividends. After completion of the duration of book-building method, it is proposed to authorize the chairman of the Board of Directors or his/her designated person and to discuss and decide the actual offer price with the lead underwriter in considering the situation of the summary of book-building method, and to issue after reported for the authority's approval.
 3. The reason and reasonability of issuing the share lower than par value rather than adopting other methods to raise the funds: Until the end of the first quarter of 2014, the Company's debt ratio has reached 59.84%. To avoid increasing the financial burden, it is not appropriate to raise fund through issuing debt. In consideration that raising fund through issue ordinary shares by way of increase by cash may reduce the interest incurred by loan to decrease the company profit, may reduce the company financial risk, and may increase the flexibility of the Company's financial deploy. Therefore, in order to improve the financial structure and to increase the investors' desire in subscribing so as to raise fund smoothly, it is necessary and reasonable for the Company to issue the share lower than par value to

increase capital by cash to raise funds. In addition, it is uneasy currently for the Company to increase credit line from the bank. Also, the Company does not conform to requirement prescribed under Article 250 of the Company Act related to issuing corporate bond. Currently, the fund raising vehicles applicable to the Company are mainly pure shareholdings products, such as to conduct capital increase by cash and to sponsor issuance of GDR. Therefore, it is deemed reasonable to adopt the method of issuing ordinary stock through increase capital by cash in order to raise long term stable fund and to improve financial structure of the Company.

4. This proposal of capital increase in cash has maximum dilution ratio to original shareholders' equity at a rate of 18.01%. After the beneficial result of the capital increase appears, it may increase the competitive strength of the Company and may promote the operation efficacy, bringing positive result to the shareholders equity; therefore, it shall not bring massive impact to the original shareholders' equity.
5. After this plan of capital increase by cash obtaining approval of the competent authority, to authorize the chairman of the board of directors to deal with the matters in relation to the issue of new shares.
6. In regard to all matters not provided for in the preceding paragraphs, to grant the Chairperson the full authorization to dispose of such matters in accordance with laws and regulations.
- II. The handling principles of granting the board of directors to issue new shares by way of capital increase by cash for sponsoring issuance of GDR:
 1. Except for 10 to 15 percent of such new shares reserved for subscription by employees of the Company in accordance with Article 267 of Company Act, the original shareholders will forfeit their right to subscription to the remaining new shares in accordance with Article 28-1 of Securities and Exchange Act, and all of the remaining new shares will be made public offering for sponsoring issuance of GDR. In case the employees of the Company forfeit their rights to subscription or the portion left unsubscribed, it is proposed to authorize Chairperson to negotiate with specific person(s) to subscribe or to be included in the original securities for sponsoring issuance of GDR based on market requirements.
 2. The offering price for sponsoring issuance of GDR will be decided according to "Autonomy Rules Governing Underwriter Members for Guidance of Offering and Issuance of Securities by Issuing Company" of Taiwan Securities Association, and shall be set by no less than the closing price of the Company's ordinary shares on the centralized securities exchange market on price determination date, 90% of the simple average closing price of the ordinary shares of the Company for either the one, three, or five business days before price determination date, after adjustment for any distribution of stock dividends (or ex-rights of capital reduction) and cash dividends; provided however, in case of alternation of domestic related laws & regulations, it also may keep with laws & regulations to adjust pricing method, in view of the frequent occurrence of the violent and short-term fluctuation on the price of the

domestic stocks, it is proposed to authorize the Chairperson to negotiate with underwriter for the determination of actual offering price within the preceding range on the basis of international practices, under consideration of international capital market, domestic market price and collection of book-building situations, therefore the determination method of offering price must be reasonable so as to increase the acceptance level of the alien investors. Therefore, the method for determine offering price shall be reasonable. Further, the determination method of GDR's offering price shall be based on the fair arket price of ordinary shares formed on the centralized securities exchange market in domestic territory, the original shareholders may still buy ordinary shares in domestic stock market by a price closer to GDR's offering price, and it has no need to assume the risks of currency exchange and liquidity; besides, the quota of new shares offering as a result of capital increase in cash for sponsoring issuance of GDR has maximum dilution ratio to original shareholders' equity at a rate of 18.01%.

3. The reason and reasonability of issuing the share lower than par value rather than adopting other methods to raise the funds: Until the end of the first quarter of 2014, the Company's debt ratio has reached 59.84%. To avoid increasing the financial burden, it is not appropriate to raise fund through issuing debt. In consideration that raising fund through issue ordinary shares by way of capital increase by cash for sponsoring issuance of GDR may reduce the interest incurred by loan to decrease the company profit, may reduce the company financial risk, and may increase the flexibility of the Company's financial deploy. Therefore, in order to improve the financial structure and to increase the investors' desire in subscribing so as to raise fund smoothly, it is necessary and reasonable for the Company to issue the share lower than par value to increase capital by cash to raise funds. In addition, it is uneasy currently for the Company to increase credit line from the bank. Also, the Company does not conform to requirement prescribed under Article 250 of the Company Act related to issuing coporate bond. Currently, the fund raising vehicles applicable to the Company are mainly pure shareholdings products, such as to conduct capital increase by cash and to sponsor issuance of GDR. Therefore, it is deemed reasonable to adopt the method of issue ordinary shares by way of capital increase by cash for sponsoring issuance of GDR in order to raise long term stable fund and to improve financial structure of the Company.
4. The funds raised from the issuance of ordinary shares as a result of capital increase by cash for sponsoring issuance of GDR is proposed to be used in one or several purposes for extending the factories, purchase of equipments, purchase of raw materials from overseas, replenishing the operation fund, reinvestment, repayment of bank loans, and it is expected to be performed completely within three years after the accomplishment of the fund-raising, the implementation of this plan can intensify the competitiveness of the Company, promote the operation efficiency, and then will have positive support to shareholders' equity.
5. It is proposed to authorize the board of directors to adjust, make and deal with the important

contents of plans in relation to the issuance of ordinary shares as a result of capital increase by cash for sponsoring issuance of GDR, inclusive of offering price, amount of offering shares (limited amount), offering conditions, plan items, amount of fund-raising, scheduled progress, the anticipated and possible efficiency accrued and other matters related to offering procedures according to the market situation. In future if it is necessary to make change due to approval of the competent authority, operation assessment or objective environment, the chairperson will be granted the full authorization to dispose of such matters.

6. In coordination with the issue of new shares as a result of capital increase by cash for sponsoring issuance of GDR, to authorize the Chairperson or the persons designated by the Chairperson to approve or sign all of documents and to handle matters in relation to sponsoring of issuance of GDR on behalf of the Company.
7. After this plan of capital increase by cash obtaining approval of the competent authority, to authorize the board of directors to deal with the matters in relation to the issue of new shares.
8. In regard to all matters not provided for in the preceding paragraphs, to grant the Chairperson the full authorization to dispose of such matters in accordance with laws and regulations.

Voting Results: 5,145,798,223 shares were represented at the time of voting

Voting Condition	Voting rights	% of the total represented at the time of voting
Votes in favor	2,849,038,577 (Electronically: 203,293,333)	55.36%
Votes against	1,147,024,361 (Electronically: 1,147,024,361)	22.29%
Votes abstained	1,149,735,285 (Electronically: 1,127,590,950)	22.35%

RESOLVED, that the above proposal be and hereby was accepted as proposed.

(2) Proposals to distribute cash with Additional Paid-In Capital.

Explanation:

1. Pursuant to Article 241 of the Company Act, the Company will distribute the capital reserve of income derived from the issuance of new shares at a premium at the amount of NT\$ 1,266,944,445. The distribution will be made according to shareholders and the shares held by the shareholders registered on the shareholders' roster on the distribution record date. Each share will receive the distribution in cash at the amount of NT\$0.14.
2. The distribution of capital reserve by cash together with cash dividend distribution to the

shareholders at the amount of NT\$0.01 each share, each share will receive the distribution in cash of NT\$0.15. The distribution by cash shall be calculated until NT\$1. For the amount less than NT\$1 shall be completely round down. It is proposed to authorize the Chairman to seek certain person to fully handle the remainder of the distribution less than NT\$1.

3. In the event that there is change in capital of the Company affecting the outstanding shares of the Company, causing the distribution ratio shall be changed and adjusted, it is proposed that the Chairman be authorized to handle this situation.
4. It is proposed that the Chairman be authorized to decide the distribution record date, the distribution date, and other related matters after this proposal is resolved by the shareholders' meeting.

Voting Results: 5,145,798,223 shares were represented at the time of voting

Voting Condition	Voting rights	% of the total represented at the time of voting
Votes in favor	4,004,397,393 (Electronically: 1,358,567,149)	77.81%
Votes against	525,901 (Electronically: 525,901)	0.01%
Votes abstained	1,140,874,929 (Electronically: 1,118,815,594)	22.18%

RESOLVED, that the above proposal be and hereby was accepted as proposed.

(3) Amendment to Articles of Incorporation of the Company.

Explanation:

1. In accordance with the requirement of the operation of the Company, it is proposed to amend "Articles of Incorporation" of the Company.
2. The comparative table of the amended provisions is attached hereto as Attachment 6

Voting Results: 5,145,798,223 shares were represented at the time of voting

Voting Condition	Voting rights	% of the total represented at the time of voting
Votes in favor	4,004,379,032 (Electronically: 1,358,633,788)	77.81%
Votes against	436,254 (Electronically: 436,254)	0.00%
Votes abstained	1,140,982,937 (Electronically: 1,118,838,602)	22.19%

RESOLVED, that the above proposal be and hereby was accepted as proposed.



