

【Translation】



Stock Code: 8299

PHISON ELECTRONICS CORP. Handbook for the 2014 Annual Meeting of Shareholders

Time: June 17, 2014

Location: 1F Meeting Room, No. 1-1, Qun Yi Rd., Jhunan, Miaoli, Taiwan

【Important Disclaimer】

(This HANDBOOK FOR THE 2013 ANNUAL MEETING OF SHAREHOLDERS has been translated into English from the original Chinese version prepared and used in the Republic of China, and this English version was only for reference.)

TABLE OF CONTENTS

I. Meeting Procedure	1
II. Meeting Agenda.....	2
III. Company Reports.....	3
IV. Accept Items	5
V. Motions to be discussed and Election	9
VI. Extemporaneous Motions	17
VII. Attachments	17
【 ATTACHMENT 1 】 THE BUSINESS OPERATION REPORT OF YEAR 2013	18
【 ATTACHMENT 2 】 SUPERVISORS' REVIEW REPORT	22
【 ATTACHMENT 3 】 INFORMATION OF INVESTMENT IN MAINLAND CHINA.....	23
【 ATTACHMENT 4 】 FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS OF YEAR 2013.....	24
【 ATTACHMENT 5 】 THE AMENDMENT COMPARISON TABLE FOR THE ARTICLES OF THE CORPORTION	39
【 ATTACHMENT 6 】 THE AMENDMENT COMPARISON TABLE FOR THE “PROCEDURE OF ACQUISITION AND DISPOSAL OF ASSETS” AND “PROCEDURE OF ENGAGING IN DERIVATIVES TRADING” ...	41
VIII. APPENDIX	
【 APPENDIX 1 】 RULES OF PROCEDURE FOR SHAREHOLDER MEETINGS	66
【 APPENDIX 2 】 RULES FOR ELECTION OF DIRECTORS AND SUPERVISORS.....	71
【 APPENDIX 3 】 ARTICLES OF INCOPRORATION	74
【 APPENDIX 4 】 PROCEDURE OF ACQUISITION AND DISPOSAL OF ASSETS (ORIGINAL)	80
【 APPENDIX 5 】 PROCEDURE OF ENGAGING IN DERIVATIVES TRADING (ORIGINAL).....	98
【 APPENDIX 6 】 THE EXPLAIN TABLE OF EMPLOYEES BONUS AND THE COMPENSATION OF DIRECTORS AND	

SUPERVISORS	103
【APPENDIX 7】PHISON ELECTRONICS CORP. SHAREHOLDING OF DIRECTORS AND SUPERVISORS.....	104
【APPENDIX 8】THE EFFECT FOR THE COMPANY’S OPERATING PERFORMANCE, EPS AND ROE CHANGED IN 2014 BY THE STOCK DIVIDEND DISTRIBUTION OF 2013 WHICH PROPOSED TO BE DISCUSSED AT THE SHAREHOLDERS MEETING.....	105
【APPENDIX 9】OTHER EXPLANATION ITEMS.....	105

Phison Electronics Corporation
Procedure for the 2014 Annual Meeting of
Shareholders

Call the Meeting to Order

Chairperson Remarks

Company Reports

Matters to be accepted

Motions to be discussed and Election

Extemporaneous Motions

Adjournment

Phison Electronics Corporation

Year 2014

Agenda of Annual Meeting of Shareholders

Time: 9:00 AM on Tuesday, June 17, 2014

Place: 1F Meeting Room, No. 1-1, Qun-Yi Road., Jhunan, Miaoli, Taiwan

Call the Meeting to Order.

Chairperson Remarks

Company Reports

1. 2013 Business Report.
2. Supervisor' Review Report on the 2013 Financial Statements.
3. Implementation of Investments in the PRC.

Matters to be accepted

1. Adoption of the 2013 Business Report and Financial Statements.
2. Adoption of the Proposal of Distribution of 2013 Profits.

Motions to be discussed and Election

1. Amendment to the partial articles of the Articles of the Corporation.
2. Proposal for a cash offering by private placement.
3. Amendment to the "Procedure of Acquisition and Disposal of Assets" and "Procedure of Engaging in Derivatives Trading".
4. To elect the new Directors and Supervisors.
5. To release the Directors' non-compete restrictions.

Extemporaneous motions

Adjournment

Company Reports

Report No. 1

2013 Business Reports.

Explanation:

The 2013 Business Report is attached as page.18~21, Attachment 1.

Report No. 2

Supervisor's Review Report on the 2013 Financial Statements.

Explanation:

The Financial Statements of 2013, Nonconsolidated Financial Statements (Including Nonconsolidated Balance Sheet, Nonconsolidated Statements Of Income, Nonconsolidated Statement Of Changes In Shareholders' Equity and Nonconsolidated Statements Of Cash Flows) and Consolidated Financial Statements (Including Consolidated Balance Sheets, Consolidated Statements of Comprehensive Income, Consolidated Statement Of Changes in Equity and Consolidated Statement of Cash Flow) were audited by CPA, incorporated with the annual business operation report and the earning distribution of 2013 were reviewed by the supervisors. Please refer to attachment 2 (page 22) of the Supervisors' review report which submit according to the Article 219 of Company Law.

Report No. 3

Implementation of Investments in the PRC.

Explanation:

Until 2013/12/31, the Company had through the subsidiary in Samoa "GLOBAL FLASH LIMITED" invested "群鴻科技(深圳)有

限公司”(Phisontech (Shenzhen) Limited). The total amount of investment is U.S. \$790,000 the same as 2012. Please refer to attachment 3 (page 23).

Matters to be accepted

1. **Proposed by the Board**

Proposal:

Adoption of the 2013 Business Report and Financial Statements, please be accepted.

Explanation:

- (1) Phison Electronics Company's Financial Statements of 2013, Nonconsolidated Financial Statements (Including Nonconsolidated Balance Sheet, Nonconsolidated Statements Of Income, Nonconsolidated Statement Of Changes In Shareholders' Equity and Nonconsolidated Statements Of Cash Flows) and Consolidated Financial Statements (Including Consolidated Balance Sheets, Consolidated Statements of Comprehensive Income, Consolidated Statement Of Changes in Equity and Consolidated Statement of Cash Flow), were audited by independent auditors, Mrs. Wang En Wen(王儀雯) and Mr. Fan Yu Wei(范有偉) of Deloitte & Touche. Also Business Report and Financial Statements have been approved by the Board and examined by the supervisors of the Company.
- (2) The 2013 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached in the Meeting Agenda, attachment 1 (page18~21) and attachment 4 (page24~38).

Resolution:

2.

Proposed by the Board

Proposal:

Adoption of the Proposal for Distribution of 2013 Profits, please be accepted.

Explanation:

(1) The net profit after taxes of the Company for Year 2013 are NT\$ NT\$3,170,542,617. The Company prepared the proposal regarding the distribution of profits for Year 2013 according to the rules of the Articles of the Corporation. The table of earnings distribution of the Company for Year 2013 is proposed as below :

**Phison Electronics Corporation
PROFIT DISTRIBUTION TABLE
Year 2013**

(Unit: NTD \$)

Items	Total
Beginning retained earnings	4,398,314,514
Less: Using the IFRSs affect the amount of undistributed earnings (Remark 1)	17,952,030
Beginning retained earnings after adjusted	4,380,362,484
Add: Actuarial gain arising from defined benefit plans of Year 2013	531,961
Retained earnings after adjusted	4,380,894,445
Add: net profit after tax of Year 2013	3,170,542,617
Less: 10% legal reserve	317,054,262
Less: Setting aside the special reserve under the law	2,239,962
Distributable net profit	7,232,142,838
Distributable items:	
Dividend to shareholders-Cash(Distributed NT\$10 per share)	1,804,739,930
Unappropriated retained earnings	5,427,402,908
Remark:	

1. This number is using the IFRSs affect the amount of undistributed earnings until 12.31.2012. (Including the company first time using the IFRSs affect the amount of undistributed earnings on Jan. 1. 2012 and the IFRSs and ROC GAAP difference for retained earnings.) Regard to the undistributed earnings adjust, please refer to our financial statement of year 2013.
2. Compensation of directors and supervisors : NT\$22,068,080
Employee bonus sharing : NT\$380,000,000.
3. Total Distributable Amount : NT\$2,206,808,010
 - A. Compensation of directors and supervisors : NT\$22,068,080 is 1% of total distribution amount.
 - B. Employee bonus sharing : NT\$380,000,000 is 17.22% of total distribution amount.
 - C. Dividend to shareholders : NT\$1,804,739,930 is 81.78% of total distribution amount.

Director :

Manager :

Financial Manager :

(2) The shareholder cash dividends of NT\$1,804,739,930 are allotted to the shareholders recorded on the shareholders' register roster on the Base Day for cash dividend distribution and are distributed in proportion to the amount of their shares hold. The proportion is NT\$10 for every share. The above distributed amount per share for Shareholder Dividend was calculated based on the total actual outstanding common shares of the Company as of March 26, 2014 180,473,993 shares. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date and other relevant issues. In addition, in case that the actual total outstanding shares of the Company on Base Day for cash dividend distribution(Ex-Dividend) changes, the Board of Directors be authorized to adjust the cash to be distributed to each share based on the number of actual shares outstanding on the record date for distribution. Regarding the actual list of distributing cash bonuses to employees will be decided by

authorized management and will be carry out after approving by the Remuneration Committee of the Company.

Resolution:

Motions to be discussed and Election

1.

Proposed by the Board

Proposal:

Amendment to the partial articles of the Articles of the Corporation, please be discussed.

Explanation:

In order to meet the requirements of business operation, the company will revisions the partial articles of the Articles of the Corporation. Regarding the revised articles of the Articles of the Corporation, please refer to Attachment 5 (page 39~40) amendment comparison table for the Articles of the Corporation.

Resolution:

2.

Proposed by the Board

Proposal:

Proposal for a cash offering by private placement, please be discussed.

Explanation:

1. In order to introduce of the strategic investors and to strengthen the long-term business relationship with the strategic partners, to contribute the Company's business development and meet the requirements of the Company's operation plan, after considering the timeliness and simplification of raising the capital and bringing in the strategic investors, we proposed to conduct the private placements of new common shares with specific subscribers according to the Article 43-6 of Securities and Exchange Act and related regulations. The Company proposed to issue not more than 50,000,000 new shares of privately placed shares, and the new issued capital of the Company will not be increased more than

NT\$500,000,000. The face value per share is NT\$10, and all new shares are common shares.

2. According to the Article 43-6 of Securities and Exchange Act and Directions for Public Companies Conducting Private Placements of Securities, the explanations are as below:

(1) The basis and rationale for the setting of the price:

A. For setting the offering price of privately placed shares, the offering price shall be not lower than 80% of the higher price of the following two calculations:

(a) The simple average closing price of the common shares of the Company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.

(b) The simple average closing price of the common shares of the Company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.

B. The final date of price determination date and final price of privately placed shares was authorized the board directors to decide according to the condition of the actual specific subscribers and market situation.

C. The method of setting the offering price is based on the rules of Directions for Public Companies Conducting Private Placements of Securities, and because the privately placed shares can't be freely transferred within three years and considering the business benefit from cooperating with the strategic partners, so the method of setting the offering price is rational.

(2) The means of selecting the specified persons:

A. The Company will decide the actual specific subscribers according to the regulations of the Article 43-6 of Securities and Exchange Act and other related regulations, and will be limited to the strategic investors.

B. The subscriber will be limited to the strategic investors:

- (a) The method and objectives of selecting the subscriber: The Company will choose the strategic investors who can provide assistance to the Company in terms of enlarged market, or increased product efficiency, or enhanced skills.
- (b) The necessity for that selection: The Company can enhance long-term competitiveness and operational efficiency of the Company through the business cooperation of strategic investors, so it's necessary.
- (c) The anticipated benefits: With the advantage of the strategic investors' experience, products technology, knowledge, brand reputation and market access, such as through strategic cooperation and joint product development, integrated marketing, or business development and cooperation are expected to help the Company to reduce product costs, improve product technology, expand the sales market, to enhance the Company's future operating performance.

C. There are no confirmed subscribers now.

(3) The reasons necessitating the private placement.

- A. The reasons for the necessity for conducting the private placement, specify the reasons for not using a public offering : Considering the capital market conditions, the issue costs, timeliness and feasibility of financing by way of private placement, as well as the method of private placement have the characteristics of quick and simple procedure of offering new shares and the limitation of transferring shares for 3 years, that can more ensure the long-term relationship with the strategic partners. So, we decided to conduct the method of private placement instead of the public offering.
- B. The limit on the private placement: Issue not more than 50,000,000 new shares.
- C. The use of the funds raised by the private placement and the anticipated benefits : This private placement of new common

shares may be carried out in 1~3 times in installments (not more than 3 times).

Carried out times	The use of the funds raised	Anticipated benefits
carried out 1 times	With the industrial big plant for the strategy partner, simultaneously enriches transport business circulating capital and needs in accordance to the company long-term transport business development.	Reduces management risk the company, the strengthened finance structure, will promote this company future benefit of the transport business achievements.
carried out 1~2 times	2 times all "With the industrial big plant for the strategy partner, simultaneously enriches transport business circulating capital and needs in accordance to the company long-term transport business development."	2 times all "Reduces management risk the company, the strengthened finance structure, will promote this company future benefit of the transport business achievements."
carried out 1~3 times	3 times all "With the industrial big plant for the strategy partner, simultaneously enriches transport business circulating capital and needs in accordance to the company long-term transport business development."	3 time all "Reduces management risk the company, the strengthened finance structure, will promote this company future benefit of the transport business achievements."

(4) There is no significant change in managerial control within the 1 year period immediately preceeding the day on which the board of directors resolves on this private placement plan. And the Company proposed to issue not more than 50,000,000 new shares of privately placed shares that will be within 22% of the new total capital after conducting this private placement plan, that will have a positive contribution to the Company's business development. The Company expected there will be not have significant change in managerial control after the introduction of strategic investor through private placement.

(5) Other items:

A. In principle, the right and the obligation of the privately placed new shares are equivalent to the common shares which have been issued by the Company. However,

according to the Article 43-8 of Securities and Exchange Act, the privately placed shares may not be sold within three full years since the delivery date of the shares. After three years since the delivery date of the shares, the Company will arrange with the chief authorities for a public offering and listing on the stock market for the privately placed shares, according to the regulations of Securities and Exchange Act and other related regulations.

B. After the related items of private placement of new common shares being agreed by the shareholders meeting, the Board of Directors will be fully authorized to handle and execute the whole plan and the other matters concerned or any items need be changed.

C. In addition to above authorization, the shareholders would authorize the Chairman to sign, negotiate changes to all relevant contracts and documents of the private placement of new shares, and handle all related items of issue the privately placed new shares.

(6) According to the Securities Future Investors Protection Center Letter bearing reference number 2014.4.21 Zheng Ba Far 1031000920, the explanations as follows:

To strengthen and engage in a marketing and technology cooperation or alliance with major companies for leading technologies and more market shares, and meanwhile for the long-term cooperation with the strategic partners. The Company proposed to engage with strategic investors through private placement of issuing common shares to supplement the Company's operating and market development.

Though, in the consolidated balance sheets in 2013 cash and cash equivalents is NT\$7,533,236 thousands on December 31, 2013 and Net cash provided by operating activities is positive NT\$1,282,474

thousands in consolidated statements of cash flows. For cash and cash equivalents, NT\$2,206,808 thousands for dividends to shareholders, bonus to employees and remuneration to directors and supervisors, the balance of NT\$5,326,428 thousands is for normal operation using, which is 1.99 times to monthly average net revenues. Besides for the Company to well prepare for a more prosperous industry and to enhance competitiveness to keep the leadership in Flash industry, the Company plans to mass the investments of products research and development to speed the production of profitable new products. By introducing conducive strategic investors, the Company will expand its product lines and markets; hence the Company should raise funds to meet the future operation needs.