(4) Amendment to the Operational procedures for Acquisition and Disposal of Assets.

Explanation:

1. In accordance with the requirement of the operation of the Company, it is proposed to amend "Procedures Governing the Acquisition and Disposal of Assets" of the Company.
2. The comparative table of the amended provisions is attached hereto as Attachment 7

Voting Results: 5,145,798,223 shares were represented at the time of voting

Voting Condition	Voting rights	% of the total represented at the time of voting
Votes in favor	4,004,317,667 (Electronically: 1,358,572,423)	77.81%
Votes against	504,559 (Electronically: 504,559)	0.00%
Votes abstained	1,140,975,997 (Electronically: 1,118,831,662)	22.19%

RESOLVED, that the above proposal be and hereby was accepted as proposed.

6. Extraordinary Motions: No.

7. Adjourn Meeting: The meeting was adjourned at a.m. 09:40.



Attachment 1

INNOLUX CORPORATION

2013 Operating Report

Dear Shareholders,

Below are our 2013 business performance report and 2014 business plan summary:

1. Business Performance in 2013:

The outstanding effect of merger of the Company has been shown in year 2013. Through the effective consolidation of the manpower, production capacity, and research technology, and through the success both in development of new products and the strategy on products differentiation, we have established our competitiveness among the global panel market. In 2013 our total yearly revenue was NT\$ 419.7 billion, which reduced 11% by compared with the 2012 yearly revenue of NT\$ 471.5 billion and the operating revenue has slightly dropped in year 2013 due to the business in system assembling and touch attaching has been terminated so that the Company may focus more on core panel business. If excluding the business revenue in system assembling and touch attaching, the consolidated revenue of liquid crystal panel and touch panel reduced 2.7% comparing to last year. Sales by volume of large size of year 2013 reduced 6.8% respectively YOY compared with year 2012; sales by volume of medium-small size of year 2013 grew 4.9% respectively YOY compared with year 2012. The gross profit of year 2013 is NT\$ 27.5 billion and the gross profit margin of year 2013 is 7%, which is massively improved compared with the 1% gross loss margin of year 2012. The net operating income of year 2013 is NT\$ 11.3 billion and the net operating income ratio of year is 3%. Both are greatly improved comparing to the NT\$ 24.2 billion operating loss or 5% operating loss ratio for the year 2012. The annual profit after tax is NT\$ 5.1 billion for year 2013, the annual earnings per share is NT\$ 0.57. The performance of the Company in the year of 2013 has surpassed the same line of work in Taiwan, which demonstrated our resolutions to operate the Company and the results of turning the tide.



The eurozone debt crisis is temporarily relieved since year 2013 and the the economy of European and American regions has started to recover slowly. Because United States government and President Obama actively facing problems by conducting negotiations between the political parties and studying the solutions to the financial problems, the economy has started to warm up.

As for the PRC and the emerging market, although the economy growth was not as strong as the past few years, it still maintained possitive growth as a whole.

As for the research development and market segmentation, we deem the continuous development of the technology as the key to our business operation. We are highly recognized by the market with outstanding growth for our products in the aspect of ultra high resolution, ultra thin, wide viewing angle, narrow frame, low power consumption, wide color gamut, and LED backlight. Moreover, with the innovative thought brought by the Company, we have introduced the whole new LCD TV panels in size 39 inches, 50 inches, 58 inches, 65inches, and panels in 4K2K ultra high resolution. Such products are highly preferred by the consumers. We therefore successfully set the products and specifications of the market, created market segmentation, surpassed and came out first in the same line of work.

As 2013 draws to a close, we will continue to endeavor, to concentrate, and to innovate for the best interest of our shareholders.

2. Summary of 2014 business plan

In view of the year 2014, we will exert more of our strength on technique and products strategy, strengthen the strategy on market and clients, install and level up the production capacity and quality management. Together with the effect of merger, the positive influence is even more appearent. Through highly vertical integration of our “streamlined “production, we may provide our client with total solution to their needs and may inaugurate a win-win operation model.

(1) Technology products layout:

- Fortify the development in key technology: IPS / IGZO / AMOLED/ 4K2K/ GOG/

PA.

- The product lines of middle and small size products: enlarge “high level “ (high PPI/ high colour saturation / TOD smart phone’s power of growth.)
- Large size products: To enhance the differentiation of the products. The key points of the application development of each product are as follow:

TV (Television): 4K2K (Ultra High Definition)

MNT (Monitor): AIO (all-in-one machine)

(2)Market client strategy:

- To enhance and to develop the tablet PC applicational products and tablet business.
- Through combining touch sensor (sensor glass) and thin-film transistor LCD (TFT), to intensify the touch total solution, and to cooperate with clients of terminal brand.
- To optimize the clients’ distribution of products in middle and small sizes and to enhance the cooperation with important clients.

(3) Establishment and improvement of production capacity:

- To build vertical integration product line of touch and tablet products.
- To keep optimizing the combination of the strategic products of every factory area to promote the production capacity.

(4)Back-end module automatic production engineering :

- While re-updating the equipment (from manual to automatic), the WT (Assembly Times) of the Company still requires to be reduced.
- To establish production model hard to be copied so as to improve the competition advantages.

(5)Quality Control :

- To enhance the operation of improving cost/ abandonment/ quality.
- The key point of the improvement is to improve the yield rate of middle and small size products.

In year 2014, the entire staff will also to fully devote themselves to work. Please



continue to give us your support and encouragement. Lastly, I wish everyone a good health and the best of luck. Thank you.

President:

Manager :

Chief Accountant :



Attachment 2

INNOLUX CORPORATION

Supervisors' Audit Report

The Board of Directors has duly submitted the 2013 operating report, financial statements, and table of profit distribution. The financial statements has been duly reviewd and approved by CPA Mr. Hsiao Chun-Yuan and CPA Mr. Wu Han-Chi of PwC Taiwan with the issuance of Indepeden Auditor's Report. I, as the supervisor of the Company, have completed the audit and review, and had found nothing inconsistent with any of the above. Therefore, I issue this audit report for acknowledgment in accordance with Article 219 of the Company Act.

To

General Shareholders Meeting of the Company in 2014

Supervisor: Lin, Ren-Guang

Date: March 25, 2014



Supervisors' Audit Report

The Board of Directors has duly submitted the 2013 operating report, financial statements, and table of profit distribution. The financial statements has been duly reviewd and approved by CPA Mr. Hsiao Chun-Yuan and CPA Mr. Wu Han-Chi of PwC Taiwan with the issuance of Indepeden Auditor's Report. I, as the supervisor of the Company, have completed the audit and review, and had found nothing inconsistent with any of the above. Therefore, I issue this audit report for acknowledgment in accordance with Article 219 of the Company Act.

To

General Shareholders Meeting of the Company in 2014

Supervisor: Chen, Yi-Fang

Date: March 25, 2014



Supervisors' Audit Report

The Board of Directors has duly submitted the 2013 operating report, financial statements, and table of profit distribution. The financial statements has been duly reviewd and approved by CPA Mr. Hsiao Chun-Yuan and CPA Mr. Wu Han-Chi of PwC Taiwan with the issuance of Indepeden Auditor's Report. I, as the supervisor of the Company, have completed the audit and review, and had found nothing inconsistent with any of the above. Therefore, I issue this audit report for acknowledgment in accordance with Article 219 of the Company Act.

To

General Shareholders Meeting of the Company in 2014

Supervisor: I-Chen Investment Ltd.

Representative: Te-Tsai Huang

Date: March 25, 2014



Attachment 3

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders:

Innolux Corporation

We have audited the accompanying consolidated balance sheets of Innolux Corporation and subsidiaries as of January 1, 2012, December 31, 2012, and December 31, 2013, and the related consolidated statements of comprehensive income, and consolidated statements changes in equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets (include Investments accounted for under equity method) of \$17,988,644,000, \$5,662,004,000 and \$5,130,451,000, constituting 3%, 1% and 1% of the consolidated total assets as of January 1, 2012, December 31, 2012, and December 31, 2013, respectively, and total operating revenues of \$2,238,286,000 and \$0, constituting 0.5% and 0% of the consolidated total operating revenues for the years then ended, respectively. Those statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for these subsidiaries and investee companies and certain information disclosed in Note 13, is based solely on the reports of other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Innolux Corporation and its subsidiaries as of January 1, 2012, December 31, 2012, and December 31, 2013, and the results of their financial performances and their cash flows for the



years then ended in conformity with the “Rules Governing the Preparation of Financial Statements by Securities Issuers” and International Financial Reporting Standards (“IFRSs”) , International Accounting Standards, and Interpretations/bulletins as endorsed by the Financial Supervisory Commission (“FSC”)

Innolux Corporation and subsidiaries’ current liabilities have exceeded its current assets by NT\$128,884,782,000 as of December 31, 2013. As set forth in Note 12(4), management has designed a turnaround plan which aims to improve the Company’s operations and financial position.

For the reference, Innolux Corporation has complied the individual financial reports for the year of 2012 and 2013 as we have expressed unqualified-modified opinions on these reports.

PricewaterhouseCoopers, Taiwan

February 17 , 2014

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
YEARS ENDED DECEMBER 31
(In Thousands of New Taiwan Dollars)

	Assets	Notes	December 31, 2013		December 31, 2012		January 1, 2012	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current Assets								
1100	Cash and cash equivalents	6(1)	\$ 44,137,818	9	\$ 40,897,977	7	\$ 53,718,219	8
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		227,703	-	68,248	-	642,441	-
1125	Available-for-sale financial	6(3)						
	assets - current		-	-	40,230	-	17,484	-
1170	Accounts receivable, net	6(6)	66,358,291	13	74,716,998	13	67,634,362	10
1180	Accounts receivable - related	7						
	parties		2,049,985	-	8,550,228	2	6,994,452	1
1200	Other receivables	6(6) and 7	4,255,683	1	2,625,273	1	7,094,087	1
130X	Inventory	6(7)	50,524,156	10	42,067,569	7	59,301,056	9
1410	Prepayments		1,194,871	-	968,195	-	1,265,207	-
1460	Non-current assets held for sale	6(12)						
	- net		113,681	-	423,596	-	655,314	-
1476	Other current financial assets	8	2,544,567	1	2,608,917	-	13,904,451	2
1479	Other current assets, others		295,214	-	172,168	-	642,156	-
11XX	Current Assets		171,701,969	34	173,139,399	30	211,869,229	31
Non-current assets								
1510	Financial assets at fair value	6(2)						
	through profit or loss -							
	noncurrent		712,603	-	145,879	-	361,689	-
1523	Available-for-sale financial	6(3)						
	assets - noncurrent		3,952,530	1	5,008,711	1	4,310,787	1
1543	Financial assets carried at cost -	6(4)						
	noncurrent		-	-	198,490	-	243,190	-
1550	Investments accounted for	6(8)						
	under equity method		4,919,134	1	5,380,385	1	4,786,639	1
1600	Property, plant and equipment	6(9), 7 and 8	273,505,759	54	332,525,859	58	405,585,223	59
1760	Investment property - net	6(10)	706,850	-	720,023	-	718,874	-
1780	Intangible assets	6(11)	21,214,994	4	22,909,059	4	24,789,538	4
1840	Deferred income tax assets	6(29)	18,123,869	4	17,819,097	3	15,931,939	2
1980	Total other non-current	8						
	financial assets		12,327,722	2	12,416,790	2	12,320,033	2
1990	Total other non-current assets,							
	others		1,035,455	-	1,199,465	1	3,205,645	-
15XX	Non-current assets		336,498,916	66	398,323,758	70	472,253,557	69
1XXX	Total assets		\$ 508,200,885	100	\$ 571,463,157	100	\$ 684,122,786	100

(Continued)

INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
YEARS ENDED DECEMBER 31
(In Thousands of New Taiwan Dollars)

	Liabilities and Equity	Notes	December 31, 2013		December 31, 2012		January 1, 2012	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current Liabilities								
2100	Short-term borrowings	6(13)	\$ 31,179,767	6	\$ 45,521,548	8	\$ 84,193,661	12
2110	Short-term notes and bills payable	6(14)	-	-	699,430	-	2,298,527	-
2120	Financial liabilities at fair value through profit or loss - current	6(2)	689,097	-	1,238,305	-	73,656	-
2170	Accounts payable		65,435,586	13	81,501,720	14	99,946,999	15
2180	Accounts payable - related parties	7	8,756,243	2	13,714,317	3	19,407,765	3
2200	Other payables	7 and 9	20,372,113	4	20,953,991	4	22,190,872	3
2230	Current income tax liabilities		454,482	-	423,071	-	296,366	-
2250	Provisions for liabilities - current	6(19)	2,292,511	1	1,134,776	-	506,397	-
2320	Total long-term liabilities, current portion	6(16)	169,097,708	33	70,649,844	13	189,328,035	28
2399	Other current liabilities, others		2,309,244	-	1,729,937	-	1,139,365	-
21XX	Current Liabilities		300,586,751	59	237,566,939	42	419,381,643	61
Non-current liabilities								
2500	Financial liabilities at fair value through profit or loss - noncurrent	6(2)	-	-	289	-	-	-
2510	Derivative financial liabilities for hedging - noncurrent	6(5)	21,918	-	391,630	-	736,952	-
2530	Corporate bonds payable	6(15)	-	-	-	-	2,000,000	-
2540	Long-term borrowings	6(16)	-	-	152,097,405	27	52,925,910	8
2570	Deferred income tax liabilities	6(29)	909,708	-	1,088,566	-	519,578	-
2600	Other non-current liabilities	6(17) and 9	12,104,654	3	8,961,303	1	10,274,500	2
25XX	Non-current liabilities		13,036,280	3	162,539,193	28	66,456,940	10
2XXX	Total Liabilities		313,623,031	62	400,106,132	70	485,838,583	71
Equity attributable to owners of the parent								
Share capital		6(20)						
3110	Share capital - common stock		91,094,288	18	79,129,708	14	73,129,708	11
Capital surplus		6(18)(21)						
3200	Capital surplus		96,058,741	19	119,677,980	21	191,846,638	28
Retained earnings		6(22)						
3310	Legal reserve		2,328,981	-	2,328,981	-	2,328,981	-
3350	Total unappropriated retained earnings (accumulated deficit)		5,092,716	1	(27,308,220)	(5)	(69,283,833)	(10)
Other equity		6(23)						
3400	Other equity interest		(1,531,497)	-	(4,004,589)	-	(2,216,179)	-
31XX	Equity attributable to owners of the parent		193,043,229	38	169,823,860	30	195,805,315	29
36XX	Non-controlling interest		1,534,625	-	1,533,165	-	2,478,888	-
3XXX	Total equity		194,577,854	38	171,357,025	30	198,284,203	29
New Item		9						
New Item		6(16) and 11						
Total liabilities and equity			\$ 508,200,885	100	\$ 571,463,157	100	\$ 684,122,786	100

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated February 17, 2014.

INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		Year ended December 31			
Items	Notes	2013		2012	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	7	\$ 422,730,500	100	\$ 483,609,931	100
5000 Operating costs	6(7)(27)(28) and 7	(384,971,385)	(91)	(479,109,996)	(99)
5900 Net operating margin		37,759,115	9	4,499,935	1
Operating expenses	6(27)(28)				
6100 Selling expenses		(2,974,223)	(1)	(3,570,998)	(1)
6200 General & administrative expenses		(7,169,974)	(2)	(8,495,887)	(2)
6300 Research and development expenses		(12,265,650)	(3)	(12,182,704)	(2)
6000 Total operating expenses		(22,409,847)	(6)	(24,249,589)	(5)
6900 Operating profit (loss)		15,349,268	3	(19,749,654)	(4)
Non-operating revenue and expenses					
7010 Other income	6(24)	2,627,868	1	3,280,431	1
7020 Other gains and losses	6(2)(3)(8)(9)(12)(25)	(7,166,774)	(2)	(6,030,992)	(1)
7050 Finance costs	6(5)(6)(26)	(5,103,230)	(1)	(8,051,142)	(2)
7060 Share of profit/(loss) of associates and joint ventures accounted for under equity method		(63,779)	-	(262,818)	-
7000 Total non-operating revenue and expenses		(9,705,915)	(2)	(11,064,521)	(2)
7900 Profit (loss) before income tax		5,643,353	1	(30,814,175)	(6)
7950 Income tax expense (benefit)	6(29)	(548,334)	-	646,892	-
8200 Profit (loss) for the year		\$ 5,095,019	1	(\$ 30,167,283)	(6)
Other comprehensive income (net)					
8310 Financial statements translation differences of foreign operations		\$ 2,712,774	1	(\$ 2,962,319)	(1)
8325 Unrealized gain on valuation of available-for-sale financial assets	6(3)	16,772	-	874,320	-
8330 Cash flow hedges	6(5)	79,477	-	226,109	-
8360 Actuarial loss on defined benefit plan	6(17)	(11,870)	-	(583)	-
8370 Share of other comprehensive income of associates and joint ventures accounted for under equity method		36,122	-	(28,085)	-
8399 Income tax relating to the components of other comprehensive income	6(29)	26,242	-	(85,105)	-
8300 Total other comprehensive income for the year		\$ 2,859,517	1	(\$ 1,975,663)	(1)
8500 Total comprehensive income for the year		\$ 7,954,536	2	(\$ 32,142,946)	(7)
Profit (loss) attributable to:					
8610 Owners of the parent		\$ 5,102,568	1	(\$ 29,899,236)	(6)
8620 Non-controlling interest		(7,549)	-	(268,047)	-
New Item		\$ 5,095,019	1	(\$ 30,167,283)	(6)
Other comprehensive income attributable to:					
8710 Owners of the parent		\$ 7,953,076	2	(\$ 31,688,130)	(7)
8720 Non-controlling interest		1,460	-	(454,816)	-
New Item		\$ 7,954,536	2	(\$ 32,142,946)	(7)
Basic earnings per share	6(30)				
9750 Total basic earnings per share		\$ 0.57		(\$ 4.00)	
9850 Total diluted earnings per share		\$ 0.57		(\$ 4.00)	

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated February 17, 2014.

INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity attributable to owners of the parent												Non-controlling interest	Amount
	Capital Reserves				Retained Earnings		Other equity interest							
	Share capital – common stock	Total capital surplus, additional paid-in capital	Change in net equity of associates and joint ventures accounted for under equity method	Employee stock warrants	Capital Surplus, restricted stock	Legal reserve	Total unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges	Other equity – others	Total		
2012														
Balance at January 1, 2012	\$ 73,129,708	\$190,599,266	\$ -	\$1,247,372	\$ -	\$ 2,328,981	(\$69,283,833)	\$ -	(\$ 2,446,219)	\$230,040	\$ -	\$195,805,315	\$2,478,888	\$198,284,203
Stock issued for cash	6,000,000	(600,000)	-	-	-	-	-	-	-	-	-	5,400,000	-	5,400,000
Capital surplus of undistributed earnings	-	(71,983,820)	-	-	-	-	71,983,820	-	-	-	-	-	-	-
Compensation related share based payment	-	42,600	-	348,321	-	-	-	-	-	-	-	390,921	-	390,921
Employee stock options expired	-	7,946	-	(7,946)	-	-	-	-	-	-	-	-	-	-
Changes in net equity of long-term equity investments	-	-	24,241	-	-	-	(108,487)	-	-	-	-	(84,246)	-	(84,246)
Net loss for 2012	-	-	-	-	-	-	(29,899,236)	-	-	-	-	(29,899,236)	(268,047)	(30,167,283)
Other comprehensive income for the period/yearOther comprehensive income for the year	-	-	-	-	-	-	(484)	(2,818,705)	836,706	193,589	-	(1,788,894)	(186,769)	(1,975,663)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(490,907)	(490,907)
Balance at December 31, 2012	<u>\$ 79,129,708</u>	<u>\$118,065,992</u>	<u>\$24,241</u>	<u>\$1,587,747</u>	<u>\$ -</u>	<u>\$ 2,328,981</u>	<u>(\$27,308,220)</u>	<u>(\$ 2,818,705)</u>	<u>(\$ 1,609,513)</u>	<u>\$423,629</u>	<u>\$ -</u>	<u>\$169,823,860</u>	<u>\$1,533,165</u>	<u>\$171,357,025</u>
2013														
Balance at January 1, 2013	\$ 79,129,708	\$118,065,992	\$24,241	\$1,587,747	\$ -	\$ 2,328,981	(\$27,308,220)	(\$ 2,818,705)	(\$ 1,609,513)	\$423,629	\$ -	\$169,823,860	\$1,533,165	\$171,357,025
Capital surplus of undistributed earnings	-	(27,308,220)	-	-	-	-	27,308,220	-	-	-	-	-	-	-
GDR issued for cash	11,250,000	3,269,051	-	-	-	-	-	-	-	-	-	14,519,051	-	14,519,051
Grant restricted stock reclassified to cost	725,260	-	-	-	187,212	-	-	-	-	-	(754,166)	158,306	-	158,306
Compensation related to share-based payment	(10,680)	-	-	-	10,680	-	-	-	-	-	-	-	-	-
Changes in net equity of long-term equity investments	-	42,263	-	147,713	-	-	-	-	-	-	366,898	556,874	-	556,874
Employee stock options expired	-	37,525	-	(37,525)	-	-	-	-	-	-	-	-	-	-
Changes in net equity of long-term equity investments	-	-	32,062	-	-	-	-	-	-	-	-	32,062	-	32,062

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated February 17, 2014.

INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity attributable to owners of the parent												Non-controlling interest	Amount
	Share capital - common stock	Capital Reserves			Retained Earnings			Other equity interest				Total		
		Total capital surplus, additional paid-in capital	Change in net equity of associates and joint ventures accounted for under equity method	Employee stock warrants	Capital Surplus, restricted stock	Legal reserve	Total unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges	Other equity - others			
Net income for 2013	-	-	-	-	-	-	5,102,568	-	-	-	-	5,102,568	(7,549)	5,095,019
Other comprehensive income for the year	-	-	-	-	-	-	(9,852)	2,740,631	65,168	54,561	-	2,850,508	9,009	2,859,517
Balance at December, 2013	<u>\$ 91,094,288</u>	<u>\$ 94,106,611</u>	<u>\$ 56,303</u>	<u>\$ 1,697,935</u>	<u>\$ 197,892</u>	<u>\$ 2,328,981</u>	<u>\$ 5,092,716</u>	<u>(\$ 78,074)</u>	<u>(\$ 1,544,345)</u>	<u>\$ 478,190</u>	<u>(\$ 387,268)</u>	<u>\$ 193,043,229</u>	<u>\$ 1,534,625</u>	<u>\$ 194,577,854</u>

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated February 17, 2014.

INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(In Thousands of New Taiwan Dollars)

	<u>2013</u>	<u>2012</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Consolidated profit (loss) before tax for the year	\$ 5,643,353	(\$ 30,814,175)
Adjustments to reconcile net income to net cash (used in) provided by operating activities		
Income and expenses having no effect on cash flows		
Depreciation and amortization	77,851,438	86,799,064
Compensation related to share-based payment	556,874	390,921
Reversal of allowance for doubtful accounts	453	(56,887)
Evaluation of benefits on financial assets held for trading	(582,748)	15,810
Share of profit (loss) of associates and joint ventures accounted for under equity method	63,779	262,818
(Gain) loss from disposal of investments	(1,977,799)	(361,381)
Gain from disposal of financial assets held for trading	16,024	-
Loss on disposal of property, plant and equipment	138,658	141,544
Impairment loss	921,828	1,002,740
Interest expense	5,051,960	7,535,758
Interest income	(293,741)	(923,971)
Dividend income	(58,897)	(183,630)
Unrealized foreign exchange losses	(310,450)	45,170
Changes in assets/liabilities relating to operating activities		
Net changes in assets relating to operating activities		
Financial assets /liabilities at fair value through profit or loss	(708,952)	1,739,131
Accounts receivable	8,336,807	(8,464,403)
Accounts receivable - related parties	6,500,243	(2,012,451)
Other receivables	734,595	4,054,066
Inventories	(8,456,587)	16,212,381
Prepayments	(226,676)	218,197
Other current assets	(123,046)	469,988
Net changes in liabilities relating to operating activities		
Derivative financial liabilities for hedging	(399,357)	(119,213)
Accounts payable	(16,066,134)	(18,174,274)
Accounts payable - related parties	(4,958,074)	(5,459,615)
Other payables	405,568	(1,442,874)
Provisions for liabilities - current	1,157,735	628,379
Other current liabilities	513,119	581,709
Other non-current liabilities	<u>3,133,498</u>	<u>(1,285,086)</u>
Cash provided by generated from operations	76,863,471	50,799,716
NewItem	<u>(974,312)</u>	<u>(534,284)</u>
Net cash provided by operating activities	<u>75,889,159</u>	<u>50,265,432</u>

(Continued)

INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(In Thousands of New Taiwan Dollars)

	<u>2013</u>	<u>2012</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of available-for-sale financial assets	(\$ 916,909)	\$ -
Payment of bonds payable	-	200,000
Proceeds from disposal of available-for-sale financial assets	3,963,684	877,154
Proceeds from disposal of financial assets carried at cost - noncurrent	192,758	-
Proceeds from disposal of non-current assets held for sale	279,312	-
Acquisition of investments accounted for under equity method	-	(150,692)
Proceeds from disposal of investments accounted for under equity method	136,185	130,005
Proceeds from capital reduction of investments accounted for under equity method	-	22,194
Decrease in other financial assets	941,407	10,969,362
Acquisition of property, plant and equipment	(18,370,343)	(19,804,858)
Proceeds from disposal of property, plant and equipment	1,174,898	2,518,021
Acquisition of intangible assets	(157,781)	-
Decrease (increase) in other non-current assets	29,586	529
Net cash inflow from merger	-	(2,775,400)
Interest received	364,391	1,112,893
Dividend received	201,765	319,737
Net cash used in investing activities	(12,161,047)	(6,581,055)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase (decrease) in short-term loans	(14,499,547)	(29,570,180)
Decrease in short-term bills	(699,430)	(1,599,097)
Increase in long-term loans	-	977,808
Payment of long-term loans	(51,589,030)	(19,528,489)
Payment of bond payable	(2,000,000)	(2,000,000)
Decrease in accrued lease payments	(980,000)	(1,980,000)
Stock issued for cash	14,519,051	5,400,000
Proceeds from issuance of common stock for employee stock options	181,315	-
Proceeds from share reduction of common stock for employee stock options	(8,260)	-
Interest paid	(5,586,134)	(7,675,061)
Net cash used in financing activities	(60,662,035)	(55,975,019)
Effect of changes in foreign currency exchange	173,764	(529,600)
Increase (decrease) in cash and cash equivalents	3,239,841	(12,820,242)
Cash and cash equivalents at beginning of year	40,897,977	53,718,219
Cash and cash equivalents at end of year	<u>\$ 44,137,818</u>	<u>\$ 40,897,977</u>



INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders:

Innolux Corporation

We have audited the accompanying parent company only balance sheets of Innolux Corporation as of January 1, 2012, December 31, 2012, and December 31, 2013, and the related parent company only statements of comprehensive income, the parent company only statements of changes in equity and cash flows for the years ended December 31, 2012, and December 31, 2013. These parent company only financial statements are the responsibility of the Company's management. Our responsibility is to issue a conclusion on these financial statements based on our audits. We did not audit the financial statements of certain Investments accounted for equity method accounted for under the equity method. These Investments accounted for equity method amounted to \$4,778,074,000, \$2,736,102,000 and \$2,618,196,000 as of January 1, 2012, December 31, 2012, and December 31, 2013, respectively, and the related comprehensive income (include share of profit (loss) of associates and joint ventures accounted for using equity method, net and total share of other comprehensive income of associates and joint ventures accounted for using equity method) was loss \$203,347,000 and gain \$451,716,000.

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

In our opinion, based on our audits and the reports of other auditors, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of Innolux Corporation as of January 1, 2012, December 31, 2012 and 2013, and the results of their financial performances and their cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers".

Innolux Corporation's current liabilities have exceeded its current assets by NT\$149,139,242,000 as of December 31, 2013. As set forth in Note 12(4), management has designed a turnaround

plan which aims to improve the Company's operations and financial position.