There is no significant change in managerial control within the 1 year period immediately preceeding the day on April 11, 2014 board of directors resolves on this private placement plan. And the Company proposed to issue not more than 50,000,000 new shares of privately placed shares that will be within 22% of the new total capital after conducting this private placement plan, will be carried out in 1~3 times in installments and hope can raise the change of different strategic investors, and dispersed subscription object of this private placement, reduce the probability of a result of the private placement and the right to operate significant changes to ensure that existion shareholders' equity. The future of the company looking for a strategice investor will be raised prior consultation with the subscribers, with the right to operate without a significant change occurs in that will have a positive contribution to the Company's business development. The Company expected there will be not have significant change in managerial control after the introduction of strategic investor through private placement.

Resolution:

3.

Proposed by the Board

Proposal:

Amendment to the “Procedure of Acquisition and Disposal of Assets” and “Procedure of Engaging in Derivatives Trading”.

Explanation:

- (1) According to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and the needs of the Company’s operation, the Company proposed to revise partial articles of “Procedure of Acquisition and Disposal of Assets” and “Procedure of Engaging in Derivatives Trading”.
- (2) Please refer to Attachment 6 (page 41~65) amendment comparison table for the “Procedure of Acquisition and Disposal of Assets” and “Procedure of Engaging in Derivatives Trading”.

Resolution:

4.

Proposed by the Board

Proposal:

To elect the new Directors and Supervisors

Explanation:

- (1) The three-year term of 7 directors and 3 supervisors of the Board will be end on June 14 2014. Accordingly, the company proposes to duly elect new Board members at this year's Annual Meeting of Shareholders.
- (2) According to Article 13 of the Articles of the Corporation, the shareholders’ meeting shall elect 7 directors and 3 supervisors.

Their three-year term will start from June 17, 2014 and conclude on June 16, 2017.

- (3) According to Article 13-1 of the Articles of the Corporation, a total of 2 independent directors shall be elected from the nomination list prepared by the company. The qualification of the 2 nominated independent directors has been reviewed by the Board meeting on March 26 2014. Personal information of the 2 nominees is as follows:

No.	Name	Shareholding	Education、Experience and Present position
1	王淑芬	0	<p>學歷：美國休士頓大學 財務博士</p> <p>經歷：國立交通大學財務金融研究所 副教授(1993 年至今)</p> <p>國立交通大學資訊與財金管理系,系主任 (2006 年 8 月至 2008 年 7 月)</p> <p>美國 Beta Gamma Sigma 榮譽會員 (2007 年 12 月至今)</p> <p>中華企業評價學會,理事 (2007 年 12 月至今)</p> <p>新竹市有線電視,審議委員 (2005 年至今)</p> <p>中華民國證券分析師(1985 年 12 月至今)</p> <p>中華企業評價學會 理事 (2009 年至今)</p> <p>台揚科技股份有限公司監察人(2010 年 6 月 迄今)</p> <p>卓偉光電股份有限公司獨立董事 (2010 年 6 月迄今)</p> <p>帛漢股份有限公司獨立董事(2013 年 6 月迄今)</p>
2	王震華	0	<p>學歷：交通大學電子工程學系</p> <p>政治大學企家班</p> <p>經歷：廣達電腦執行長</p> <p>廣達電腦總經理</p> <p>毅嘉、精英上市櫃公司董事</p> <p>鎧勝、新普上市櫃公司獨立董事</p>

Voting

5.

Proposed by the Board

Proposal:

To release the Directors' non-compete restrictions

Explanation:

- (1) According to the Item 1 of Article 209 of Company Laws, a director who does anything for himself or on behalf of another

person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.

- (2) Due to the Directors of the Company may invest or operate other companies which operate in the same or similar scope of the Company's business and act as the directors of these companies, in order to match the actual business need, the Company proposed to release the Directors' non-compete restrictions, as long as such release does not cause the infringement and damage of Company's benefit due to the director's personal conflict of interests.

Resolution:

Extemporaneous Motions

Attachments

【Attachment 1】

Phison Electronics Corporation 2013 Business Report

一、經營方針及實施概況：

面對民國 102 年快閃記憶體產品產業的快速變化，是充滿挑戰的一年，如同群聯電子在 102 年定下的經營精神代表字「拼了」，群聯電子在全體同仁的努力不懈下，在 102 年度再度於營業獲利上締造佳績，本公司 102 年度合併營業收入為新台幣 321.7 億元，合併稅後淨利為新台幣 31.7 億元，合併每股稅後盈餘新台幣 17.57 元。

民國 102 年度，面對快閃記憶體應用產品終端市場的不斷改變與擴展，本公司除了在原主要產品線隨身碟及快閃記憶卡各方面產品，持續不斷投入開發作創新升級，以快速滿足市場需求，更加強投入在創新產品線 SSD 產品及 eMMC 產品線等各式內建式快閃記憶體應用產品上的設計開發，並積極擴張銷售市場版圖，使得出貨金額持續成長，102 年度在 SSD 相關控制晶片及成品的整體出貨金額較前一年度成長約 53%，在內建式快閃記憶體應用產品控制晶片模組的整體出貨金額較前一年度成長約 57%，在市場銷售版圖持續提高產品市佔率。

展望今年，群聯將因應產業結構性調整及 Flash 產品應用趨勢，將快速提升製程技術，同時持續開發新客源並擴大市場佔有率，降低對單一產業市場的過分依賴，將擴大新製程研發的投資，提供多元多樣化的應用產品。面對快閃記憶體的終端應用產品持續推陳出新，NAND Flash 控制晶片應用的擴張發展，群聯將在各種內建式 NAND Flash 應用產品上繼續開發出創新的應用控制晶片並提供系統整合應用設計服務及產品，將持續針對智慧型手機及平板電腦等手持裝置開發內嵌式新一代高速 eMMC 控制晶片，另針對 PC、Ultrabook、工業電腦市場及企業級高速儲存需求市場持續開發創新 SSD 系統產品，以提供符合市場快速變化所需的 Total Solution 技術與服務因應市場的快速變化，加深市場競爭力，持續拓展市場版圖。

在營運策略方面，本公司將以穩健擴張的方式持續推動群聯集團的成長。對內，本公司持續強化專業研發團隊的研發強度及技術質量，並繼續提升內部營運流程的效率與客戶服務品質，並適時適當擴增國內外營運據點，以增強成長動能；對外，將持續善用策略聯盟方式進行縱向的資源整合與橫向的擴張以強化市場競爭力，本公司將縝密佈局國內外市場，拓展更廣闊的應用產品及銷售通路，朝多元化的市場版圖伸展，持續創造競爭優勢，以達公司永續穩定經營的目標。

二、一〇二年度營業成果：

（一）營業成果說明：

（1）合併營業收入：

本公司 102 年度合併營業收入淨額為新台幣 32,173,947 仟元，較 101 年度 33,091,069 仟元減少 917,122 仟元，減少 2.77%。

(2)合併稅後淨利：

本公司 102 年度合併稅後淨利 3,170,543 仟元，較 101 年度 2,693,632 仟元增加 476,911 仟元，增加 17.71%。

(二)、預算執行情形：本公司 102 年度未公開財務預測，故無須公開揭露預算執行情形。

(三)、營業收支及獲利能力分析

(1)合併營業收支狀況

單位：新台幣仟元

項目	一〇二年度	一〇一年度	增(減)金額	變動比例(%)
營業收入	32,173,947	33,091,069	(917,122)	(2.77%)
營業毛利	5,719,929	5,027,916	692,013	13.76%
營業淨利	3,413,687	3,161,088	252,599	7.99%
營業外收入及支出	343,963	(97,766)	441,729	(451.82%)
稅後淨利	3,170,543	2,693,632	476,911	17.71%

(2)合併營業獲利能力

項		目	一〇二年度	一〇一年度
財務結構	負債佔資產比率(%)		29.46	29.20
	長期資金佔固定資產比率(%)		881.91	887.43
償債能力	流動比率(%)		304.44	309.16
	速動比率(%)		235.17	264.14
	利息保障倍數(次)		1,147.32	1,074.71
經營能力	應收款項週轉率(次)		8.11	7.77
	平均收現日數(日)		45.00	46.97
	存貨週轉率(次)		8.46	13.33
	平均銷貨日數(日)		43.14	27.38
	固定資產週轉率(次)		21.63	25.06
	總資產週轉率(次)		1.72	2.00
獲利能力	資產報酬率(%)		17.04	16.35
	股東權益報酬率(%)		24.09	23.34
	占實收資本比率(%)	營業利益	189.15	174.58
		稅前純益	208.21	169.18
	純益率(%)		9.85	8.14
	每股盈餘(元)		17.57	14.99
現金流量	現金流量比率(%)		21.26	72.51

	現金流量允當比率(%)	106.11	132.77
	現金再投資比率(%)	(1.44)	19.16

(四)、研究發展狀況

(1)最近二年度研究發展費用

民國 102 及 101 年度合併研發費用分別為 1,627,333 仟元及 1,207,744 仟元，佔各該年度合併營業收入比例為 5.06% 和 3.65%。且截至 102 年底，本公司已取得各國專利權核准達 550 件。

(2)研發成果

102 年度成功開發推出下列產品，頗受市場好評，包括：

- a. 可支援 1xnm 製程及 x3 NAND Flash 之 USB 2.0 隨身碟、記憶卡之控制晶片及系統產品。
- b. 針對智慧型手機、電子書及平板電腦等手持裝置開發內嵌式新一代高速 eMMC 控制晶片。
- c. 針對 PC、Ultrabook、低價電腦及工業電腦市場開發整合 SATA SSD 控制晶片及 1.8/2.5 吋 SSD 系統產品。
- d. 針對平板電腦、低價電腦開發 SATA SSD 控制晶片和快閃記憶體之 SiP 及 mSATA/Slim Type SSD Module 系統產品。
- e. USB 3.0 控制晶片及 USB 3.0 超高速隨身碟與 USB 3.0 SSD 相關應用產品。
- f. 支援先進資料加/解密演算法之 NAND Flash 控制晶片。
- g. 其他內嵌式 Flash 應用產品之控制晶片。

(3)本公司根據市場需求走勢、產業競爭態勢及新產品計劃推出時程等考量，103 年度計畫新開發或持續升級之產品線如下：

- a. 針對智慧型手機、電子書及平板電腦等手持裝置開發內嵌式新一代高速 eMMC 控制晶片。
- b. 針對下一代手持通訊裝置開發支援 UFS 介面之快閃記憶體控制晶片。
- c. 針對 PC、Ultrabook、低價電腦及工業電腦市場開發支援 MLC/TLC 之 SATA SSD 控制晶片及 1.8/2.5 吋 SSD 系統產品。
- d. 針對平板電腦、低價電腦開發整合 SATA SSD 控制晶片和快閃記憶體之 SiP 及 mSATA/M.2/Slim Type SSD Module 系統產品。
- e. 針對企業級高速儲存需求開發 PCI Express 介面之 SSD 產品。
- f. USB 3.0 控制晶片及 USB 3.0 超高速隨身碟與 USB 3.0 SSD 相關應用產品。
- g. 針對微軟可攜式運算方案開發支援 WTG 之 USB3.0 控制晶片。
- h. 針對高階相機市場開發之 UHS-I/UHS-II SDXC 控制晶片與高速 UHS-I/UHS-II SDXC 記憶卡。
- i. 支援先進資料加/解密演算法之 eMMC 控制晶片。

- j. 支援 RTOS 之高運算能力記憶卡控制單晶片。
- k. 其他內嵌式 Flash 應用產品之控制晶片。

群聯電子股份有限公司

董事長 潘健成

總經理 歐陽志光

會計主管 邱淑華

【Attachment 2】

Supervisors' Review Report

To:

The 2014 regular shareholders meeting of Phison Electronics Corp.

The Board of Directors has prepared the Company's 2013 Business Report, Consolidated and Nonconsolidated Financial Statements (Including Balance Sheets, Statements of Comprehensive Income, Statements of Changes In Equity, Statements of Cash Flows). The CPA firm of Deloitte & Touche was retained to audit Phison's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Consolidated and Nonconsolidated Financial Statements and profit distribution proposal have been reviewed and determined to be correct and accurate by accountants of Wang En Wen and Fan You Wei. According to Article of 219 of the Company Law, we hereby submit this report.

Phison Electronics Corp.

Supervisor: I.Y Yang

Supervisor: Jeo Wang

Supervisor: Yang-Bin Shen

Date: March 28, 2014

【 Attachment 3 】

PHISON ELECTRONICS CORP. AND SUBSIDIARIES
INFORMATION OF INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2013	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2013	Percentage of Ownership	Investment (Loss) Income (Note 2)	Carrying Value as of December 31, 2013	Accumulated Inward Remittance of Earnings as of December 31, 2013
					Outflow	Inflow					
Phisontech (Shenzhen) Limited	Design, R&D, import and export storage devices and electronics	US\$ 790 (NT\$23,006)	2	US\$ 790 (NT\$23,006)	\$ -	\$ -	US\$ 790 (NT\$23,006)	100.00	(NT\$(7,637))	NT\$16,357	\$ -

Investee Company	Accumulated Investment in Mainland China as of December 31, 2013	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3)
Phisontech (Shenzhen) Limited	US\$ 790 (NT\$23,006)	US\$ 790 (NT\$23,006)	NT\$ 8,413,218

Note 1: Indirectly invested in China company through third region Company Global Flash Limited.

Note 2: Amount was recognized based on the audited financial statements.

Note 3: The limit of investment in Mainland China based on Regulations governing the Approval of Investments on Technical Corporation in Mainland China is 60% of net asset value, $\$14,022,030 \times 60\% = \$8,413,218$.

【Attachment 4】

【FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS OF YEAR 2013】

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2013 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Accounting Standard 27 “Consolidated and Separate Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

PHISON ELECTRONICS CORP.

KHEIN SENG PUA
Chairman

March 26, 2014

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Phison Electronics Corp.

We have audited the accompanying consolidated balance sheets of Phison Electronics Corp. (the "Corporation") and its subsidiaries as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Phison Electronics Corp. and its subsidiaries as of December 31, 2013, December 31, 2012 and January 1, 2012, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2013 and 2012, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission (FSC) of the Republic of China.

We have also audited the financial statements of the parent company, Phison Electronics Corp., as of and for the years ended December 31, 2013 and 2012, on which we have issued an unqualified report.

March 26, 2014

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and consolidated financial statements shall prevail.

PHISON ELECTRONICS CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 7,759,683	39	\$ 8,533,067	49	\$ 6,328,282	40
Financial assets at fair value through profit or loss - current (Notes 7 and 27)	1,759,347	9	514,477	3	558,667	4
Debt investments with no active market - current (Notes 8 and 30)	69,514	-	29,330	-	5,211	-
Notes and accounts receivable						
Third parties (Note 9)	3,515,918	18	3,736,932	22	3,669,033	23
Related parties (Notes 9 and 28)	339,343	2	336,211	2	767,942	5
Other receivables (Note 9)	192,044	1	119,981	1	178,906	1
Current tax assets (Note 23)	56,877	-	-	-	-	-
Inventories (Note 10)	4,022,821	20	2,226,334	13	1,981,121	13
Prepayments (Note 16)	10,177	-	41,495	-	417,294	3
Other current assets	<u>372</u>	<u>-</u>	<u>36,868</u>	<u>-</u>	<u>6,266</u>	<u>-</u>
Total current assets	<u>17,726,096</u>	<u>89</u>	<u>15,574,695</u>	<u>90</u>	<u>13,912,722</u>	<u>89</u>
NONCURRENT ASSETS						
Available-for-sale financial assets - noncurrent (Notes 11 and 27)	-	-	-	-	969	-
Financial assets measured at cost - noncurrent (Note 12)	142,345	1	148,904	1	131,374	1
Investments accounted for by the equity method (Note 13)	191,675	1	90,562	-	161,748	1
Property, plant and equipment (Note 14)	1,589,946	8	1,384,882	8	1,255,621	8
Intangible assets (Note 15)	110,861	-	59,403	-	52,388	-
Deferred tax assets (Note 23)	119,058	1	100,889	1	75,007	1
Guarantee deposits paid	830	-	830	-	540	-
Prepayments for investments (Note 12)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
Total noncurrent assets	<u>2,154,715</u>	<u>11</u>	<u>1,785,470</u>	<u>10</u>	<u>1,692,647</u>	<u>11</u>
TOTAL	<u>\$ 19,880,811</u>	<u>100</u>	<u>\$ 17,360,165</u>	<u>100</u>	<u>\$ 15,605,369</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 17)	\$ 89,415	-	\$ 261,360	2	\$ 302,750	2
Notes and accounts payable						
Third parties	1,813,806	9	2,186,555	13	2,312,486	15
Related parties (Note 28)	1,561,886	8	749,758	4	478,963	3
Other payables (Note 18)	1,532,205	8	1,321,107	8	1,252,009	8
Current tax payable (Note 23)	574,591	3	371,672	2	317,439	2
Current provisions (Note 19)	158,166	1	67,150	-	88,796	1
Other current liabilities (Note 18)	<u>92,352</u>	<u>-</u>	<u>80,122</u>	<u>-</u>	<u>45,659</u>	<u>-</u>
Total current liabilities	<u>5,822,421</u>	<u>29</u>	<u>5,037,724</u>	<u>29</u>	<u>4,798,102</u>	<u>31</u>
NONCURRENT LIABILITIES						
Deferred tax liabilities (Note 23)	56	-	-	-	-	-
Accrued pension costs (Note 20)	33,636	-	31,987	-	21,760	-
Guarantee deposits received	<u>2,668</u>	<u>-</u>	<u>472</u>	<u>-</u>	<u>416</u>	<u>-</u>
Total noncurrent liabilities	<u>36,360</u>	<u>-</u>	<u>32,459</u>	<u>-</u>	<u>22,176</u>	<u>-</u>
Total liabilities	<u>5,858,781</u>	<u>29</u>	<u>5,070,183</u>	<u>29</u>	<u>4,820,278</u>	<u>31</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 21 and 22)						
Capital stock						
Common shares	1,804,740	9	1,801,622	11	1,787,532	11
Advance receipts for common shares	<u>-</u>	<u>-</u>	<u>9,051</u>	<u>-</u>	<u>3,779</u>	<u>-</u>
Total capital stock	<u>1,804,740</u>	<u>9</u>	<u>1,810,673</u>	<u>11</u>	<u>1,791,311</u>	<u>11</u>
Capital surplus						
Additional paid-in capital	3,348,929	17	3,326,030	19	3,220,972	21
Employee stock options	-	-	10,010	-	53,975	-
Expired stock options	<u>227</u>	<u>-</u>	<u>178</u>	<u>-</u>	<u>16</u>	<u>-</u>
Total capital surplus	<u>3,349,156</u>	<u>17</u>	<u>3,336,218</u>	<u>19</u>	<u>3,274,963</u>	<u>21</u>
Retained earnings						
Legal reserve	1,318,937	7	1,049,399	6	787,757	5
Special reserve	9,001	-	6,743	-	14,892	-
Unappropriated earnings	<u>7,551,437</u>	<u>38</u>	<u>6,095,950</u>	<u>35</u>	<u>4,922,911</u>	<u>32</u>
Total retained earnings	<u>8,879,375</u>	<u>45</u>	<u>7,152,092</u>	<u>41</u>	<u>5,725,560</u>	<u>37</u>
Other equities						
Exchange differences on translating foreign operations	(11,241)	-	(9,001)	-	(4,912)	-
Unrealized loss on available-for-sale financial assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,831)</u>	<u>-</u>
Total other equities	<u>(11,241)</u>	<u>-</u>	<u>(9,001)</u>	<u>-</u>	<u>(6,743)</u>	<u>-</u>
Total equity attributable to owners of the Parent	<u>14,022,030</u>	<u>71</u>	<u>12,289,982</u>	<u>71</u>	<u>10,785,091</u>	<u>69</u>
TOTAL	<u>\$ 19,880,811</u>	<u>100</u>	<u>\$ 17,360,165</u>	<u>100</u>	<u>\$ 15,605,369</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

PHISON ELECTRONICS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
OPERATING REVENUES (Note 28)				
Gross sales	\$ 32,494,414	101	\$ 33,310,234	101
Less: Sales returns and allowances	<u>339,510</u>	<u>1</u>	<u>278,487</u>	<u>1</u>
Net sales	32,154,904	100	33,031,747	100
Service revenue	<u>19,043</u>	<u>-</u>	<u>59,322</u>	<u>-</u>
Total operating revenues	32,173,947	100	33,091,069	100
OPERATING COSTS (Notes 10, 24 and 28)	<u>26,454,018</u>	<u>82</u>	<u>28,063,153</u>	<u>85</u>
GROSS PROFIT	<u>5,719,929</u>	<u>18</u>	<u>5,027,916</u>	<u>15</u>
OPERATING EXPENSES (Note 24)				
Marketing	317,408	1	348,531	1
General and administrative	361,501	1	310,553	1
Research and development	<u>1,627,333</u>	<u>5</u>	<u>1,207,744</u>	<u>4</u>
Total operating expenses	<u>2,306,242</u>	<u>7</u>	<u>1,866,828</u>	<u>6</u>
OPERATING INCOME	<u>3,413,687</u>	<u>11</u>	<u>3,161,088</u>	<u>9</u>
NONOPERATING INCOME AND EXPENSES				
Other gains and losses (Note 24)	146,674	1	(67,651)	-
Share of gains (losses) of associates	121,854	-	(75,330)	-
Other income (Note 24)	78,713	-	48,068	-
Financial costs	<u>(3,278)</u>	<u>-</u>	<u>(2,853)</u>	<u>-</u>
Total nonoperating income and expenses	<u>343,963</u>	<u>1</u>	<u>(97,766)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	3,757,650	12	3,063,322	9
INCOME TAX EXPENSE (Note 23)	<u>587,107</u>	<u>2</u>	<u>369,690</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>3,170,543</u>	<u>10</u>	<u>2,693,632</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR (NET OF INCOME TAX)				
Exchange differences on translating foreign operations	(2,699)	-	(3,663)	-
Unrealized gain on available-for-sale financial assets	-	-	1,831	-
Actuarial gain (loss) on defined benefit plans	641	-	(9,164)	-

(Continued)

PHISON ELECTRONICS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
Share of other comprehensive loss of associates	\$ -	-	\$ (939)	-
Income tax benefit relating to components of other comprehensive income (Note 23)	<u>350</u>	<u>-</u>	<u>2,071</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(1,708)</u>	<u>-</u>	<u>(9,864)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,168,835</u>	<u>10</u>	<u>\$ 2,683,768</u>	<u>8</u>
NET PROFIT ATTRIBUTED TO:				
Owners of the Parent	<u>\$ 3,170,543</u>	<u>10</u>	<u>\$ 2,693,632</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTED TO:				
Owners of the Parent	<u>\$ 3,168,835</u>	<u>10</u>	<u>\$ 2,683,768</u>	<u>8</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 17.57</u>		<u>\$ 14.99</u>	
Diluted	<u>\$ 17.26</u>		<u>\$ 14.76</u>	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

PHISON ELECTRONICS CORP. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent									Other Equities		
	Capital Stock Issued and Outstanding			Capital Surplus			Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total Equity
	Ordinary Shares	Advance Receipts for Ordinary Shares	Additional Paid in Capital	Employee Stock Options	Expired Stock Options	Legal Reserve	Special Reserve	Unappropriated				
BALANCE AT JANUARY 1, 2012	\$ 1,787,532	\$ 3,779	\$ 3,220,972	\$ 53,975	\$ 16	\$ 787,757	\$ 14,892	\$ 4,922,911	\$ (4,912)	\$ (1,831)	\$ 10,785,091	
Appropriation of 2011 earnings												
Legal reserve	-	-	-	-	-	261,642	-	(261,642)	-	-	-	
Cash dividends - NT\$6.996189 per share	-	-	-	-	-	-	-	(1,259,494)	-	-	(1,259,494)	
Reversal of special reserve	-	-	-	-	-	-	(8,149)	8,149	-	-	-	
Balance after appropriation	1,787,532	3,779	3,220,972	53,975	16	1,049,399	6,743	3,409,924	(4,912)	(1,831)	9,525,597	
Changes in other capital surplus												
Transfer of employee stock options to capital stock on January 13, 2012 - NT\$28.2 per share	180	(507)	605	(278)	-	-	-	-	-	-	-	
Transfer of employee stock options to capital stock on January 13, 2012 - NT\$53.2 per share	615	(3,272)	4,565	(1,908)	-	-	-	-	-	-	-	
Transfer of employee stock options to capital stock on April 27, 2012 - NT\$53.2 per share	11,890	(63,255)	89,649	(38,284)	-	-	-	-	-	-	-	
Transfer of employee stock options to capital stock on August 1, 2012 - NT\$53.2 per share	40	(212)	299	(127)	-	-	-	-	-	-	-	
Transfer of employee stock options to capital stock on August 1, 2012 - NT\$53.2 per share	1,365	(7,030)	9,940	(4,275)	-	-	-	-	-	-	-	
Compensation cost recognized for employee stock options	-	-	-	1,069	-	-	-	-	-	-	1,069	
Advance receipts for common stock - employee stock options	-	79,548	-	-	-	-	-	-	-	-	79,548	
Expired stock options	-	-	-	(162)	162	-	-	-	-	-	-	
Net profit for the year ended December 31, 2012	-	-	-	-	-	-	-	2,693,632	-	-	2,693,632	
Other comprehensive income (loss) for the year ended December 31, 2012, net of income tax	-	-	-	-	-	-	-	(7,606)	(4,089)	1,831	(9,864)	
Total comprehensive income (loss) for the year ended December 31, 2012	-	-	-	-	-	-	-	2,686,026	(4,089)	1,831	2,683,768	
BALANCE AT DECEMBER 31, 2012	1,801,622	9,051	3,326,030	10,010	178	1,049,399	6,743	6,095,950	(9,001)	-	12,289,982	
Appropriation of 2012 earnings												
Legal reserve	-	-	-	-	-	269,538	-	(269,538)	-	-	-	
Cash dividends - NT\$8 per share	-	-	-	-	-	-	-	(1,443,792)	-	-	(1,443,792)	
Special reserve	-	-	-	-	-	-	2,258	(2,258)	-	-	-	
Balance after appropriation	-	-	-	-	-	269,538	2,258	(1,715,588)	-	-	(1,443,792)	
Changes in other capital surplus												
Transfer of employee stock options to capital stock on February 4, 2013 - NT\$51.5 per share	1,757	(9,051)	12,906	(5,612)	-	-	-	-	-	-	-	
Transfer of executed employee stock options to capital stock on February 5, 2013 - NT\$51.5 per share	1,361	-	9,993	(4,349)	-	-	-	-	-	-	7,005	
Expired stock options	-	-	-	(49)	49	-	-	-	-	-	-	
Net profit for the year ended December 31, 2013	-	-	-	-	-	-	-	3,170,543	-	-	3,170,543	
Other comprehensive loss for the year ended December 31, 2013, net of income tax	-	-	-	-	-	-	-	532	(2,240)	-	(1,708)	
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	-	-	3,171,075	(2,240)	-	3,168,835	
BALANCE AT DECEMBER 31, 2013	\$ 1,804,740	\$ -	\$ 3,348,929	\$ -	\$ 227	\$ 1,318,937	\$ 9,001	\$ 7,551,437	\$ (11,241)	\$ -	\$ 14,022,030	

The accompanying notes are an integral part of the consolidated financial statements.

PHISON ELECTRONICS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 3,757,650	\$ 3,063,322
Adjustments for:		
Recognition of provisions	223,065	60,417
Share of (gains) losses of associates	(121,854)	75,330
Depreciation	77,221	63,400
Amortization	72,834	63,064
Interest income	(28,079)	(15,954)
Impairment loss recognized on financial assets measured at cost	24,304	10,443
Unrealized foreign currency exchange loss (gain)	17,012	(41,743)
Transfer of prepayments for equipment to expenses	4,620	174
Interest expense	3,278	2,853
Dividend income	(2,016)	(5,706)
Allowance for bad debts	377	43,132
Gain on disposal of investments	(121)	(284)
Write-down of inventories	24	104
Gain on disposal of property, plant and equipment	-	(3,411)
Share-based payments	-	1,069
Net changes related to operating assets and liabilities		
(Increase) decrease in financial assets at fair value through profit or loss	(1,244,870)	44,190
Decrease in notes and accounts receivable	217,505	320,700
(Increase) decrease in other receivable	(71,198)	58,925
Increase in inventories	(1,796,511)	(245,317)
Decrease in prepayments	424	354,045
Decrease (increase) in other current assets	36,496	(30,602)
Increase in notes and accounts payable	439,379	144,864
Increase in other payables	211,179	69,089
Decrease in provisions	(132,049)	(82,063)
Increase in other current liabilities	9,783	36,662
Increase in accrued pension costs	<u>1,649</u>	<u>10,227</u>
Cash provided by operation	1,700,102	3,996,930
Interest paid	(3,359)	(2,844)
Income tax paid	<u>(458,879)</u>	<u>(340,826)</u>
Net cash provided by operating activities	<u>1,237,864</u>	<u>3,653,260</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(253,612)	(175,482)
Payments for intangible assets	(124,292)	(70,079)
Increase in debt investments with no active market	(40,184)	(24,119)
Interest received	27,214	15,954
Proceeds of the disposal of investment accounted for by the equity method	20,925	-

(Continued)

PHISON ELECTRONICS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	2012
Purchase of financial assets carried at cost	\$ (17,995)	\$ (50,526)
Dividends received	2,016	5,706
Proceeds of the capital reduction of financial assets measured at cost	250	-
Proceeds of the disposal of financial assets measured at cost	-	38,396
Purchase of investment accounted for by the equity method	-	(5,688)
Proceeds of the disposal of property, plant and equipment	-	5,613
Proceeds of the disposal of available-for-sale financial assets	-	2,846
Increase in refundable deposits	<u>-</u>	<u>(290)</u>
Net cash used in investing activities	<u>(385,678)</u>	<u>(257,669)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	(1,443,792)	(1,259,494)
Decrease in short-term borrowings	(171,945)	(41,390)
Transfer of exercised employee stock options to capital stock	7,005	79,548
Increase in guarantee deposits	<u>2,196</u>	<u>56</u>
Net cash used in financing activities	<u>(1,606,536)</u>	<u>(1,221,280)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(19,034)</u>	<u>30,474</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(773,384)</u>	<u>2,204,785</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>8,533,067</u>	<u>6,328,282</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 7,759,683</u>	<u>\$ 8,533,067</u>

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

會計師查核報告

群聯電子股份有限公司 公鑒：

群聯電子股份有限公司民國 102 年 12 月 31 日、民國 101 年 12 月 31 日及 1 月 1 日之個體資產負債表，暨民國 102 年及 101 年 1 月 1 日至 12 月 31 日之個體綜合損益表、個體權益變動表與個體現金流量表，業經本會計師查核竣事。上開個體財務報表之編製係管理階層之責任，本會計師之責任則為根據查核結果對上開個體財務報表表示意見。

本會計師係依照會計師查核簽證財務報表規則及一般公認審計準則規劃並執行查核工作，以合理確信個體財務報表有無重大不實表達。此項查核工作包括以抽查方式獲取個體財務報表所列金額及所揭露事項之查核證據、評估管理階層編製個體財務報表所採用之會計原則及所作之重大會計估計，暨評估個體財務報表整體之表達。本會計師相信此項查核工作可對所表示之意見提供合理之依據。