PricewaterhouseCoopers, Taiwan

February 17 , 2014

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

INNOLUX CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
YEARS ENDED DECEMBER 31
(In Thousands of New Taiwan Dollars)

			December 31, 2013		December 31, 2012		January 1, 2012	
	Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 27,604,892	6	\$ 24,936,316	5	\$ 24,594,328	4
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		227,703	-	68,248	-	639,995	-
1125	Available-for-sale financial	6(3)						
	assets - current		-	-	40,230	-	17,484	-
1170	Accounts receivable, net	6(6)	63,763,265	13	69,222,047	12	52,192,726	8
1180	Accounts receivable - related	7						
	parties		2,409,842	-	12,554,977	2	18,888,171	3
1200	Other receivables	6(6)	609,036	-	786,475	-	2,610,880	1
1210	Other receivables - related	7						
	parties		787,951	-	1,335,842	-	942,260	-
130X	Inventory	6(7)	39,510,209	8	35,377,118	6	50,714,103	8
1410	Prepayments		849,108	-	269,100	-	269,398	-
1460	Non-current assets held for sale	6(12)						
	- net		-	-	-	-	541,633	-
1476	Other current financial assets	8	2,485,841	1	2,547,108	1	3,338,525	1
1479	Other current assets, others		26,684	-	16,812	-	100,740	-
11XX	Current Assets		138,274,531	28	147,154,273	26	154,850,243	25
Non-current assets								
1523	Available-for-sale financial	6(3)						
	assets - noncurrent		1,824,122	-	1,852,935	1	1,580,583	-
1543	Financial assets carried at cost -	6(4)						
	noncurrent		-	-	198,490	-	198,490	-
1550	Investments accounted for	6(8)						
	under equity method		67,860,212	14	67,574,495	12	68,355,315	11
1600	Property, plant and equipment	6(9), 7 and 8	233,557,614	47	287,051,335	52	344,369,258	55
1760	Investment property - net	6(10)	706,850	-	720,023	-	718,874	-
1780	Intangible assets	6(11)	21,114,443	4	22,796,701	4	24,546,275	4
1840	Deferred income tax assets	6(29)	17,835,399	4	17,359,814	3	15,048,359	3
1980	Other non-current financial	8						
	assets		12,327,722	3	12,355,936	2	12,319,333	2
1990	Other non-current assets,							
	others		57,553	-	179,021	-	114,013	-
15XX	Non-current assets		355,283,915	72	410,088,750	74	467,250,500	75
1XXX	Total assets		\$ 493,558,446	100	\$ 557,243,023	100	\$ 622,100,743	100

(Continued)

INNOLUX CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
YEARS ENDED DECEMBER 31
(In Thousands of New Taiwan Dollars)

			December 31, 2013		December 31, 2012		January 1, 2012	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(13)	\$ 1,943,565	-	\$ -	-	\$ 9,981,000	2
2110	Short-term notes and bills payable	6(14)	-	-	699,430	-	1,999,246	-
2120	Financial liabilities at fair value through profit or loss - current	6(2)	689,097	-	1,235,546	-	46,311	-
2170	Accounts payable		29,023,925	6	51,719,716	10	62,300,436	10
2180	Accounts payable - related parties	7	81,977,746	17	89,300,098	16	102,762,436	16
2200	Other payables	7 and 9	14,747,469	3	24,399,808	5	15,797,398	3
2250	Provisions for liabilities - current	6(19)	2,292,511	-	1,134,776	-	506,397	-
2320	Long-term liabilities, current portion	6(16)	155,569,218	32	68,323,741	12	186,324,243	30
2399	Other current liabilities, others		1,170,242	-	1,352,311	-	783,665	-
21XX	Current Liabilities		<u>287,413,773</u>	<u>58</u>	<u>238,165,426</u>	<u>43</u>	<u>380,501,132</u>	<u>61</u>
	Non-current liabilities							
2500	Financial liabilities at fair value through profit or loss - noncurrent	6(2)	-	-	289	-	-	-
2510	Derivative financial liabilities for hedging - noncurrent	6(5)	21,918	-	391,630	-	736,952	-
2530	Corporate bonds payable	6(15)	-	-	-	-	2,000,000	1
2540	Long-term borrowings	6(16)	-	-	138,916,148	25	31,169,610	5
2570	Deferred income tax liabilities	6(29)	909,708	-	1,130,767	-	518,894	-
2670	Other non-current liabilities, others	6(17) and 9	12,169,818	3	8,814,903	2	11,368,840	2
25XX	Non-current liabilities		<u>13,101,444</u>	<u>3</u>	<u>149,253,737</u>	<u>27</u>	<u>45,794,296</u>	<u>8</u>
2XXX	Total Liabilities		<u>300,515,217</u>	<u>61</u>	<u>387,419,163</u>	<u>70</u>	<u>426,295,428</u>	<u>69</u>
	Equity							
	Share capital	6(20)						
3110	Share capital - common stock		91,094,288	18	79,129,708	14	73,129,708	12
	Capital surplus	6(18)(21)						
3200	Capital surplus		96,058,741	19	119,677,980	21	191,846,638	31
	Retained earnings	6(22)						
3310	Legal reserve		2,328,981	1	2,328,981	-	2,328,981	-
3350	Total unappropriated retained earnings (accumulated deficit)		5,092,716	1	(27,308,220)	(5)	(69,283,833)	(11)
	Other equity interest	6(23)						
3400	Other equity interest		(1,531,497)	-	(4,004,589)	-	(2,216,179)	(1)
3XXX	Total equity		<u>193,043,229</u>	<u>39</u>	<u>169,823,860</u>	<u>30</u>	<u>195,805,315</u>	<u>31</u>
	New Item	9						
	New Item	6(16) and 11						
	Total liabilities and equity		\$ 493,558,446	100	\$ 557,243,023	100	\$ 622,100,743	100

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated February 17, 2014.

INNOLUX CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

			Year ended December 31			
			2013		2012	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Sales revenue	7	\$ 419,738,269	100	\$ 471,524,374	100
5000	Operating costs	6(7)(27)(28) and 7	(392,206,451)	(93)	(478,640,532)	(101)
5900	Net operating margin		<u>27,531,818</u>	<u>7</u>	<u>(7,116,158)</u>	<u>(1)</u>
	Operating expenses	6(27)(28)				
6100	Selling expenses		(1,105,609)	-	(1,427,910)	(1)
6200	General & administrative expenses		(3,997,111)	(1)	(4,851,907)	(1)
6300	Research and development expenses		(11,128,979)	(3)	(10,853,307)	(2)
6000	Total operating expenses		(16,231,699)	(4)	(17,133,124)	(4)
6900	Operating profit (loss)		<u>11,300,119</u>	<u>3</u>	<u>(24,249,282)</u>	<u>(5)</u>
	Non-operating income and expenses					
7010	Other income	6(24)	1,222,075	-	1,650,043	-
7020	Other gains and losses	6(2)(3)(8)(9)(12)				
		(25)	(8,950,438)	(2)	(6,097,210)	(1)
7050	Finance costs	6(5)(6)(26)	(4,369,834)	(1)	(5,565,043)	(1)
7070	Share of profit of associates and joint ventures accounted for using equity method, net		<u>5,233,229</u>	<u>1</u>	<u>2,580,530</u>	<u>-</u>
7000	Total non-operating revenue and expenses		(6,864,968)	(2)	(7,431,680)	(2)
7900	Profit (loss) before income tax		<u>4,435,151</u>	<u>1</u>	<u>31,680,962</u>	<u>(7)</u>
7950	Income tax (expense) benefit	6(29)	<u>667,417</u>	<u>-</u>	<u>1,781,726</u>	<u>1</u>
8200	Profit (loss) for the year		<u>\$ 5,102,568</u>	<u>1</u>	<u>(\$ 29,899,236)</u>	<u>(6)</u>
	Other comprehensive income					
8310	Financial statements translation differences of foreign operations		\$ 2,703,765	1	(\$ 2,775,550)	(1)
8325	Unrealized (loss) gain on valuation of available-for-sale financial assets	6(3)	(223,008)	-	275,477	-
8330	Cash flow hedges	6(5)	79,477	-	226,109	-
8360	Actuarial loss on defined benefit plan	6(17)	(11,870)	-	(583)	-
8380	Total share of other comprehensive income of associates and joint ventures accounted for using equity method		275,902	-	568,477	-
8399	Income tax relating to the components of other comprehensive income	6(29)	<u>26,242</u>	<u>-</u>	<u>(82,824)</u>	<u>-</u>
8300	Other comprehensive income for the year		<u>\$ 2,850,508</u>	<u>1</u>	<u>(\$ 1,788,894)</u>	<u>(1)</u>
8500	Total comprehensive income for the year		<u>\$ 7,953,076</u>	<u>2</u>	<u>(\$ 31,688,130)</u>	<u>(7)</u>
	Basic earnings per share	6(30)				
9750	Total basic earnings per share		\$	0.57	(\$	4.00)
9850	Total diluted earnings per share		\$	0.57	(\$	4.00)

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated February 17, 2014.