依本會計師之意見，第一段所述個體財務報表在所有重大方面係依照證券發行人財務報告編製準則編製，足以允當表達群聯電子股份有限公司民國 102 年 12 月 31 日、民國 101 年 12 月 31 日及 1 月 1 日之個體財務狀況，暨民國 102 年及 101 年 1 月 1 日至 12 月 31 日之個體財務績效及個體現金流量。

群聯電子股份有限公司民國 102 年度個體財務報告重要會計項目明細表，主要係供補充分析之用，亦經本會計師採用第二段所述之查核程序予以查核。據本會計師之意見，該等明細表在所有重大方面與第一段所述個體財務報表相關資訊一致。

勤業眾信聯合會計師事務所
會計師 王 儀 雯

會計師 范 有 偉

行政院金融監督管理委員會核准文號
金管證審字第 0980032818 號

財政部證券暨期貨管理委員會核准文號
台財證六字第 0920123784 號

中 華 民 國 103 年 3 月 26 日

群聯電子股份有限公司

個體資產負債表

民國 102 年 12 月 31 日暨民國 101 年 12 月 31 日及 1 月 1 日

單位：新台幣仟元

代碼	資 產	102年12月31日		101年12月31日		101年1月1日	
		金 額	%	金 額	%	金 額	%
	流動資產						
1100	現金及約當現金（附註六）	\$ 7,533,236	38	\$ 8,385,981	48	\$ 6,278,584	40
1110	透過損益按公允價值衡量之金融資產－流動（附註七及二七）	1,731,919	9	486,752	3	558,667	4
1147	無活絡市場之債券投資－流動（附註八及三十）	69,514	-	20,229	-	5,211	-
1170	應收票據及帳款淨額（附註九）	3,492,155	18	3,734,753	22	3,669,033	23
1180	應收票據及帳款－關係人淨額（附註九及二八）	351,072	2	340,727	2	767,942	5
1200	其他應收款（附註九）	185,114	1	119,928	1	178,807	1
1220	當期所得稅資產（附註二三）	56,877	-	-	-	-	-
1310	存貨（附註十）	4,021,433	20	2,225,838	13	1,981,021	13
1410	預付款項（附註十六）	9,896	-	41,465	-	417,277	3
1479	其他流動資產	285	-	36,832	-	6,220	-
11XX	流動資產總計	<u>17,451,501</u>	<u>88</u>	<u>15,392,505</u>	<u>89</u>	<u>13,862,762</u>	<u>89</u>
	非流動資產						
1523	備供出售金融資產－非流動（附註十一及二七）	-	-	-	-	969	-
1543	以成本衡量之金融資產－非流動（附註十二）	96,642	-	103,201	1	119,739	1
1550	採用權益法之投資（附註十三）	512,792	3	315,938	2	222,341	1
1600	不動產、廠房及設備（附註十四）	1,586,275	8	1,383,120	8	1,255,621	8
1780	無形資產（附註十五）	110,861	-	59,403	-	52,388	-
1840	遞延所得稅資產（附註二三）	119,058	1	100,889	-	75,007	1
1920	存出保證金	579	-	698	-	529	-
1960	預付投資款（附註十二）	-	-	-	-	15,000	-
15XX	非流動資產總計	<u>2,426,207</u>	<u>12</u>	<u>1,963,249</u>	<u>11</u>	<u>1,741,594</u>	<u>11</u>
1XXX	資 產 總 計	<u>\$ 19,877,708</u>	<u>100</u>	<u>\$ 17,355,754</u>	<u>100</u>	<u>\$ 15,604,356</u>	<u>100</u>
	負債及權益						
	流動負債						
2100	短期借款（附註十七）	\$ 89,415	-	\$ 261,360	2	\$ 302,750	2
2170	應付票據及帳款	1,813,671	9	2,186,102	13	2,312,486	15
2180	應付票據及帳款－關係人（附註二八）	1,561,183	8	749,462	4	479,009	3
2200	其他應付款（附註十八）	1,529,417	8	1,318,674	8	1,251,537	8
2230	當期所得稅負債（附註二三）	573,770	3	371,390	2	317,354	2
2250	負債準備－流動（附註十九）	158,166	1	67,150	-	88,796	1
2300	其他流動負債（附註十八）	93,712	-	79,165	-	45,157	-
21XX	流動負債總計	<u>5,819,334</u>	<u>29</u>	<u>5,033,303</u>	<u>29</u>	<u>4,797,089</u>	<u>31</u>
	非流動負債						
2640	應計退休金負債（附註二十）	33,636	-	31,987	-	21,760	-
2645	存入保證金	2,708	-	482	-	416	-
25XX	非流動負債總計	<u>36,344</u>	<u>-</u>	<u>32,469</u>	<u>-</u>	<u>22,176</u>	<u>-</u>
2XXX	負債總計	<u>5,855,678</u>	<u>29</u>	<u>5,065,772</u>	<u>29</u>	<u>4,819,265</u>	<u>31</u>
	權益（附註二一及二二）						
	股 本						
3110	普通股股本	1,804,740	9	1,801,622	11	1,787,532	11
3140	預收股本	-	-	9,051	-	3,779	-
3100	股本總計	<u>1,804,740</u>	<u>9</u>	<u>1,810,673</u>	<u>11</u>	<u>1,791,311</u>	<u>11</u>
	資本公積						
3210	資本公積－發行溢價	3,348,929	17	3,326,030	19	3,220,972	21
3271	資本公積－員工認股權	-	-	10,010	-	53,975	-
3272	資本公積－已失效認股權	227	-	178	-	16	-
3200	資本公積總計	<u>3,349,156</u>	<u>17</u>	<u>3,336,218</u>	<u>19</u>	<u>3,274,963</u>	<u>21</u>
	保留盈餘						
3310	法定盈餘公積	1,318,937	7	1,049,399	6	787,757	5
3320	特別盈餘公積	9,001	-	6,743	-	14,892	-
3350	未分配盈餘	7,551,437	38	6,095,950	35	4,922,911	32
3300	保留盈餘總計	<u>8,879,375</u>	<u>45</u>	<u>7,152,092</u>	<u>41</u>	<u>5,725,560</u>	<u>37</u>
	其他權益						
3410	國外營運機構財務報表換算之兌換差額	(11,241)	-	(9,001)	-	(4,912)	-
3425	備供出售金融資產未實現損益	-	-	-	-	(1,831)	-
3400	其他權益總計	<u>(11,241)</u>	<u>-</u>	<u>(9,001)</u>	<u>-</u>	<u>(6,743)</u>	<u>-</u>
3XXX	權益總計	<u>14,022,030</u>	<u>71</u>	<u>12,289,982</u>	<u>71</u>	<u>10,785,091</u>	<u>69</u>
	負 債 與 權 益 總 計	<u>\$ 19,877,708</u>	<u>100</u>	<u>\$ 17,355,754</u>	<u>100</u>	<u>\$ 15,604,356</u>	<u>100</u>

請參閱財務報表之附註。

董事長：潘健成

經理人：歐陽志光

會計主管：邱淑華

群聯電子股份有限公司

個體綜合損益表

民國 102 年及 101 年 1 月 1 日至 12 月 31 日

單位：除每股盈餘為新台幣
元外，係新台幣仟元

代 碼		102年度		101年度	
		金	額 %	金	額 %
	營業收入（附註二八）				
4110	銷貨收入	\$ 32,472,347	101	\$ 33,298,537	101
4190	減：銷貨退回與折讓	<u>339,766</u>	<u>1</u>	<u>278,484</u>	<u>1</u>
4100	銷貨收入淨額	32,132,581	100	33,020,053	100
4610	勞務收入	<u>33,049</u>	<u>-</u>	<u>60,629</u>	<u>-</u>
4000	合 計	32,165,630	100	33,080,682	100
5000	營業成本（附註十、二四及 二八）	<u>26,438,694</u>	<u>82</u>	<u>28,052,605</u>	<u>85</u>
5900	營業毛利	<u>5,726,936</u>	<u>18</u>	<u>5,028,077</u>	<u>15</u>
	營業費用（附註二四）				
6100	推銷費用	321,508	1	350,551	1
6200	管理費用	342,037	1	298,187	1
6300	研究發展費用	<u>1,616,703</u>	<u>5</u>	<u>1,192,040</u>	<u>3</u>
6000	合 計	<u>2,280,248</u>	<u>7</u>	<u>1,840,778</u>	<u>5</u>
6900	營業淨利	<u>3,446,688</u>	<u>11</u>	<u>3,187,299</u>	<u>10</u>
	營業外收入及支出				
7020	其他利益及損失（附註 二四）	143,840	1	(67,304)	-
7070	採用權益法之子公司及 關聯企業（損）益份 額	103,762	-	(100,864)	(1)
7010	其他收入（附註二四）	65,599	-	46,736	-
7050	財務成本	(<u>3,278</u>)	-	(<u>2,853</u>)	-
7000	合 計	<u>309,923</u>	<u>1</u>	(<u>124,285</u>)	(<u>1</u>)

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代 碼		102年度		101年度	
		金 額	%	金 額	%
7900	稅前淨利	\$ 3,756,611	12	\$ 3,063,014	9
7950	所得稅費用 (附註二三)	<u>586,068</u>	<u>2</u>	<u>369,382</u>	<u>1</u>
8200	本期淨利	<u>3,170,543</u>	<u>10</u>	<u>2,693,632</u>	<u>8</u>
	其他綜合損益 (淨額)				
8325	備供出售金融資產未實現評價 (損) 益	-	-	1,831	-
8360	確定福利計畫精算利益 (損失)	641	-	(9,164)	-
8380	採用權益法之子公司及關聯企業之其他綜合損失之份額	(2,699)	-	(4,602)	-
8399	與其他綜合損益組成部分相關之所得稅利益 (附註二三)	<u>350</u>	<u>-</u>	<u>2,071</u>	<u>-</u>
8300	合 計	<u>(1,708)</u>	<u>-</u>	<u>(9,864)</u>	<u>-</u>
8500	本期綜合損益總額	<u>\$ 3,168,835</u>	<u>10</u>	<u>\$ 2,683,768</u>	<u>8</u>
	每股盈餘 (附註二五)				
9710	基本每股盈餘	<u>\$ 17.57</u>		<u>\$ 14.99</u>	
9810	稀釋每股盈餘	<u>\$ 17.26</u>		<u>\$ 14.76</u>	

請參閱財務報表之附註。

董事長：潘健成

經理人：歐陽志光

會計主管：邱淑華

群聯電子股份有限公司
個體權益變動表
民國 102 年及 101 年 1 月 1 日至 12 月 31 日

單位：新台幣仟元

		股 本			資 本			公 積			保 留 盈 餘			其 他 權 益 項 目
代 碼		普 通 股 股 本	預 收 股 本	股 票 發 行 溢 價	員 工 認 股 權	已 失 效 認 股 權	法 定 盈 餘 公 積	特 別 盈 餘 公 積	未 分 配 盈 餘	國 外 營 運 機 構 財 務 報 表 換 算 之 兌 換 差 額	備 供 出 售 金 融 資 產 未 實 現 (損) 益	權 益 總 額		
A1	101 年 1 月 1 日 餘 額	\$ 1,787,532	\$ 3,779	\$ 3,220,972	\$ 53,975	\$ 16	\$ 787,757	\$ 14,892	\$ 4,922,911	(\$ 4,912)	(\$ 1,831)	\$ 10,785,091		
100 年度盈餘分配：														
B1	法定盈餘公積	-	-	-	-	-	261,642	-	(261,642)	-	-	-		
B5	現金股利－每股 6.996189 元	-	-	-	-	-	-	-	(1,259,494)	-	-	(1,259,494)		
B3	迴轉特別盈餘公積	-	-	-	-	-	-	(8,149)	8,149	-	-	-		
分配後餘額		1,787,532	3,779	3,220,972	53,975	16	1,049,399	6,743	3,409,924	(4,912)	(1,831)	9,525,597		
其他資本公積變動：														
N1	員工認股權預收股款轉列股本－每股 28.2 元， 增資基準日為 101 年 1 月 13 日	180	(507)	605	(278)	-	-	-	-	-	-	-		
N1	員工認股權預收股款轉列股本－每股 53.2 元， 增資基準日為 101 年 1 月 13 日	615	(3,272)	4,565	(1,908)	-	-	-	-	-	-	-		
N1	員工認股權預收股款轉列股本－每股 53.2 元， 增資基準日為 101 年 4 月 27 日	11,890	(63,255)	89,649	(38,284)	-	-	-	-	-	-	-		
N1	員工認股權預收股款轉列股本－每股 53.2 元， 增資基準日為 101 年 8 月 1 日	40	(212)	299	(127)	-	-	-	-	-	-	-		
N1	員工認股權預收股款轉列股本－每股 51.5 元， 增資基準日為 101 年 10 月 30 日	1,365	(7,030)	9,940	(4,275)	-	-	-	-	-	-	-		
N1	認列員工認股權酬勞成本	-	-	-	1,069	-	-	-	-	-	-	1,069		
N1	員工認股權預收股款	-	79,548	-	-	-	-	-	-	-	-	79,548		
N1	已失效認股權	-	-	-	(162)	162	-	-	-	-	-	-		
D1	101 年度淨利	-	-	-	-	-	-	-	2,693,632	-	-	2,693,632		
D3	101 年度稅後其他綜合損益	-	-	-	-	-	-	-	(7,606)	(4,089)	1,831	(9,864)		
D5	101 年度綜合損益總額	-	-	-	-	-	-	-	2,686,026	(4,089)	1,831	2,683,768		
Z1	101 年 12 月 31 日 餘 額	1,801,622	9,051	3,326,030	10,010	178	1,049,399	6,743	6,095,950	(9,001)	-	12,289,982		
101 年度盈餘分配：														
B1	提列法定盈餘公積	-	-	-	-	-	269,538	-	(269,538)	-	-	-		
B5	現金股利－每股 8 元	-	-	-	-	-	-	-	(1,443,792)	-	-	(1,443,792)		
B3	提列特別盈餘公積	-	-	-	-	-	-	2,258	(2,258)	-	-	-		
分配後餘額		1,801,622	9,051	3,326,030	10,010	178	1,318,937	9,001	4,380,362	(9,001)	-	10,846,190		
其他資本公積變動：														
N1	員工認股權預收股款轉列股本－每股 51.5 元， 增資基準日為 102 年 2 月 4 日	1,757	(9,051)	12,906	(5,612)	-	-	-	-	-	-	-		
N1	員工行使認股權發行新股－每股 51.5 元，增資 基準日為 102 年 2 月 5 日	1,361	-	9,993	(4,349)	-	-	-	-	-	-	7,005		
N1	已失效認股權	-	-	-	(49)	49	-	-	-	-	-	-		
D1	102 年度淨利	-	-	-	-	-	-	-	3,170,543	-	-	3,170,543		
D3	102 年度稅後其他綜合損益	-	-	-	-	-	-	-	532	(2,240)	-	(1,708)		
D5	102 年度綜合損益總額	-	-	-	-	-	-	-	3,171,075	(2,240)	-	3,168,835		
Z1	102 年 12 月 31 日 餘 額	\$ 1,804,740	\$ -	\$ 3,348,929	\$ -	\$ 227	\$ 1,318,937	\$ 9,001	\$ 7,551,437	(\$ 11,241)	\$ -	\$ 14,022,030		

請參閱財務報表之附註。

董事長：潘健成

經理人：歐陽志光

會計主管：邱淑華

群聯電子股份有限公司

個體現金流量表

民國 102 年及 101 年 1 月 1 日至 12 月 31 日

單位：新台幣仟元

代 碼		102 年度	101 年度
	營業活動之現金流量		
A00010	本期稅前淨利	\$ 3,756,611	\$ 3,063,014
A20010	不影響現金流量之收益費損項目		
A29900	提列負債準備	223,065	60,417
A22400	採用權益法之子公司及關聯企 業損（益）份額	(103,762)	100,864
A20100	折舊費用	76,346	63,253
A20200	攤銷費用	72,834	63,064
A21200	利息收入	(26,239)	(14,655)
A23500	金融資產減損損失	24,304	10,443
A24100	未實現外幣兌換損失（利益）	19,447	(38,080)
A20300	呆帳費用	358	43,125
A22600	預付設備款轉列費用數	4,620	174
A20900	利息費用	3,278	2,853
A21300	股利收入	(2,016)	(5,706)
A23100	處分投資利益	(121)	(284)
A22500	處分不動產、廠房及設備利益	-	(3,411)
A21900	股份基礎給付酬勞成本	-	1,069
A30000	營業資產及負債之淨變動數		
A31110	持有供交易之金融資產（增加） 減少	(1,245,167)	71,915
A31130	應收帳款與票據減少	231,895	318,370
A31180	其他應收款（增加）減少	(64,620)	58,879
A31200	存貨增加	(1,795,595)	(244,817)
A31230	預付款項減少	517	354,058
A31240	其他流動資產減少（增加）	36,547	(30,612)
A32130	應付帳款與票據增加	439,290	144,069
A32180	其他應付款項增加	210,823	67,128
A32200	負債準備減少	(132,049)	(82,063)
A32230	其他流動負債增加	12,092	36,214
A32240	應計退休金負債增加	1,649	10,227
A33000	營運產生之現金流入	1,744,107	4,049,508
A33300	支付之利息	(3,358)	(2,844)
A33500	支付之所得稅	(458,275)	(340,715)
AAAA	營業活動之淨現金流入	<u>1,282,474</u>	<u>3,705,949</u>

（接次頁）

(承前頁)

代 碼		102 年度	101 年度
	投資活動之現金流量		
B02700	取得不動產、廠房及設備	(\$ 250,677)	(\$ 173,580)
B04500	取得無形資產	(124,292)	(70,079)
B01800	取得採用權益法之投資	(116,532)	(199,668)
B00700	無活絡市場之債券投資增加	(49,285)	(15,018)
B07500	收取之利息	25,673	14,655
B01900	處分採用權益法之長期股權投資價 款	20,925	-
B01200	取得以成本衡量之金融資產	(17,995)	(16,458)
B07600	收取之股利	2,016	5,706
B01400	以成本衡量之金融資產減資退回股 款	250	-
B03700	存出保證金減少(增加)	119	(169)
B01300	處分以成本衡量之金融資產價款	-	38,396
B02800	處分不動產、廠房及設備	-	5,613
B00400	處分備供出售金融資產價款	-	2,846
BBBB	投資活動之淨現金流出	(<u>509,798</u>)	(<u>407,756</u>)
	籌資活動之現金流量		
C04500	發放現金股利	(1,443,792)	(1,259,494)
C00200	短期借款減少	(171,945)	(41,390)
C04800	員工執行認股權	7,005	79,548
C03000	存入保證金增加	<u>2,226</u>	<u>66</u>
CCCC	籌資活動之淨現金流出	(<u>1,606,506</u>)	(<u>1,221,270</u>)
DDDD	匯率變動對現金及約當現金之影響	(<u>18,915</u>)	<u>30,474</u>
EEEE	本期現金及約當現金(減少)增加數	(852,745)	2,107,397
E00100	期初現金及約當現金餘額	<u>8,385,981</u>	<u>6,278,584</u>
E00200	期末現金及約當現金餘額	<u>\$ 7,533,236</u>	<u>\$ 8,385,981</u>

請參閱財務報表之附註。

董事長：潘健成

經理人：歐陽志光

會計主管：邱淑華

【Attachment 5】

【The amendment comparison table for the Articles of the Corporation】

Original	Amendment	Reason
<p>Article 5</p> <p>The total capital stock of the Corporation shall be in the amount of <u>2,300,000,000</u> New Taiwan Dollars, divided into <u>230,000,000</u> shares, at ten New Taiwan Dollars each, and authorize the Board of Directors to be paid-up in installments.</p> <p>The Corporation may reserve 160,000,000 New Taiwan Dollars of the total capital stock of the Corporation, divided into 16,000,000 shares, at ten New Taiwan Dollars each, to issue employee stock options in installments under resolution of the Board of Directors.</p>	<p>Article 5</p> <p>The total capital stock of the Corporation shall be in the amount of <u>2,600,000,000</u> New Taiwan Dollars, divided into <u>260,000,000</u> shares, at ten New Taiwan Dollars each, and authorize the Board of Directors to be paid-up in installments.</p> <p>The Corporation may reserve 160,000,000 New Taiwan Dollars of the total capital stock of the Corporation, divided into 16,000,000 shares, at ten New Taiwan Dollars each, to issue employee stock options in installments under resolution of the Board of Directors.</p>	<p>For the Company's Requirements of Business operation.</p>
<p>Article 21</p> <p>These Articles of Incorporation are agreed to and signed on October 24, 2000.</p> <p>The first Amendment was approved by the shareholders' meeting on November 24, 2000, the second Amendment on September 5, 2001, the third Amendment on February 15, 2002, the fourth Amendment on April 9, 2002, the fifth Amendment on June 25, 2002, the sixth Amendment on March 26, 2003, the seventh Amendment on November 12, 2003, the eighth Amendment on June 15,</p>	<p>Article 21</p> <p>These Articles of Incorporation are agreed to and signed on October 24, 2000.</p> <p>The first Amendment was approved by the shareholders' meeting on November 24, 2000, the second Amendment on September 5, 2001, the third Amendment on February 15, 2002, the fourth Amendment on April 9, 2002, the fifth Amendment on June 25, 2002, the sixth Amendment on March 26, 2003, the seventh Amendment on November 12, 2003, the eighth Amendment on June 15, 2004, the ninth</p>	<p>Add the date of the nineteenth Amendment.</p>

<p>2004, the ninth Amendment on March 17, 2005, the tenth Amendment on June 16, 2005. the eleventh Amendment on June 14, 2006. the twelveth Amendment on November 1, 2006, the thirteenth Amendment on June 13, 2007. the fourteenth Amendment on June 13, 2008. the fifteenth Amendment on May 8, 2009.the sixteenth Amendment on June 15,2010. the seventeenth Amendment on June 15,2011. the eighteenth Amendment on June 11, 2013.</p>	<p>Amendment on March 17, 2005, the tenth Amendment on June 16, 2005. the eleventh Amendment on June 14, 2006. the twelveth Amendment on November 1, 2006, the thirteenth Amendment on June 13, 2007. the fourteenth Amendment on June 13, 2008. the fifteenth Amendment on May 8, 2009.the sixteenth Amendment on June 15,2010. the seventeenth Amendment on June 15,2011. the eighteenth Amendment on June 11, 2013.<u>the nineteenth Amendment on June 17, 2014.</u></p>	
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【Attachment 6】

【The amendment comparison table for the “Procedure of Acquisition and Disposal of Assets” and “Procedure of Engaging in Derivatives Trading”】

【The amendment comparison table for the Procedure of Acquisition and Disposal of Assets】

<u>Original</u>	<u>Amendment</u>	<u>Reason</u>
<p>Article 3: “Assets” mentioned in this Procedure is defined as the follows:</p> <p>1. The term "assets" as used in this Procedure includes the following:</p> <p>1) Long/Short term security investments : 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.</p> <p>2) Real property and other fixed assets.</p> <p>3) Memberships.</p> <p>4) Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>5) Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>6) Derivatives.</p> <p>7) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law:</p> <p>8) Other major assets.</p> <p>2. Terms used in this Procedure are defined as follows:</p> <p>1) Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and</p>	<p>Article 3: “Assets” mentioned in this Procedure is defined as the follows:</p> <p>1. The term "assets" as used in this Procedure includes the following:</p> <p>1) Long/Short term security investments : 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.</p> <p>2) Real property <u>(including land, houses and buildings, investment property, rights to use land) and equipment</u>.</p> <p>3) Memberships.</p> <p>4) Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>5) Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>6) Derivatives.</p> <p>7) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law:</p> <p>8) Other major assets.</p> <p>2. Terms used in this Procedure are defined as follows:</p> <p>1) Derivatives: Forward contracts, options contracts, futures</p>	<p>According to “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and For the Company’s requirements of business operation.</p>

<p>compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p> <p>2) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law:: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 6 of the Company Act.</p> <p>3) Related party: As defined in Statement of Financial Accounting Standards No. 6 published by the ROC Accounting Research and Development Foundation (ARDF).</p> <p>4) Subsidiary: As defined in Statements of Financial Accounting Standards Nos. 5 and 7 published by the ARDF.</p> <p>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 assets.</p> <p>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.</p> <p>7) Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations</p>	<p>contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p> <p>2) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.</p> <p>3) Related party <u>or subsidiary</u>: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4) Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or <u>equipment</u>.</p> <p>5) Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent</p>	
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<p>Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>3. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.</p>	<p>authority shall apply.</p> <p>⑥ Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>3. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.</p>	
<p>Article 4: Appraisal procedures:</p> <p>The company evaluating procedure for the acquisition and disposal of assets shall comply with the following provisions :</p> <p>1) Marketable securities:</p> <p>When the Company acquires or disposes of marketable securities, the target company's recent audited financial reports shall, prior to the date of occurrence of the event, be procured as the reference of evaluation of the transaction price, and the transaction price will be determined as follows:</p> <p>A. When the securities acquired or disposed of through stock exchange or over-the-counter, the then current stock or bond prices shall be used as the basis for determining the price.</p> <p>B. In acquiring or disposing of securities which are not traded on any stock exchange or over-the-counter, its net worth per share, profitability, potential of future growth, market rates, interest rates of bonds, credit ratings and its current market price shall be evaluated.</p> <p>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</p>	<p>Article 4: Appraisal procedures:</p> <p>The company evaluating procedure for the acquisition and disposal of assets shall comply with the following provisions :</p> <p>1) Marketable securities:</p> <p>When the Company acquires or disposes of marketable securities, the target company's recent audited financial reports shall, prior to the date of occurrence of the event, be procured as the reference of evaluation of the transaction price, and the transaction price will be determined as follows:</p> <p>A. When the securities acquired or disposed of through stock exchange or over-the-counter, the then current stock or bond prices shall be used as the basis for determining the price.</p> <p>B. In acquiring or disposing of securities which are not traded on any stock exchange or over-the-counter, its net worth per share, profitability, potential of future growth, market rates, interest rates of bonds, credit ratings and its current market price shall be evaluated.</p> <p>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</p>	<p>According to “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and For the Company’s requirements of business operation.</p>

<p>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 (FSC).</p> <p>2) Real estate or other fixed assets:</p> <p>When the Company acquires or disposes of Real estate, shall reference current assessed land value, assessed value, or near the Real estate's trading price, etc. make the price deal. When the Company acquires or disposes of other fixed assets, shall collect price information before, and choice one method of use price relations, negotiated price, or Bidding price.</p> <p>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 its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>A. 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.</p> <p>B. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>C. Where any one of the following circumstances applies</p>	<p>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 <u>Accounting Research and Development Foundation (ARDF)</u>. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>2) Real estate or <u>equipment</u>:</p> <p>When the Company acquires or disposes of Real estate, shall reference current assessed land value, assessed value, or near the Real estate's trading price, etc. make the price deal. When the Company acquires or disposes of <u>equipment</u>, shall collect price information before, and choice one method of use price relations, negotiated price, or Bidding price.</p> <p>In acquiring or disposing of real property or <u>equipment</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 its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>A. 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.</p> <p>B. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>C. 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</p>	
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<p>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 ARDF and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>a. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>b. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>D. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>3) Membership certificates or intangible assets: Relevant information shall be collected for pricing comparison or negotiation in acquiring or disposing membership certificates. In acquiring or disposing of intangible assets, relevant price information shall be collected and relevant regulations and contract content carefully evaluated before the transaction price is determined. Where the company acquires or disposes of memberships or intangible assets and 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.</p>	<p>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 ARDF and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>a. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>b. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>D. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>3) Membership certificates or intangible assets: Relevant information shall be collected for pricing comparison or negotiation in acquiring or disposing membership certificates. In acquiring or disposing of intangible assets, relevant price information shall be collected and relevant regulations and contract content carefully evaluated before the transaction price is determined. Where the company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, 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.</p> <p>3-1) The calculation of the transaction amounts referred to in</p>	
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<p>3-1) The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 19, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <p>4) Other Important Assets : When the Company acquires or disposes of Creditor's Right of Financial Institution, Derivatives, Assets Received from Merger, Division, Acquisition or Transfer of Stocks in Accordance with Law, or Other Important Assets shall see the trading assets object, and collect information relating price before and be careful appraisal relate laws and terms of the contract so make a trading price.</p> <p>5) Where the company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p>	<p>the preceding three articles shall be done in accordance with Article 19, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <p>4) Other Important Assets : When the Company acquires or disposes of Creditor's Right of Financial Institution, Derivatives, Assets Received from Merger, Division, Acquisition or Transfer of Stocks in Accordance with Law, or Other Important Assets shall see the trading assets object, and collect information relating price before and be careful appraisal relate laws and terms of the contract so make a trading price.</p> <p>5) Where the company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p>	
<p>Article 5: Operating procedures:</p> <p>1. The degree of authority delegated and levels to which authority is delegated</p> <p>1) For acquisition and disposal of capital by the Company, the undertaking department should collect information relating to capital which is to be acquired and disposed such as the cause, object, trading counter-part, price of transfer, payment terms, basis for price reference, etc. Such information should be submitted in accordance with items of trading capital to the responsible department for decision. The degree of authority delegated and levels to which authority is delegated regarding derivatives should be handled in accordance with "Procedure of Engaging in Derivatives Trading".</p>	<p>Article 5: Operating procedures:</p> <p>1. The degree of authority delegated and levels to which authority is delegated</p> <p>1) For acquisition and disposal of capital by the Company, the undertaking department should collect information relating to capital which is to be acquired and disposed such as the cause, object, trading counter-part, price of transfer, payment terms, basis for price reference, etc. Such information should be submitted in accordance with items of trading capital to the responsible department for decision. The degree of authority delegated and levels to which authority is delegated regarding derivatives should be handled in accordance with "Procedure of Engaging in Derivatives Trading".</p>	<p>According to "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and For the Company's requirements of business operation.</p>

Item	Amount	Responsible Department			Item	Amount	Responsible Department		
		Board of Directors	Chairman of the Board of Directors	President			Board of Directors	Chairman of the Board of Directors	President
Long-term Marketable securities	Under <u>60,000,000</u> (Including 60,000,000)			Decide	Long-term Marketable securities	Under <u>80,000,000</u> (Including 80,000,000)			Decide
Investment (Including Investment in Long-term Negotiable Securities)	<u>60,000,000</u> (Excluding 60,000,000)~ <u>130,000,000</u> (Including 130,000,000)		Decide	Review	Investment (Including Investment in Long-term Negotiable Securities)	<u>80,000,000</u> (Excluding 80,000,000)~ <u>180,000,000</u> (Including 180,000,000)		Decide	Review
	Above <u>130,000,000</u> (Excluding 130,000,000)	Decide	Review	Review		Above <u>180,000,000</u> (Excluding 180,000,000)	Decide	Review	Review
Investment in Short-term Negotiable Securities	Under <u>60,000,000</u> (Including 100,000,000)			Decide	Investment in Short-term Negotiable Securities	Under <u>100,000,000</u> (Including 100,000,000)			Decide
	<u>60,000,000</u> (Excluding 60,000,000)~ <u>200,000,000</u> (Including 200,000,000)		Decide	Review		<u>100,000,000</u> (Excluding 100,000,000)~ <u>250,000,000</u> (Including 250,000,000)		Decide	Review
	Above <u>200,000,000</u> (Excluding 200,000,000)	Decide	Review	Review		Above <u>250,000,000</u> (Excluding 250,000,000)	Decide	Review	Review
Real Estate	Under 100,000,000 (Including 100,000,000)		Decide	Review	Real Estate	Under 100,000,000 (Including 100,000,000)		Decide	Review
	Above 100,000,000 (Excluding 100,000,000)	Decide	Review	Review		Above 100,000,000 (Excluding 100,000,000)	Decide	Review	Review