INNOLUX CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Reserves					Retained Earnings		Other equity interest				
	Share capital – common stock	Total capital surplus, additional paid-in capital	Change in net equity of associates and joint ventures accounted for under equity method	Employee stock warrants	Capital Surplus, restricted stock	Legal reserve	Total unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges	Other equity – others	Amount
<u>2012</u>												
Balance at January 1, 2012	\$ 73,129,708	\$ 190,599,266	\$ -	\$ 1,247,372	\$ -	\$ 2,328,981	(\$ 69,283,833)	\$ -	(\$ 2,446,219)	\$ 230,040	\$ -	\$ 195,805,315
Stock issued for cash	6,000,000	(600,000)	-	-	-	-	-	-	-	-	-	5,400,000
Capital surplus of undistributed earnings	-	(71,983,820)	-	-	-	-	71,983,820	-	-	-	-	-
Compensation related share based payment	-	42,600	-	348,321	-	-	-	-	-	-	-	390,921
Employee stock options expired	-	7,946	-	(7,946)	-	-	-	-	-	-	-	-
Changes in net equity of long-term equity investments	-	-	24,241	-	-	-	(108,487)	-	-	-	-	(84,246)
Net loss for 2012	-	-	-	-	-	-	(29,899,236)	-	-	-	-	(29,899,236)
Other comprehensive income for the year	-	-	-	-	-	-	(484)	(2,818,705)	836,706	193,589	-	(1,788,894)
Balance at December 31, 2012	<u>\$ 79,129,708</u>	<u>\$ 118,065,992</u>	<u>\$ 24,241</u>	<u>\$ 1,587,747</u>	<u>\$ -</u>	<u>\$ 2,328,981</u>	<u>(\$ 27,308,220)</u>	<u>(\$ 2,818,705)</u>	<u>(\$ 1,609,513)</u>	<u>\$ 423,629</u>	<u>\$ -</u>	<u>\$ 169,823,860</u>
<u>2013</u>												
Balance at January 1, 2013	\$ 79,129,708	\$ 118,065,992	\$ 24,241	\$ 1,587,747	\$ -	\$ 2,328,981	(\$ 27,308,220)	(\$ 2,818,705)	(\$ 1,609,513)	\$ 423,629	\$ -	\$ 169,823,860
Capital surplus of undistributed earnings	-	(27,308,220)	-	-	-	-	27,308,220	-	-	-	-	-
GDR issued for cash	11,250,000	3,269,051	-	-	-	-	-	-	-	-	-	14,519,051
Grant restricted stock reclassified to cost	725,260	-	-	-	187,212	-	-	-	-	-	(754,166)	158,306
Compensation related to share-based payment	(10,680)	-	-	-	10,680	-	-	-	-	-	-	-
Changes in net equity of long-term equity investments	-	42,263	-	147,713	-	-	-	-	-	-	366,898	556,874
Employee stock options expired	-	37,525	-	(37,525)	-	-	-	-	-	-	-	-
Changes in net equity of long-term equity investments	-	-	32,062	-	-	-	-	-	-	-	-	32,062
Net income for 2013	-	-	-	-	-	-	5,102,568	-	-	-	-	5,102,568
Other comprehensive income for the year	-	-	-	-	-	-	(9,852)	2,740,631	65,168	54,561	-	2,850,508
Balance at December, 2013	<u>\$ 91,094,288</u>	<u>\$ 94,106,611</u>	<u>\$ 56,303</u>	<u>\$ 1,697,935</u>	<u>\$ 197,892</u>	<u>\$ 2,328,981</u>	<u>\$ 5,092,716</u>	<u>(\$ 78,074)</u>	<u>(\$ 1,544,345)</u>	<u>\$ 478,190</u>	<u>(\$ 387,268)</u>	<u>\$ 193,043,229</u>

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated February 17, 2014.

INNOLUX CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(In Thousands of New Taiwan Dollars)

	<u>2013</u>	<u>2012</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit (loss) before tax for the year	\$ 4,435,151	(\$ 31,680,962)
Adjustments to reconcile net income to net cash (used in) provided by operating activities		
Income and expenses having no effect on cash flows		
Depreciation and amortization	71,068,428	77,078,294
Compensation related to share-based payment	556,874	390,921
Share of profit (loss) of associates and joint ventures accounted for under equity method	(5,233,229)	(2,580,530)
(Gain) loss from disposal of investments	(18,366)	224,892
Impairment loss	204,721	908,696
Loss on disposal of property, plant and equipment	6,065	32,138
Interest income	(112,782)	(77,448)
Dividend income	(43,822)	(67,444)
Interest expense	4,318,564	5,049,659
Unrealized foreign exchange losses	(468,215)	(204,272)
Changes in assets/liabilities relating to operating activities		
Net changes in assets relating to operating activities		
Financial assets /liabilities at fair value through profit or loss	(706,193)	1,761,271
Accounts receivable	5,437,335	(17,029,321)
Accounts receivable - related parties	10,145,135	6,333,194
Other receivables	194,789	1,829,244
Inventories	(4,133,091)	15,336,985
Prepayments	(580,008)	(78,517)
Other current assets	(9,872)	83,928
Net changes in liabilities relating to operating activities		
Derivative financial liabilities for hedging	(290,235)	(119,213)
Accounts payable	(22,695,791)	(10,580,720)
Accounts payable - related parties	(7,322,352)	(13,462,338)
Other payables	(9,287,093)	7,693,298
Provisions for liabilities - current	1,157,735	628,379
Other current liabilities	(248,257)	559,783
Other non-current liabilities	3,361,094	(1,283,677)
Cash provided by generated from operations	<u>49,736,585</u>	<u>40,746,240</u>
Net cash provided by operating activities	<u>49,736,585</u>	<u>40,746,240</u>

(Continued)

INNOLUX CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(In Thousands of New Taiwan Dollars)

	<u>2013</u>	<u>2012</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Other receivables - related parties	\$ 547,891	(\$ 393,582)
Acquisition of available-for-sale financial assets	(292,854)	-
Proceeds from disposal of available-for-sale financial assets	201,107	-
Proceeds from disposal of financial assets carried at cost - noncurrent	192,758	-
Acquisition of investments accounted for under equity method	(1,381,019)	(1,424,520)
Proceeds from disposal of investments accounted for under equity method	3,557	-
Proceeds from capital reduction of investments accounted for under equity method	3,278,146	22,194
Acquisition of property, plant and equipment	(16,072,136)	(16,483,798)
Decrease in other financial assets	877,470	525,399
Proceeds from disposal of property, plant and equipment	111,287	47,502
Decrease (increase) in other non-current assets	(13,819)	3,799
Interest received	113,894	76,456
Dividend received	<u>5,859,537</u>	<u>196,249</u>
Net cash used in investing activities	(<u>6,574,181</u>)	(<u>17,430,301</u>)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase (decrease) in short-term loans	1,943,565	(2,666,215)
Decrease in short-term bills	(699,430)	(1,299,816)
Increase in long-term loans	-	977,808
Payment of long-term loans	(49,210,951)	(16,216,772)
Payment of bond payable	(2,000,000)	(2,000,000)
Decrease in accrued lease payments	(980,000)	(1,980,000)
Stock issued for cash	14,519,051	5,400,000
Proceeds from issuance of common stock for employee stock options	181,315	-
Proceeds from share reduction of common stock for employee stock options	(8,260)	-
Interest paid	(<u>4,239,118</u>)	(<u>5,188,956</u>)
Net cash used in financing activities	(<u>40,493,828</u>)	(<u>22,973,951</u>)
Increase in cash and cash equivalents	2,668,576	341,988
Cash and cash equivalents at beginning of year	<u>24,936,316</u>	<u>24,594,328</u>
Cash and cash equivalents at end of year	<u>\$ 27,604,892</u>	<u>\$ 24,936,316</u>



Attachment 4

INNOLUX CORPORATION

Table of Losses Offsetting of Year 2012

Unit: NT\$

Items	Amount
The losses yet to be compensated at the start of the year	0
Plus: Net loss of this year	(29,205,348,763)
Net value variation of the investee company evaluated under equity method	(108,487,206)
	(29,313,835,969)
Item of losses offsetting	
Legal Reserve	2,328,981,091
Capital Reserve-The premium of ordinary shares	24,979,238,762
The accumulated losses after offsetting	(2,005,616,116)

Chairman:

General Manager:

Senior Accountant:



INNOLUX CORPORATION

Supervisors' Audit Report

The Board of Directors has duly submitted the amendment of table of losses off-setting of year 2012, I, as the supervisor of the Company, has completed the audit and review, and had found nothing inconsistent with any of the above. Therefore, I issue this audit report for acknowledgment in accordance with Article 219 of the Company Act.

To

General Shareholders Meeting of the Company in 2014

Supervisor: Lin, Ren-Guang

Date: March 25, 2014



INNOLUX CORPORATION

Supervisors' Audit Report

The Board of Directors has duly submitted the amendment of table of losses off-setting of year 2012, I, as the supervisor of the Company, has completed the audit and review, and had found nothing inconsistent with any of the above. Therefore, I issue this audit report for acknowledgment in accordance with Article 219 of the Company Act.

To

General Shareholders Meeting of the Company in 2014

Supervisor: Chen, Yi-Fang

Date: March 25, 2014



INNOLUX CORPORATION

Supervisors' Audit Report

The Board of Directors has duly submitted the amendment of table of losses off-setting of year 2012, I, as the supervisor of the Company, has completed the audit and review, and had found nothing inconsistent with any of the above. Therefore, I issue this audit report for acknowledgment in accordance with Article 219 of the Company Act.

To

General Shareholders Meeting of the Company in 2014

Supervisor: I-Chen Investment Ltd.