Other fixed assets	Under <u>10,000,000</u> (Including 10,000,000)			Decide	Equipment	Under <u>30,000,000</u> (Including 30,000,000)			Decide
	<u>10,000,000</u> (Excluding 10,000,000)~ <u>40,000,000</u> (Including 40,000,000)		Decide	Review		<u>30,000,000</u> (Excluding 30,000,000)~ <u>80,000,000</u> (Including 80,000,000)		Decide	Review
	Above <u>40,000,000</u> (Excluding 40,000,000)	Decide	Review	Review		Above <u>80,000,000</u> (Excluding 80,000,000)	Decide	Review	Review
Certificate of Membership	Under <u>10,000,000</u> (Including 10,000,000)		Decide	Review	Certificate of Membership	Under <u>20,000,000</u> (Including 20,000,000)		Decide	Review
	Above <u>10,000,000</u> (Excluding 10,000,000)	Decide	Review	Review		Above <u>20,000,000</u> (Excluding 20,000,000)	Decide	Review	Review
Intangible Assets	Under <u>10,000,000</u> (Including 10,000,000)			Decide	Intangible Assets	Under <u>20,000,000</u> (Including 20,000,000)			Decide
	<u>10,000,000</u> (Excluding 10,000,000)- <u>40,000,000</u> (Including 40,000,000)		Decide	Review		<u>20,000,000</u> (Excluding 20,000,000)- <u>80,000,000</u> (Including 80,000,000)		Decide	Review
	Above <u>40,000,000</u> (Excluding 80,000,000)	Decide	Review	Review		Above_ <u>80,000,000</u> (Excluding 80,000,000)	Decide	Review	Review
Creditor's Right of Financial Institution	Under <u>50,000,000</u> (Including 50,000,000)		Decide	Review	Creditor's Right of Financial Institution	Under <u>80,000,000</u> (Including 80,000,000)		Decide	Review
	Above_ <u>50,000,000</u> (Excluding 50,000,000)	Decide	Review	Review		Above_ <u>80,000,000</u> (Excluding 80,000,000)	Decide	Review	Review

Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law	Without Resolution of Shareholders' Meeting in Accordance with Law	Decide	Review	Review	Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law	Without Resolution of Shareholders' Meeting in Accordance with Law	Decide	Review	Review	
	With Resolution of Shareholders' Meeting in Accordance with Law					With Resolution of Shareholders' Meeting in Accordance with Law				
		Review	Review	Review			Review	Review	Review	
Other Important Assets	Under <u>20,000,000</u> (Including 20,000,000)		Decide	Review	Other Important Assets	Under <u>80,000,000</u> (Including 80,000,000)		Decide	Review	
	Above <u>20,000,000</u> (Excluding 20,000,000)	Decide	Review	Review		Above <u>80,000,000</u> (Excluding 80,000,000)	Decide	Review	Review	
<p>2) With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.</p> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent</p>					<p>2) With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.</p> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent</p>					

<p>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. If the Procedure has regulations of must to resolution by Board of directors, the Board of directors meeting more than two-thirds of the directors should attend, and to attend a majority of the members agree.</p> <p>2. The units responsible for implementation</p> <p>The company's units responsible for implementation as follows:</p> <p>A. Long term security 、Certificate of Membership 、Assets Received from Merger, Division, Acquisition or Transfer of Stocks in Accordance with Law and Other Important Assets: The general manager or Chairman instructs the special project groups are responsible for assessing and carrying out.</p> <p>B. Short term security 、Derivatives and Creditor's Right of Financial Institution: Assessed and carried out by financial accounting department.</p> <p>C. Real Estate : Undertaken by the General affair department.</p> <p>D. Other fixed assets : Undertaken together with the departments of general admin department by the demand unit.</p> <p>E. Public announcement and regulatory filing procedures : Declare announcement personnel, arrange with, ask the organizer to remit and exactly announce and declare the relevant materials, the pool is handled.</p> <p>3. Transaction Process</p> <p>About the Company acquires or disposes of trading process and handle, in accordance with the relevant regulations of relevant decree and internal control system of our company.</p>	<p>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. If the Procedure has regulations of must to resolution by Board of directors, the Board of directors meeting more than two-thirds of the directors should attend, and to attend a majority of the members agree.</p> <p>2. The units responsible for implementation</p> <p>The company's units responsible for implementation as follows:</p> <p>A. Long term security 、Certificate of Membership 、Assets Received from Merger, Division, Acquisition or Transfer of Stocks in Accordance with Law and Other Important Assets: The general manager or Chairman instructs the special project groups are responsible for assessing and carrying out.</p> <p>B. Short term security 、Derivatives and Creditor's Right of Financial Institution: Assessed and carried out by financial accounting department.</p> <p>C. Real Estate : Undertaken by the General affair department.</p> <p>D. <u>Equipment</u> : Undertaken together with the departments of general admin department by the demand unit.</p> <p>E. Public announcement and regulatory filing procedures : Declare announcement personnel, arrange with, ask the organizer to remit and exactly announce and declare the relevant materials, the pool is handled.</p> <p>3. Transaction Process</p> <p>About the Company acquires or disposes of trading process and handle, in accordance with the relevant regulations of relevant decree and internal control system of our company.</p>	
<p>Article 7: Control procedures for the acquisition and disposal of assets by subsidiaries</p> <p>1. The company shall see to it that its subsidiaries adopt and</p>	<p>Article 7: Control procedures for the acquisition and disposal of assets by subsidiaries</p> <p>1. The company shall see to it that its subsidiaries adopt and</p>	<p>According to “Regulations Governing the Acquisition and</p>

<p>implement the procedures for the acquisition or disposal of assets.</p> <p>2. The Company's subsidiaries control program acquisition or disposition of assets, noted accordance with relevant laws and regulations relating to the Company's internal control system of the handle.</p> <p>3. Information required to be publicly announced and reported in accordance with the provisions of Chapter V on acquisitions and disposals of assets by a subsidiary of a the company that is not itself a public company in Taiwan shall be reported by the public [parent] company.</p> <p>The paid-in capital or total assets of the company shall be the standard for determining whether or not a subsidiary referred to in the preceding subparagraph is subject to Article 19, paragraph 1 requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.</p>	<p>implement the procedures for the acquisition or disposal of assets.</p> <p>2. The Company's subsidiaries control program acquisition or disposition of assets, noted accordance with relevant laws and regulations relating to the Company's internal control system of the handle.</p> <p>3. Information required to be publicly announced and reported in accordance with the provisions of Chapter V on acquisitions and disposals of assets by a subsidiary of a the company that is not itself a public company in Taiwan shall be reported by the public [parent] company.</p> <p>The paid-in capital or total assets of the company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to Article 19, paragraph 1 requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.</p>	<p>Disposal of Assets by Public Companies” and For the Company’s requirements of business operation.</p>
<p>Article 9: Resolution procedures</p> <p>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, 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:</p> <p>1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>2) The reason for choosing the related party as a trading counterparty.</p> <p>3) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with</p>	<p>Article 9: Resolution procedures</p> <p>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, <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:</p> <p>1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>2) The reason for choosing the related party as a trading counterparty.</p> <p>3) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 10 and Article 11.</p>	<p>According to “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and For the Company’s requirements of business operation.</p>

<p>Article 10 and Article 11.</p> <p>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.</p> <p>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.</p> <p>6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 19, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>With respect to the acquisition or disposal of business-use machinery and equipment between the company and its parent or subsidiaries, the company's board of directors may pursuant to Article 7, paragraph 1, subparagraph 3 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p>	<p>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.</p> <p>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.</p> <p>6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 19, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>With respect to the acquisition or disposal of business-use equipment between the company and its parent or subsidiaries, the company's board of directors may pursuant to Article 5, paragraph 1, subparagraph 1 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to <u>paragraph 1</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.</p>	
<p>Article 10: Appraisal procedures</p> <p>The company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the</p>	<p>Article 10: Appraisal procedures</p> <p>The company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the</p>	<p>According to “Regulations Governing the Acquisition and</p>

<p>following means:</p> <ol style="list-style-type: none"> 1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. 2) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties. <p>Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>The company that acquires real property from a related party and appraises the cost of the real property in accordance with paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>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 Article 14 and the preceding three paragraphs do not apply:</p> <ol style="list-style-type: none"> 1) The related party acquired the real property through inheritance or as a gift. 2) 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. 3) The real property is acquired through signing of a joint development contract with the related party. 	<p>following means:</p> <ol style="list-style-type: none"> 1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. 2) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties. <p>Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>The company that acquires real property from a related party and appraises the cost of the real property in accordance with paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>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 Article 14 and the preceding three paragraphs do not apply:</p> <ol style="list-style-type: none"> 1) The related party acquired the real property through inheritance or as a gift. 2) 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. 3) 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> 	<p>Disposal of Assets by Public Companies" and For the Company's requirements of business operation.</p>
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<p>Article 19: Public announcement and regulatory filing procedures</p> <p>Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements. 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: <ol style="list-style-type: none"> A. Trading of government bonds. B. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets. 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 	<p>Article 19: Public announcement and regulatory filing procedures</p> <p>Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, <u>or 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; provided, this shall not apply to the following circumstances: <ol style="list-style-type: none"> A. Trading of government bonds. B. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, <u>or subscription of securities by a securities firm, either in the primary market or in accordance with relevant regulations.</u> C. Trading of bonds under repurchase/resale agreements, <u>or subscription or redemption of domestic money market funds.</u> D. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading 	<p>According to “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and For the Company’s requirements of business operation.</p>
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<p>counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>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.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1) The amount of any individual transaction. 2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. 3) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. 4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety. The company acquiring or disposing of assets shall keep all</p>	<p>counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>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.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1) The amount of any individual transaction. 2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. 3) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. 4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety. The company acquiring or disposing of assets shall keep all</p>
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relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.	relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.	
<p>Article 20: Other important matters</p> <p>Where any of the following circumstances occurs with respect to a transaction that a the company has already publicly announced and reported in accordance with the following paragraph, a public report of relevant information shall be made on the information reporting website designated by the FSC within two days from the day of occurrence of the fact:</p> <ol style="list-style-type: none"> 1) Change, termination, or rescission of a contract signed in regard to the original transaction. 2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract. 3) Change to the originally publicly announced and reported information. 	<p>Article 20: Other important matters</p> <p>Where any of the following circumstances occurs with respect to a transaction that the company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days commencing immediately from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1) Change, termination, or rescission of a contract signed in regard to the original transaction. 2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract. 3) Change to the originally publicly announced and reported information. <p><u>For the calculation of 10 percent of total assets under this Procedure, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted.</u></p>	<p>According to “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and For the Company’s requirements of business operation.</p>
<p>Article 22: Revised procedures</p> <p>The company established its procedures for the acquisition or disposal of assets in accordance with the provisions of these Regulations and other related rules. After the procedures have been approved 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.</p>	<p>Article 22: Revised procedures</p> <p>The company <u>shall</u> establish its procedures for the acquisition or disposal of assets in accordance with the provisions of these Regulations and other related rules. After the procedures have been approved 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.</p>	<p>According to “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and For the Company’s requirements of business operation.</p>

<p>Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>When the company revised these procedures, the company shall be handled in accordance with relevant regulations announcement and reporting matters.</p>	<p>Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>When the company revised these procedures, the company shall be handled in accordance with relevant regulations announcement and reporting matters.</p>	
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【The amendment comparison table for the Procedure of Procedure of Engaging in Derivatives Trading】

Original	Amendment	Reason
<p>Article 1 : Purpose</p> <p>In order to strengthen the company's risk management and for transparency investment information, the company hereby proposes to set the Procedure according the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" (hereafter "Regulation") posted by Financial Supervisory Commission (hereafter "FSC"), Executive Yan.</p>	<p>Article 1 : Purpose</p> <p>In order to strengthen the company's risk management and for transparency investment information, the company hereby proposes to set the <u>Procedure of Engaging in Derivatives Trading (hereafter "Procedure")</u> according the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" (hereafter "Regulation") posted by Financial Supervisory Commission (hereafter "FSC").</p>	<p>According to "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and For the Company's requirements of business operation.</p>
<p>Article 2 : Trading principles and strategies</p> <ol style="list-style-type: none"> 1. The types of derivatives that may be traded <ol style="list-style-type: none"> 1) Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. 2) The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements. 3) Bond trading shall be regulated by the Procedure. 2. Operating or hedging strategies <p>The aims of engaging in the trade of the derivative should be avoiding the risks might happen to the operations or business in the company. To avoid credit risks, the institutions to trade the derivative should be mainly those works in long-term relationship with the company.</p> 3. Segregation of duties <p>Finance Department: Responsible for foreign exchange</p> 	<p>Article 2 : Trading principles and strategies</p> <ol style="list-style-type: none"> 1. The types of derivatives that may be traded <ol style="list-style-type: none"> 1) Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. 2) The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements. 3) Bond trading shall be regulated by the Procedure. 2. Operating or hedging strategies <p>The aims of engaging in the trade of the derivative should be avoiding the risks might happen to the operations or business in the company. To avoid credit risks, the institutions to trade the derivative should be mainly those works in long-term relationship with the company.</p> 3. Segregation of duties <p>Finance Department: Responsible for foreign exchange</p> 	<p>For the Company's requirements of business operation.</p>

<u>Original</u>	<u>Amendment</u>	<u>Reason</u>
<p>management, such as market information collection, trends and risk determining, and should familiar with financial instruments and the operating. The personnel of manage foreign exchange is authorized by the instructions of the in charge of the finance department, to control the positions of foreign exchange according to the company's policy to avoid risks.</p> <p>Accounting Department : Responsible for confirm the Derivatives Trading, delivery and log-in detail of the account.</p> <p>4. Essentials of performance evaluation</p> <p>In order to grasp the Derivatives Trading profit and loss situation, all operate of the derivative will record on the trade detailed statement by day. In Addition, the company must calculating the foreign exchange gain or loss on every monthly 、quarter → half year 、yearly.</p> <p>5. Total amount of derivatives contracts that my be traded, and the maximum loss limit on total trading and for individual contracts</p> <p>1) In order to evade the trade risk, the financial department should grasp the whole Derivatives Trading position of the company. The total amount of long-term foreign currency can't exceed the total amount of real foreign currency demand of the company.</p> <p>2) The maximum loss limit of the derivative contracts: the maximum loss limit for individual contract is 15% of the contract amount; the maximum loss limit on total trading is 10% of the sum of the contract amounts. While foreign exchange has Material adverse effects the company should immediately react or disposal.</p>	<p>management, such as market information collection, trends and risk determining, and should familiar with financial instruments and the operating. The personnel of manage foreign exchange is authorized by the instructions of the in charge of the finance department, to control the positions of foreign exchange according to the company's policy to avoid risks.</p> <p>Accounting Department : Responsible for confirm the Derivatives Trading, delivery and log-in detail of the account.</p> <p>4. Essentials of performance evaluation</p> <p>In order to grasp the Derivatives Trading profit and loss situation, all operate of the derivative will record on the trade detailed statement by day. In Addition, the company must calculating the foreign exchange gain or loss on every monthly 、quarter 、yearly.</p> <p>5. Total amount of derivatives contracts that my be traded, and the maximum loss limit on total trading and for individual contracts</p> <p>1) In order to evade the trade risk, the financial department should grasp the whole Derivatives Trading position of the company. The total amount of long-term foreign currency can't exceed the total amount of real foreign currency demand of the company.</p> <p>2) The maximum loss limit of the derivative contracts: the maximum loss limit for individual contract is 15% of the contract amount; the maximum loss limit on total trading is 10% of the sum of the contract amounts. While foreign exchange has Material adverse effects the company should immediately react or disposal.</p>	

<u>Original</u>	<u>Amendment</u>	<u>Reason</u>												
<p>Article 3 : Operation procedure</p> <p>1. The authority limits</p> <p>When the company is engaged in the trade of the derivative goods, it shall operate in accordance with the following amount of money of mandate:</p> <p>1) Long-term foreign exchange transaction:</p> <p>The authority limits (The accumulated amount per month)</p> <table><tr><td>Total contract amount</td><td>Capacity and Level of Authorization</td></tr><tr><td>USD 0~100,000,000 (Including 100,000,000)</td><td>Chairman Of the Board of Directors</td></tr><tr><td>Above USD 10,000,00 (Excluding 100,000,000)</td><td>Board of directors e</td></tr></table> <p>2) Foreign currency option contracts traded : To avoid foreign exchange risks, the Chairman of the board is authorized to sign derivatives trading contract with banks or financial institutions with the limitation should not exceed future six-month net foreign exchange demands or expenditures; and the cumulative effective contract amounts should not exceed US\$5 millions.</p> <p>3) Others Derivatives Trading : Should be resolution by Board of Directors before start this trade.</p> <p>4) If the Procedure has regulations of must to resolution by Board of directors, the Board of directors</p>	Total contract amount	Capacity and Level of Authorization	USD 0~100,000,000 (Including 100,000,000)	Chairman Of the Board of Directors	Above USD 10,000,00 (Excluding 100,000,000)	Board of directors e	<p>Article 3 : Operation procedure</p> <p>1. The authority limits</p> <p>When the company is engaged in the trade of the derivative goods, it shall operate in accordance with the following amount of money of mandate:</p> <p>1) Long-term foreign exchange transaction:</p> <p>The authority limits (The accumulated amount per month)</p> <table><tr><td>Total contract amount</td><td>Capacity and Level of Authorization</td></tr><tr><td>USD 0~100,000,000 (Including 100,000,000)</td><td>Chairman Of the Board of Directors</td></tr><tr><td>Above USD 10,000,00 (Excluding 100,000,000)</td><td>Board of directors e</td></tr></table> <p>2) Foreign currency option contracts traded : To avoid foreign exchange risks, the Chairman of the board is authorized to sign derivatives trading contract with banks or financial institutions with the limitation should not exceed future six-month net foreign exchange demands or expenditures; and the cumulative effective contract amounts should not exceed US\$10 millions.</p> <p>3) Others Derivatives Trading : Should be resolution by Board of Directors before start this trade.</p> <p>4) If the Procedure has regulations of must to resolution by Board of directors, the Board of directors</p>	Total contract amount	Capacity and Level of Authorization	USD 0~100,000,000 (Including 100,000,000)	Chairman Of the Board of Directors	Above USD 10,000,00 (Excluding 100,000,000)	Board of directors e	<p>For the Company’s requirements of business operation.</p>
Total contract amount	Capacity and Level of Authorization													
USD 0~100,000,000 (Including 100,000,000)	Chairman Of the Board of Directors													
Above USD 10,000,00 (Excluding 100,000,000)	Board of directors e													
Total contract amount	Capacity and Level of Authorization													
USD 0~100,000,000 (Including 100,000,000)	Chairman Of the Board of Directors													
Above USD 10,000,00 (Excluding 100,000,000)	Board of directors e													

<u>Original</u>	<u>Amendment</u>	<u>Reason</u>
<p>meeting more than two-thirds of the directors should attend, and to attend a majority of the members agree.</p> <p>2. Operations department and trading procedure</p> <p>1) Operations department : By financial department trade personnel, in accordance with authorizing amount to standardize the financial institution of introversion and do a deal, if while exceeding the amount of money of mandate of first of article 3 of this method, need to obtain and check and approve in writing in advance under the provision of the aforesaid. After every transaction finish, make a deal, reciprocate, fill and present the intersection of trade and form immediately according to financial institution, mark out the content, sign cores by the executive of power and responsibility and will count the position and trade the single duplicate to deliver to the accounting department.</p> <p>2) Trade Confirm : The delivery should do a deal and confirm with the accounting department of log-in according to the trade form duplicate of unit making of the trade, and then carry on delivery and log-in detail in accordance with the figure that the trade confirms, the financial department makes and acts as and gathers together the whole report form to deliver to the accounting department as the basis which the accountant comments on per month.</p>	<p>meeting more than two-thirds of the directors should attend, and to attend a majority of the members agree.</p> <p>2. Operations department and trading procedure</p> <p>1) Operations department : By financial department trade personnel, in accordance with authorizing amount to standardize the financial institution of introversion and do a deal, if while exceeding the amount of money of mandate of first of article 3 of this method, need to obtain and check and approve in writing in advance under the provision of the aforesaid. After every transaction finish, make a deal, reciprocate, fill and present the intersection of trade and form immediately according to financial institution, mark out the content, sign cores by the executive of power and responsibility and will count the position and trade the single duplicate to deliver to the accounting department.</p> <p>2) Trade Confirm : The delivery should do a deal and confirm with the accounting department of log-in according to the trade form duplicate of unit making of the trade, and then carry on delivery and log-in detail in accordance with the figure that the trade confirms, the financial department makes and acts as and gathers together the whole report form to deliver to the accounting department as the basis which the accountant comments on per month.</p>	
<p>Article 4 : Scope of Risk management measures :</p> <p>1. Risk management :</p> <p>1) Credit Risk : The target of the trade stipulates that has banks of business contact with the company.</p>	<p>Article 4 : Scope of Risk management measures :</p> <p>1. Risk management :</p> <p>1) Credit Risk : The target of the trade stipulates that has banks of business contact with the company.</p>	<p>For the Company's requirements of business operation.</p>

Original	Amendment	Reason
<p>The intersection of log-in and personnel answer and log-in amount control and manage table behind the trade, and check account with the correspondent bank regularly.</p> <p>2) Market Risk : Log-in personnel should check whether the total value of trade accords with the regulation limit of this procedure at any time. The accounting department should carry on the assessment of market price at any time, and pay attention to the impact on increase and decrease with possible position held of fluctuating of the market price in the future.</p> <p>3) Liquidity Risk : In order to guarantee the flow ability of market, the financial institution of the trade must have sufficient apparatus, information and trade ability, and can do a deal on any market.</p> <p>4) Cash flow Risk : The trade of the derivative goods is based on essence trade, so as to ensure the voluntary ability to perform of the delivery. Trade personnel should also pay attention to the cash flow of the company at any time, there is enough cash to pay while so as to ensure to complete a business transitioning.</p> <p>5) Operational Risk : Must really observe and authorize amount and operational procedure.</p> <p>6) Legal Risks : Any contact signed with the bank must be looking over of relevant personnel of the law affair.</p> <p>2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.</p> <p>3. Risk measurement, monitoring, and control personnel</p>	<p>The intersection of log-in and personnel answer and log-in amount control and manage table behind the trade, and check account with the correspondent bank regularly.</p> <p>2) Market Risk : Log-in personnel should check whether the total value of trade accords with the regulation limit of this procedure at any time. The accounting department should carry on the assessment of market price at any time, and pay attention to the impact on increase and decrease with possible position held of fluctuating of the market price in the future.</p> <p>3) Liquidity Risk : In order to guarantee the flow ability of market, the financial institution of the trade must have sufficient apparatus, information and trade ability, and can do a deal on any market.</p> <p>4) Cash flow Risk : The trade of the derivative goods is based on essence trade, so as to ensure the voluntary ability to perform of the delivery. Trade personnel should also pay attention to the cash flow of the company at any time, there is enough cash to pay while so as to ensure to complete a business transitioning.</p> <p>5) Operational Risk : Must really observe and authorize amount and operational procedure.</p> <p>6) Legal Risks : <u>The documents signed with trading counterparts shall be confined to mainly the contracts in popular use in the market. Any unique contracts shall not be put into use until viewed and recommended by the Legal Department or the Attorney-at-Law.</u></p> <p>2. Personnel engaged in derivatives trading may not serve</p>	

<u>Original</u>	<u>Amendment</u>	<u>Reason</u>
<p>shall be assigned to a different department that the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.</p> <p>4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.</p> <p>5. Other important risk management measures.</p>	<p>concurrently in other operations such as confirmation and settlement.</p> <p>3. Risk measurement, monitoring, and control personnel shall be assigned to a different department that the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.</p> <p>4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.</p> <p>5. Other important risk management measures.</p>	
<p>Article 6 : Regular evaluation methods and the handling of irregular circumstances</p> <p>Where the company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:</p> <p>1) Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.</p> <p>2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.</p> <p>President or Chairman of the Board of Directors personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:</p> <p>1) Periodically evaluate the risk management measures</p>	<p>Article 6 : Regular evaluation methods and the handling of irregular circumstances</p> <p>Where the company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:</p> <p>1) Designate President or Chairman of the Board of Directors personnel to pay continuous attention to monitoring and controlling derivatives trading risk.</p> <p>2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.</p> <p>President or Chairman of the Board of Directors personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:</p> <p>1) Periodically evaluate the risk management measures</p>	<p>According to “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and For the Company’s requirements of business operation.</p>

<u>Original</u>	<u>Amendment</u>	<u>Reason</u>
<p>currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.</p> <p>2) When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.</p> <p>The company shall report to the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</p>	<p>currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.</p> <p>2) When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.</p> <p>The company shall report to the <u>soonest meeting of the</u> board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</p>	
<p>Article 7 : Public Disclosure of Information</p> <p>1. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company, the company shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event.</p> <p>2. Before the 10th day of each month the company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC.</p>	<p>Article 7 : Public Disclosure of Information</p> <p>1. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company, the company shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event.</p> <p>2. <u>The company shall compile monthly</u> reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC <u>by the 10th day of each month.</u></p>	<p>According to “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and For the Company’s requirements of business operation.</p>
Article 8 : Establish a log book	Article 8 : Establish a log book	According to

<u>Original</u>	<u>Amendment</u>	<u>Reason</u>
The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 4 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of Article 6 shall be recorded in detail in the log book.	The company engaging in derivatives trading shall establish a log book in which details of the <u>types</u> and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 4 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of Article 6 shall be recorded in detail in the log book.	“Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and amendment the word.

【APPENDIX 1】

PHISON ELECTRONICS CORP. RULES AND PROCEDURES OF SHAREHOLDER MEETINGS

1. Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures. Any matter not provided in these Rules and Procedures shall be handled in accordance with the Company Law and the Articles of Incorporation of the Company.
2. Shareholders or their representatives attending the Meeting shall wear on Certificate of Attendance. They shall also sign on the attendance book or submit the attendance card for the purpose of calculating the number of shares represented by shareholders attending the Meeting.
3. The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.
4. The Company may appoint designated counsel, CPA or other related persons to attend the Meeting. Persons handling affairs of the Meeting shall wear identification cards or badges.
5. The process of the Meeting shall be tape-recorded or videotaped and these tapes shall be preserved for at least one year.
6. Chairman shall call the Meeting to order at the time the number of shares represented by the shareholders present at the Meeting constituted the quorum. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, Chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Article 175 of the Company Law. If during the process of the Meeting the number of outstanding shares represented by the shareholders

present becomes sufficient to constitute the quorum, Chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Law.

7. The Agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda.

The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting.

Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved.

The shareholders cannot designate any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned. However, in the event that Chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.

- 7-1 The shareholders who held more than one percent (including one percent) of total outstanding shares of the Company can propose the motion of the regular shareholder meeting in written form.

The Company should announce the period and place of accepting shareholders to propose the motions before the suspension period of stock transfer before the regular shareholder meeting. And the period of accepting shareholders to propose the motions can not less than ten days.

The motions proposed by the shareholders need to be discussed by the board directors meeting, if there are no any concerns happened as below , the motions should be added into the meeting notice of the regular shareholders meeting:

- (1) The motion should not be discussed by the shareholders meeting.
- (2) The shareholder who proposed the motion, his/her shareholding rate of total outstanding shares of the Company did not reach one percent during the suspension period of stock transfer before the regular shareholder meeting..

(3) The motion was proposed over the accepting period announced by the Company.

(4) The shareholder proposed more than one motion, or the wordings (including the punctuation marks) in the motion more than 300 words, or the motion was not proposed in written form.

The Company should inform the shareholder the result of the motion proposed by this shareholder before the date of the notice of regular shareholder meeting. For the motions not added into the regular shareholder meeting, the board directors should explain the reason in the meeting agenda handbook of regular shareholder meeting, and don't need to be included in the meeting agenda and minutes.

8. Chairman of the Board of Directors shall be the Chairman presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. In case the Chairman of the Board of Directors is on leave of absence or cannot exercise his powers and authority for any cause, the Vice Chairman shall act on his behalf. In case there is no Vice Chairman or Vice Chairman is also on leave of absence or cannot exercise his power and authority for any cause, Chairman of the Board of Directors may designate one of the managing directors or, where there are no managing directors, one of the directors, to act on his behalf. In the absence of such a designation, the managing directors or directors shall elect one from among themselves. If the Meeting is convened by any other person entitled to convene the Meeting, such person shall be the Chairman to preside at the Meeting.
9. During the Meeting, the Chairman may, at his discretion, set time for intermission.
10. Items which were not listed on the Meeting Agenda shall not be discussed or be resolved. Chairman may announce to end or stop the discussion if Chairman deems it appropriate.
11. When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card), the name of the shareholder and the amount his shareholding. The sequence of speeches by shareholders should be decided by

Chairman.

12. Unless otherwise permitted by the Chairman, each shareholder shall not speak more than two times (each time not exceeding 5 minutes). If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.
13. After the speech of a shareholder, the Chairman may respond himself/herself or appoint an appropriate person to respond.
14. In case the speech of any shareholder exceeds the limitation of time or the scope of the discussion item, Chairman may stop the speech of such shareholder. If the shareholder who do not obey Chairman's order and disturb the order of the Meeting, Chairman may stop his attendance.
15. The Chairman shall announce to go into voting if the issues had been announced to end or stop the discussion.
16. Except otherwise specified in the Company Law or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by Chairman.
17. The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s). The result of voting shall be announced at the Meeting and placed on record.
18. If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

If the motions in written form proposed by the shareholders according to the Article 172-1 of the Company Law and were approved to add into the regular shareholders meeting were the same kind of motion proposed by the board directors, the motions will be combined and be discussed by the rule of above-mentioned item.

The chairman shall decide the sequence of discussing and voting of the motions

proposed by shareholders at the extemporaneous motions period.

19. The Chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges marked "Disciplinary Officers" for identification purpose.
20. In case of air attack alarmed during the proceeding of the Meeting, the Meeting shall be suspended and the attendants shall split immediately. Chairman may resume the Meeting one hour after the alarm dismissed.
21. This "Rules and Procedures" shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.
22. This "Rules and Procedures" was established on 26th March 2003.
The first Amendment was on June 14, 2006.

【APPENDIX 2】

PHISON ELECTRONICS CORP. RULES FOR ELECTION OF DIRECTORS AND SUPERVISORS

1. The directors and supervisors of the Company shall be elected in accordance with the rules specified herein.
2. Election of directors and supervisors of the Company shall prepare separate ballots for Directors and Supervisors and note the number of voting rights by the board of directors for distribute to the shareholders of attend the shareholders meeting. The elector shall be record the name by the ballots of shareholder account number or certificate of attendance.
3. In the election of directors and supervisors of the Company, the cumulative voting system applies to the election, each share shall have voting rights equivalent to the number of seats to be elected and such voting rights can be combined to vote for one person or divided to vote for several persons.
4. Election of directors and supervisors of the Company shall be held at the Shareholders' Meeting and appoint to people who shall be have capacity, accordance with the article of the corporation's rule of the director and supervisor number of persons designated. Candidates who acquire more votes should win the seats of independent directors、directors or supervisors. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.

The candidate who had been elected as Director and Supervisor at the same time shall choose to sit on one of the two positions by himself.

The vacancy of the position shall be sited by the candidate who won the second majority votes.
5. At the beginning of the election, the Chairman shall appoint several persons to check and record the ballots, but the scrutineer must be shareholders.
6. The ballot box used for voting shall be prepared by board of directors and checked

in public by the person to check the ballots before voting.