Representative: Te-Tsai Huang

Date: March 25, 2014

Attachment 5

INNOLUX CORPORATION

The Profit Distribution Table of Year 2013

Unit: NT\$

Item	Amount	Explanation
Accumulated loss at the start of the year	(2,005,616,116)	
Adjustments of first-time adoption of International Financial Reporting Standards	2,005,616,116	
Ajusted accumulated loss at the start of the year	0	
Ajusted retained earnings of year 2013	(9,852,220)	
Ajusted accumulated loss	(9,852,220)	
Profit after tax of Year 2013	5,102,567,772	
Minus: Legal reserve (10%)	(509,271,555)	
Minus: Sepecial reserve	(1,144,228,508)	
Profit distributable	3,439,215,489	
Distribution Item		
Cash dividends to sharholders	90,496,032	To distribute NT\$ 0.01 per share
Subtotal of dividends to shareholders	90,496,032	
Unappropriated retained earnings to date	3,348,719,457	

Note 1: To appropriate remuneration of the directors and supervisors at the amount of NT\$90,587 and the employee bonus at the amount of NT\$ 343,921,549 according to the Articles of Incorporation.

Note 2: In considering the related rules prescribed under the Articles of Incorporation and to encourage our employee, it is proposed to distribute employee bonus and remuneration of the directors and supervisors of the year of 2013, the total distributed amount has a difference of NT\$ 167,791,294 between the estimated listed expenses of the year of 2013. Such difference will be handled by changes in accounting estimate and will be listed as the expense of the year of 2014 after such proposal has been passed and resolved by the shareholders meeting.

Chairman:

General Manager:

Senior Accountant:

Attachment 6

Comparative table for Amendments to Articles of Incorporation

Article No.	The current Article	The Amended Article	Reasons for Amendment
Article 4	The registered capital of the Company shall be one hundred and ten billion (NT\$110,000,000,000), divided into eleven billion (11,000,000,000) shares (of which five billion to be reserved for the use of employees' share subscription warrants), and may issue special shares, with a par value of ten New Taiwan Dollars, to authorize Board of Directors at their discretion to issue separately ordinary shares or special shares.	The registered capital of the Company shall be one hundred and twenty billion (NT\$120,000,000,000), divided into twelve billion (12,000,000,000) shares (of which five billion to be reserved for the use of employees' share subscription warrants), and may issue special shares, with a par value of ten New Taiwan Dollars, to authorize Board of Directors at their discretion to issue separately ordinary shares or special shares.	For the operational purpose, to revise the registered capital.
Article 26	This Articles of Incorporation was made by all promoters on November 21, 2002. The first amendment was made on March 21, 2003, the second amendment was made on May 19, 2004, the third amendment was made on December 10, 2004, the fourth amendment was made on June 28, 2005, the fifth amendment was made June 16, 2006. The sixth amendment was made on June 13, 2007. The seventh amendment was made on June 13, 2008. The eighth amendment was made on June 19, 2009. The ninth amendment was made on January 6, 2010. The tenth amendment was made on June 29, 2010. The eleventh amendment was made on June 28, 2011. The twelfth amendment was made on June 29, 2012. The thirteenth amendment was made on November 14, 2012.	This Articles of Incorporation was made by all promoters on November 21, 2002. The first amendment was made on March 21, 2003, the second amendment was made on May 19, 2004, the third amendment was made on December 10, 2004, the fourth amendment was made on June 28, 2005, the fifth amendment was made June 16, 2006. The sixth amendment was made on June 13, 2007. The seventh amendment was made on June 13, 2008. The eighth amendment was made on June 19, 2009. The ninth amendment was made on January 6, 2010. The tenth amendment was made on June 29, 2010. The eleventh amendment was made on June 28, 2011. The twelfth amendment was made on June 29, 2012. The thirteenth amendment was made on November 14, 2012. <u>The fourteenth amendment was made on June 19, 2014.</u>	Explanation on the amendment history of the Articles of Incorporation

Attachment 7

Comparative table for Amendments to Operating Procedure Governing the Acquisition and Disposal of Assets

Article No.	The current Article	The Amended Article	Reasons for Amendment
Article 3	Asset Scope 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 and other fixed assets. 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.	Asset Scope 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 <u>(including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory)</u> and <u>equipment</u> . 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	In reference to the amendment of Article 3 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
Article 4	Terms Definition 1. (No amendment to the content) 2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through	Terms Definition 1. (No amendment to the content) 2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed	In reference to the amendment of Article 4 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

	mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 6 of the Company Act. 3. Related party: As defined in the Statement of Financial Accounting Standards No. 6 announced by Accounting Research and Development Foundation (hereinafter refers to as ARDF). 4. Subsidiary: As defined in the Statement of Financial Accounting Standards No. 5 and No. 7 announced by ARDF. 5. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or other fixed asset. 6. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply. 7. Mainland China area investment: Refers to	through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act. 3. Related party <u>or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u> 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 <u>equipment.</u> 5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply. 6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in	
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	investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the	accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.	
Article 7	Operating procedure governing the acquisition and disposal of real property and other fixed asset 1. Evaluation Procedure For the evaluation of the acquisition and disposal of real property and other fixed asset of the Company, the asset responsible department shall proceed with feasibility evaluation report and to be reviewed and signed by the business executives department. Such acquisition and disposal may be conducted after the approval according to the “Rules of Level of Authority” according to the Company. 2. Operating procedure for the acquisition and disposal of real property and other fixed assets (I) In acquiring or disposing of real property or other fixed assets where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on rented land, engaging others to build on its own land, or acquiring or disposing of equipment for business use, shall obtain an report prior to the date of occurrence of the event from a professional appraisal institute and shall further comply with the following provisions: 1. Where due to special circumstances it is	Operating procedure governing the acquisition and disposal of real property and <u>equipments</u> 1. Evaluation Procedure For the evaluation of the acquisition and disposal of real property and <u>equipments</u> of the Company, the asset responsible department shall proceed with feasibility evaluation report and to be reviewed and signed by the business executives department. Such acquisition and disposal may be conducted after the approval according to the “Rules of Level of Authority” according to the Company. 2. Operating procedure for the acquisition and disposal of real property and <u>equipments</u> (I) In acquiring or disposing of real property or <u>equipments</u> where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on rented land, engaging others to build on its own land, or acquiring or disposing of equipment for business use, shall obtain an <u>appraisal</u> report prior to the date of occurrence of the event from a professional <u>appraiser</u> and shall further comply with the following provisions:	In reference to the amendment of Article 9 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

	necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. 2. Where the transaction amount is 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 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 Accounting Research and Development Foundation 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	1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. 2. Where the transaction amount is 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 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 (ARDE) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: (1) The discrepancy	
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	20 percent or more of the transaction amount. (2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent 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; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. (II) After the acquisition of the assets, it shall register, administer, and use according to the Fixed Asset Management Operating Procedure. 3. The determination procedure of transaction term and the amount of authority delegated (1) Method of Price Determination and References For acquiring or disposing of real property or other fixed assets, the department which propose to such demand shall submitted the explanation the reasons, the referring current assessed value, actual real estate transaction price nearby, etc for signed and approval, and the price shall be determined after price inquiring, price negotiation, or bidding. (2) The degree of authority delegated (i) In acquiring or disposing	between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. (2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent 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; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. (II) After the acquisition of the assets, it shall register, administer, and use according to the Fixed Asset Management Operating Procedure. 3. The determination procedure of transaction term and the amount of authority delegated (1) Method of Price Determination and References For acquiring or disposing of real property or equipments, the department which propose to such demand shall submitted the explanation the reasons, the referring current assessed value, actual real estate transaction price nearby, etc for signed and approval, and the price shall be determined after price inquiring, price negotiation, or	
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	of real property or other fixed assets, where the transaction amount less than or equal to NT\$300 million, to grant the responsible unit to make a decision; where the transaction amount more than NT\$300 million, such transaction shall be submitted to the board of directors for approval before entering into this transaction. (ii) However, if the asset type to be acquired or disposed is for business-use machinery and equipment, and the transaction party is not a related party, the procedure shall be processed according to the Level of Authority. (iii) When entering into purchase contract with the opposite party, in order to cooperate with the business requirement and for the sake of efficiency, the board of directors may authorize the Chairman to approve, after approval the contract can be entered into in advance, and after the occurrence of the transaction, subsequently to submit it for rectification by the last board of directors meeting. 4.Transaction Procedure The transaction procedure of the Company in acquiring or disposing of real property and other fixed assets shall proceed according to fixed asset cycle related procedure of the internal control system.	bidding. (2) The degree of authority delegated (i) In acquiring or disposing of real property or <u>equipments</u>, where the transaction amount less than or equal to NT\$300 million, to grant the responsible unit to make a decision; where the transaction amount more than NT\$300 million, such transaction shall be submitted to the board of directors for approval before entering into this transaction. (ii) However, if the asset type to be acquired or disposed is for business-use <u>equipment</u>, and the transaction party is not a related party, the procedure shall be processed according to the Level of Authority. (iii) When entering into purchase contract with the opposite party, in order to cooperate with the business requirement and for the sake of efficiency, the board of directors may authorize the Chairman to approve, after approval the contract can be entered into in advance, and after the occurrence of the transaction, subsequently to submit it for rectification by the last board of directors meeting. 4.Transaction Procedure The transaction procedure of the Company in acquiring or disposing of real property and <u>equipments</u> shall proceed according to fixed asset cycle related procedure of the internal control system.	
Article 8	Operating procedure governing	Operating procedure governing	In reference to the

	the acquisition and disposal of securities 1. Evaluation Procedure (1) The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. (2) If the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission of the Administrative Yuan. (3) For acquiring or disposing of the securities traded on the exchanged or OTC market, the price shall be decided by the current price of the stock or	the acquisition and disposal of securities 1. Evaluation Procedure (1) The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. (2) If the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission. (3) For acquiring or disposing of the securities traded on the exchanged or OTC market, the price shall be decided by the current price of the stock or bond.	amendment of Article 10 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
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	bond. (4) For acquiring or disposing of the securities note traded on the exchanged or OTC market, it is required to submit the reference or calculation basis of the transaction price and transaction terms to the Board of Directors for approval and further handling. (No amendment to the content below, omitted)	(4) For acquiring or disposing of the securities note traded on the exchanged or OTC market, it is required to submit the reference or calculation basis of the transaction price and transaction terms to the Board of Directors for approval and further handling. (No amendment to the content below, omitted)	
Article 9	Operating procedure governing the acquisition and disposal of intangible assets For evaluation of the acquisition and disposal of intangible assets of the Company, the proposed department shall proceed with feasibility evaluation report and to submit and report to the intellectual property department. 1. Operation Procedure For the acquisition and disposal of intangible assets, the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, 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 Auditing Standards No. 20 published by the ARDF. 2. The procedure for deciding the transaction terms and amount of authority delegated (1) Price determination method and reference basis: The proposed department to submit and report the market trading price of similar type of the intangible assets and to engage professional	Operating procedure governing the acquisition and disposal of intangible assets For evaluation of the acquisition and disposal of intangible assets of the Company, the proposed department shall proceed with feasibility evaluation report and to submit and report to the intellectual property department. 1. Operation Procedure For the acquisition and disposal of intangible assets, the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, <u>except in transactions with a government 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 Auditing Standards No. 20 published by the ARDF. 2. The procedure for deciding the transaction terms and amount of authority delegated (1) Price determination method and reference basis: The proposed department to submit and report the market	In reference to the amendment of Article 11 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

	appraisal institute for issuing report. (No amendment to the content below, omitted)	trading price of similar type of the intangible assets and to engage professional <u>appraiser</u> for issuing <u>appraisal</u> report. (No amendment to the content below, omitted)	
Article 10	Related party transaction 1. Regarding the Company's acquisition or disposition of the assets with the related party, other than handling according to the procedure in relation to real estates prescribed under Article 7, it is also required to follow the related decision making procedure and transaction reasonableness evaluation process set forth below. For transaction amount reaching 10 percent of the total assets of the Company, it is required to obtain appraisal report issued by the professional appraiser or CPA's opinion according to the preceding Paragraph. In addition, when judging whether the transaction counterparty is a related party, other than taking notice to its legal forms, the actual relationship shall also be included into consideration. 2. Evaluation and operation procedure When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more,	Related party transaction 1. Regarding the Company's acquisition or disposition of the assets with the related party, other than handling according to the procedure in relation to real estates prescribed under Article 7, it is also required to follow the related decision making procedure and transaction reasonableness evaluation process set forth below. For transaction amount reaching 10 percent of the total assets of the Company, it is required to obtain appraisal report issued by the professional appraiser or CPA's opinion according to <u>Article 7, Article 8, and Article 9 hereof.</u> <u>For the calculation of 10 percent of total assets under the preceding Section, the total assets stated in the most recent parent company only financial report or individual financial report of the Company shall be used.</u> In addition, when judging whether the transaction counterparty is a related party, other than taking notice to its legal forms, the actual relationship shall also be included into consideration. 2. Evaluation and operation procedure When the Company intends to acquire or dispose of real property	In reference to the amendment of Article 14, Article 15, and Article 33-2 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

	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 under Subsection (1) and (4), Section 3 of this Article. (4) The date and price at which the related party originally acquired the real property, the original trading counterparty, 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, and 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 obtained in compliance with the preceding article. (7) Restrictive covenants	from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, <u>except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds</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. <u>It is also required to consider the opinion of each independent director, the dissenting opinion or reserving opinion of the independent directors shall be clearly stated in the meeting minutes of the board of directors:</u> (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 under Subsection (1) and (4), Section 3 of this	
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	and other important stipulations associated with the transaction. 3. The appraisal of the reasonableness of the transaction cost (No amendment from (1) to (5)below, omitted) (6) 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 Section 1 and Section 2 of this Article in relation to evaluation and operation procedure and (1), (2), (3) of Section 3 of this Article in relation to appraisal of the reasonableness of the transaction cost do not apply: (i) The related party acquired the real property through inheritance or as a gift. (ii) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction. (iii) The real property is acquired through signing of a joint development contract with the related party. (7) If there is any evidence showing that the Company's acquisition of real property from the related party does not conform to the regular business practice, it shall be handled according to (5) of Section 3 of this Article.	Article. (4) The date and price at which the related party originally acquired the real property, the original trading counterparty, 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, and 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 obtained in compliance with the preceding article. (7) Restrictive covenants and other important stipulations associated with the transaction. 3. The appraisal of the reasonableness of the transaction cost (No amendment from (1) to (5)below, omitted) (6) 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 Section 1 and Section 2 of this Article in relation to evaluation and operation procedure and (1), (2), (3) of Section 3 of this Article in relation to appraisal of the reasonableness of the transaction cost do not apply: (i) The related party	
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	4. With respect to the acquisition or disposal of business-use machinery equipment between the Company and its subsidiaries, the Company's board of directors may delegate the board chairman to decide such matters and have the decisions subsequently submitted to and ratified by the next board of directors meeting.	acquired the real property through inheritance or as a gift. (ii) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction. (iii) The real property is acquired through signing of a joint development contract with the related party, <u>or through engaging a related party to build real property, either on the company's own land or on rented land.</u> (7) If there is any evidence showing that the Company's acquisition of real property from the related party does not conform to the regular business practice, it shall be handled according to (5) of Section 3 of this Article. 4. With respect to the acquisition or disposal of business-use equipment between the Company and its subsidiaries, the Company's board of directors may delegate the board chairman to decide such matters <u>within the amount of NT\$600 million</u> and have the decisions subsequently submitted to and ratified by the next board of directors meeting.	
Article 13	Procedure of Public Disclosure of Information 1. Deadline for Public Announcement and Report The Company acquiring or disposing of assets which reaches the items to be announced or transaction amount standards prescribed	Procedure of Public Disclosure of Information 1. Deadline for Public Announcement and Report The Company acquiring or disposing of assets which reaches the items to be announced or transaction	In reference to the amendment of Article 30 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

	under Section 2 of this Article shall publicly announce and report the relevant information on the FSC's designated website within 2 days commencing immediately from the date of occurrence of the event. 2. The Items and Standards Required for Public Announcement and Report (1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase or resale agreements. (2) Merger, demerger, acquisition, or transfer of shares. (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. (4) Where 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 reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: A. Trading of	amount standards prescribed under Section 2 of this Article shall publicly announce and report the relevant information on the FSC's designated website within 2 days commencing immediately from the date of occurrence of the event. 2. The Items and Standards Required for Public Announcement and Report (1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase, <u>or</u> <u>subscription or redemption of domestic money market funds.</u> (2) Merger, demerger, acquisition, or transfer of shares. (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. (4) Where 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 reaches 20 percent or more of paid-in capital or NT\$300 million;	
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	government bonds. B. Securities trading by investment professionals on foreign or domestic securities exchanges or over the counter markets, or subscription of securities by a securities firm. C. Trading of bonds under repurchase/resale agreements D. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million. E. 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 less than NT\$500 million. (5) The transaction amount prescribed under Paragraph (4) above shall be calculated as below. Also, "within the preceding year" as used in the preceding paragraph refers to the year	provided, this shall not apply to the following circumstances: A. Trading of government bonds. <u>B. Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.</u> <u>C.</u> Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million. <u>E.</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 transaction is less than NT\$500 million. (5) The transaction amount prescribed under Paragraph (4) above shall be calculated as below. Also, "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	
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	preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. A. The amount of any individual transaction. B. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. C. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. (6) The transaction amount set forth in Article 7, Article 8, and Article 9 shall be calculated and handled under the preceding Paragraph. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction.	with these Regulations need not be counted toward the transaction amount. A. The amount of any individual transaction. B. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. C. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. (6) The transaction amount set forth in Article 7, Article 8, and Article 9 shall be calculated and handled under the preceding Paragraph. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items which obtained appraisal report issued by the professional appraiser or CPA's opinion according to the Operational Procedure	
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	Items which obtained appraisal report issued by the professional appraiser or CPA's opinion need not be counted toward the transaction amount. 3. (No amendment to the content , omitted)	need not be counted toward the transaction amount. 3.(No amendment to the content , omitted)	
Article 14	Related Rules of Acquisition and Disposal of Assets by Subsidiary 1. (No amendment to the content , omitted) 2.(No amendment to the content , omitted) 3. If the subsidiary is non-public company, the assets acquired or disposed reach the standards to be announced or reported set forth in Article 12 of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, the Company shall announce and report for the subsidiary. 4.(No amendment to the content , omitted)	Related Rules of Acquisition and Disposal of Assets by Subsidiary 1.(No amendment to the content , omitted) 2.(No amendment to the content , omitted) 3. If the subsidiary is non-public company, the assets acquired or disposed reach the standards to be announced or reported set forth in <u>Article 30 and Article 31</u> of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, the Company shall announce and report for the subsidiary. 4.(No amendment to the content , omitted)	To review the error of the Article number under Paragraph 3.
Article 16	Enforcement and Amendment 4.—After this Procedure has been resolved by the Board of Directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. 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. In addition, where the position of independent director has been created in the Company, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors, the board of directors shall take into full	Enforcement and Amendment After this Procedure has been resolved by the Board of Directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. 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. <u>Also</u>, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.	Revise according to the Company's practice.

	consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. 2. This Procedures was made on May 19, 2004. The first amendment was made on June 16, 2006. The second amendment was made on June 19, 2007. The third amendment was made on June 29, 2010. The fourth amendment was made on June 19, 2011.		
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