7. If the candidate is a shareholder of the Company, voters shall fill in the "candidate" column the candidate's name and shareholder's number, and the number of votes cast for such candidate. If the candidate is not a shareholder of the Company, voters shall fill in the "candidate" column the candidate's name, the candidate's ID number. If the candidate is a legal entity, the full name of the legal entity, the name of the legal entity, or the name(s) of their representative(s) should be filled in the column.
8. Ballots shall be deemed void under the following conditions:
 - (1) Ballots used not prepared by this Company;
 - (2) Blank ballots not completed by the voter;
 - (3) Illegible handwriting unable to understand or any of the candidate's name, shareholder's number (ID number) or the number of votes cast for such candidate being erased or changed;
 - (4) If the candidate is a shareholder of the Company, the name or shareholder's number of the candidate filled in the ballot inconsistent with the shareholders' register. If the candidate is not a shareholder of the Company, the name or ID number of the candidate filled in the ballot is incorrect;
 - (5) Ballots with other written characters or symbols in addition to candidate's name, shareholder's number (ID number) and the number of votes cast for the candidate;
 - (6) Voters not fill in the "candidate" column the candidate's name and shareholder's number (ID number).
9. Independent and non-independent directors shall be elected at the same time, but the ballots and will be tallied separately.
10. The ballots should be calculated during the Meeting right after the vote casting and the results of the directors and supervisors elect roster should be announced by the Chairman at the Meeting.
11. If elect process is not according to the Securities and Exchange Law 26-3-3 and 26-3-4, the election loses its potency.
12. The directors and supervisors who to win an election of the company, we shall be leave each other issued an advice notice by board of directors.

13. Election of Directors and Supervisors shall be conducted in accordance with these Rules. Any matter not provided in these Rules shall be handled in accordance with the Company Law and the Articles of the corporation and other interrelated law.
14. This “Rules” shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

【APPENDIX 3】

PHISON ELECTRONICS CORP. ARTICLES OF THE CORPORATION

Section I - General Provisions

1. The Corporation shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be Phison Electronics Corp.
2. The scope of business of the Corporation shall be as follows :
 - 1). CC01080 Electronic Parts and Components Manufacturing
 - 2). I301010 Software Design Services
 - 3). F218010 Retail Sale of Computer Software
 - 4). F119010 Wholesale of Electronic Materials
 - 5). F219010 Retail Sale of Electronic Materials
 - 6). CE01030 Photographic and Optical Equipment Manufacturing
 - 7). CC01120 Data Storage Media Manufacturing and Duplicating
 - 8). I501010 Product Designing
 - 9). F401010 International Trade
 - 10). ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval
- 2-1. The Corporation may provide the procedure of Endorsements and Guarantees and act as a guarantor.
- 2-2. The total amount of the Corporation 's reinvestment shall not be subject to the restriction of not more than forty percent of the Corporation 's paid-up capital as provided in Article 13 of the Company Law.
3. The Corporation shall have its head office in Hsin Chu, Taiwan, Republic of China, and shall be free to set up branch offices at various locations within and without the territory of the Republic of China upon the resolution of the Board of Directors.
4. (deleted)

Section II - Capital Stock

5. The total capital stock of the Corporation shall be in the amount of 2,300,000,000 New Taiwan Dollars, divided into 230,000,000 shares, at ten New Taiwan Dollars each, and authorize the Board of Directors to be paid-up in installments.

The Corporation may reserve 160,000,000 New Taiwan Dollars of the total capital stock of the Corporation, divided into 16,000,000 shares, at ten New Taiwan Dollars each, to issue employee stock options in installments under resolution of the Board of Directors.

6. (deleted)

7. The share certificates of the Corporation shall all be name-bearing share certificates with signatures or stamps not less than three Directors.

The Corporation may print a consolidated share certificate in issuing new shares after going public. It may also be exempted from printing any share certificate for the shares issued. It may also be exempted from printing any share certificate for the shares issued and login at TDCC.

(Taiwan Depository & Cleaning Corp.)

8. Registration for transfer of shares shall be suspended sixty (60) days immediately before the date of regular shareholder's meeting, and thirty (30) days immediately before the date of any special shareholder's meeting, or within five (5) days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

Time of previous item, starts from the date the meeting was hold or from standard date.

- 8-1. The stock affairs of the Corporation shall follow the 'Criteria Governing Handling of Stock Affairs by Public Companies'.

Section III – Shareholder's Meeting

9. Shareholders' meetings of the Corporation are of two types, namely: (1) regular meetings and (2) special meetings. Regular meetings shall be convened, by the Board of Directors, within six (6) months after the close of each fiscal year. Special meetings shall be convened if necessary in accordance with the relevant laws.
10. If a shareholder is unable to attend a meeting, he/she may appoint a representative to attend it, and to exercise, on his/her behalf, all rights at the meeting by executing a power of attorney printed by the Corporation therein the

scope of power authorized to the proxy. Excepted provided by Article 177 of the Company Law, the use of proxy shall follow 'Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies'.

11. Each share of stock shall be entitled to one vote, except the conditions regulated by the Term 3 of Article 157 and Article 179 of Company Law.
- 11-1. The shareholders' meeting shall be convened by the Board of Directors and be presided over by the Chairman of the Board of Directors of the Company. In case the Chairman of the Board of Directors is on leave of absence, the Chairman may designate one of the directors, to act on his behalf. In the absence of such a designation, the directors shall elect one from among themselves. If the Meeting is convened by any other person entitled to convene the Meeting, such person shall be the chairman to preside at the Meeting. If there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.
12. Except as provided in the Company Law, shareholders' meetings may be held if attended by shareholders in person or by proxy representing more than one half of the total issued and outstanding capital stock of the Company, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting.
- 12-1. The reasons for calling a board of directors meeting shall be notified to each director and supervisor at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice. The calling a board of directors meeting notice also could be by Email or fax letters.

Section IV - Directors and Supervisors

13. The Company shall have seven Directors and three Supervisors who shall be elected by the shareholders' meeting from among the persons with disposing capacity. The tenure of them shall be three (3) years. But he /she may be eligible for re-election.

The total shares of the nominal shares of all directors and supervisors must not be less than the shareholding percentage regulation which was set by the rules and audit procedures for directors and supervisors share ownership ratio at public companies.

13-1. The Company shall have two independent Directors among the above-mentioned number of Directors. The independent Directors shall be elected by the system of nominating candidates and by the shareholders' meeting from the list of candidates of independent Directors.

14. The Board of Directors is constituted by the Directors. The Directors shall elect from among themselves a Chairman of the Board of Directors by a majority in a meeting attended by over two-thirds of the Directors. The Chairman of the Board of Directors shall have the authority to represent the Corporation.

15. In case the Chairman of the Board of Directors is on leave of absence, the affairs of chairing the board of directors' meeting shall be dealt by Article 208 of the Company Law. The board of directors' meeting shall be convened by the Chairman of the Board of Directors. The chairing of the board of directors' meeting shall in accordance with the 'Regulations Governing Procedure for Board of Directors Meetings.

Each director shall attend the meeting of the board of directors in person. In case a meeting of the board of directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person. In case a director appoints another director to attend a meeting of the board of directors in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. Consigned proxy is limited to one director per person only.

16. The compensation of the chairman, directors and supervisors shall be resolved by the authorized Board of directors according to their individual participated degree of business operating and the contribution value and the normal standard of the same business companies.

The Corporation may take out liability insurance for Directors and Supervisors for the legal liability in their scope of business performance within the term of office.

Section V - Managers

17. The Corporation may appoint the managements. Appointment, discharge and remuneration of the managements shall be dealt in accordance with the Article 29

of Company Law.

Section VI – Accounts

18. After the close of each fiscal year, thirty (30) days before the date of regular shareholder's meeting, the Corporation shall submit the following reports which shall be prepared by the Board of Directors, and, after being audited by the Supervisors of the Corporation, to the regular shareholders' meeting for acceptance: 1. Business Report; 2. Financial Statements; 3. Proposal Concerning Appropriation of Net Profits or Covering of Losses.
19. When allocating the profits for each fiscal year, the Corporation shall first paid its tax, offset its losses in previous years and set aside a legal capital reserve at 10% of the profits left over, and shall set aside or reverse the special surplus capital reserve according to the law and regulation of related authorities. The rest of the profits accumulated with the not yet distributed profits in previous years shall be wholly or partly to set aside as the distributable profits. The Board of Directors shall submit a proposal regarding the distribution of profits in accordance the actual operation situation of the Corporation to the Shareholders' Meeting for their approval. The profits shall be distributed by the following sequence: (1)1% for the compensation of the Directors and Supervisors, (2)12% to 25% for employees' bonus, and (3) the others for shareholders' dividends. If the employees' bonus are distributed by the share stocks, the employees who can be distributed the stock bonus may include the employees of subsidiaries who need conform to specific conditions.

Regarding dividend distribution policy of the company shall be adjusted in accordance with the factors such as investment circumstance, cash demanding, competition inside and outside the country, and budget of the capital. The interest of shareholders, equivalent of dividends and long-term financial plan shall also be considered in making the policy. The Board of Directors shall submit the Report of Dividends Distribution to the Shareholders' Meeting annually for their approval. In paying of the shareholders' dividends, the Corporation shall distribute dividends by cash or stocks, and the cash-dividends shall take the ratio of the total amount of the shareholders' dividends not less than 10%.

Section VII - Supplementary Provisions

20. In regard to all matters not provided for in these Articles of the Corporation, the Company Law shall govern.

21. These Articles of Incorporation are agreed to and signed on October 24, 2000.

The first Amendment was approved by the shareholders' meeting on November 24, 2000, the second Amendment on September 5, 2001, the third Amendment on February 15, 2002, the fourth Amendment on April 9, 2002, the fifth Amendment on June 25, 2002, the sixth Amendment on March 26, 2003, the seventh Amendment on November 12, 2003, the eighth Amendment on June 15, 2004, the ninth Amendment on March 17, 2005, the tenth Amendment on June 16, 2005. the eleventh Amendment on June 14, 2006, the twelfth Amendment on November 1, 2006, the thirteenth Amendment on June 13, 2007, the fourteenth Amendment on June 13, 2008, the fifteenth Amendment on May 8, 2009, the sixteenth Amendment on June 15, 2010, the seventeenth Amendment on June 15, 2011, the eighteenth Amendment on June 11, 2013.

【APPENDIX 4】

PHISON ELECTRONICS CORP. PROCEDURE OF ACQUISITION AND DISPOSAL OF ASSETS (ORIGINAL)

Chapter I General Principles

Article 1 : Purpose and Basis

In order to strengthen the management and implementation of Public Disclosure of Information of the company, so the company is adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act") and the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” (“Regulation”) to set up this Procedure.

Article 2: Scope

Relating to the Company and subsidiaries shall handle the acquisition or disposal of assets in compliance with this Procedure; provided, where another law or regulation provides otherwise, such provisions shall govern.

Article 3: “Assets” mentioned in this Procedure is defined as the follows:

1. The term "assets" as used in this Procedure includes the following:
 - 1) Long/Short term security investments : 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 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.
 - 9) Other major assets.
2. Terms used in this Procedure are defined as follows:

- 1) Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
 - 2) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 6 of the Company Act.
 - 3) Related party: As defined in Statement of Financial Accounting Standards No. 6 published by the ROC Accounting Research and Development Foundation (ARDF).
 - 4) Subsidiary: As defined in Statements of Financial Accounting Standards Nos. 5 and 7 published by the 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 assets.
 - 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 investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
3. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.

Chapter II Acquisition or Disposal of Assets

Article 4: Appraisal procedures:

The company evaluating procedure for the acquisition and disposal of assets shall comply with the following provisions :

1) Marketable securities:

When the Company acquires or disposes of marketable securities, the target company's recent audited financial reports shall, prior to the date of occurrence of the event, be procured as the reference of evaluation of the transaction price, and the transaction price will be determined as follows:

- A. When the securities acquired or disposed of through stock exchange or over-the-counter, the then current stock or bond prices shall be used as the basis for determining the price.
- B. In acquiring or disposing of securities which are not traded on any stock exchange or over-the-counter, its net worth per share, profitability, potential of future growth, market rates, interest rates of bonds, credit ratings and its current market price shall be evaluated.

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 (FSC).

2) Real estate or other fixed assets:

When the Company acquires or disposes of Real estate, shall reference current assessed land value, assessed value, or near the Real estate's trading price, etc. make the price deal. When the Company acquires or disposes of other fixed assets, shall collect price information before, and choose one method of use price relations, negotiated price, or Bidding price.

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 its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- A. 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.
- B. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- C. 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 ARDF and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - a. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - b. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- D. 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.

3) Membership certificates or intangible assets:

Relevant information shall be collected for pricing comparison or negotiation in acquiring or disposing membership certificates. In acquiring or disposing of intangible assets, relevant price information shall be collected and relevant regulations and contract content carefully evaluated before the transaction price is determined.

Where the company acquires or disposes of memberships or intangible assets and 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.

- 3-1) The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 19, paragraph 2 herein, and

"within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

4) Other Important Assets :

When the Company acquires or disposes of Creditor's Right of Financial Institution, Derivatives, Assets Received from Merger, Division, Acquisition or Transfer of Stocks in Accordance with Law, or Other Important Assets shall see the trading assets object, and collect information relating price before and be careful appraisal relate laws and terms of the contract so make a trading price.

5) Where the company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 5: Operating procedures:

1. The degree of authority delegated and levels to which authority is delegated

1) For acquisition and disposal of capital by the Company, the undertaking department should collect information relating to capital which is to be acquired and disposed such as the cause, object, trading counter-part, price of transfer, payment terms, basis for price reference, etc. Such information should be submitted in accordance with items of trading capital to the responsible department for decision. The degree of authority delegated and levels to which authority is delegated regarding derivatives should be handled in accordance with "Procedure of Engaging in Derivatives Trading".

Item	Amount	Responsible Department		
		Board of Directors	Chairman of the Board of Directors	President
Long-term Marketable securities Investment (Including Investment in Long-term Negotiable Securities)	Under 60,000,000(Including 60,000,000)			Decide
	60,000,000(Excluding 60,000,000)~130,000,000(Including 130,000,000)		Decide	Review
	Above130,000,000(Excluding 130,000,00)	Decide	Review	Review
Investment in Short-term Negotiable Securities	Under 60,000,000(Including 60,000,000)			Decide
	60,000,000(Excluding 60,000,000)~200,000,000(Including 200,000,000)		Decide	Review
	Above 200,000,000(Excluding 200,000,000)	Decide	Review	Review

Real Estate	Under 100,000,000 (Including 100,000,000)		Decide	Review
	Above 100,000,000 (Excluding 100,000,000)	Decide	Review	Review
Other fixed assets	Under 10,000,000(Including 10,000,000)			Decide
	10,000,000 (Excluding 10,000,000)~40,000,000(Including 40,000,000)		Decide	Review
	Above 40,000,000(Excluding 40,000,000)	Decide	Review	Review
Certificate of Membership	Under 10,000,000(Including 10,000,000)		Decide	Review
	Above 10,000,000(Excluding 10,000,000)	Decide	Review	Review
Intangible Assets	Under 10,000,000(Including 10,000,000)			Decide
	10,000,000(Excluding 10,000,000)-40,000,000(Including 40,000,000)		Decide	Review
	Above 40,000,000(Excluding 80,000,000)	Decide	Review	Review
Creditor's Right of Financial Institution	Under 50,000,000(Including 50,000,000)		Decide	Review
	Above 50,000,000(Excluding 50,000,000)	Decide	Review	Review
Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law	Without Resolution of Shareholders' Meeting in Accordance with Law	Decide	Review	Review
	With Resolution of Shareholders' Meeting in Accordance with Law	Review	Review	Review
Other Important Assets	Under 20,000,000(Including 20,000,000)		Decide	Review
	Above 20,000,000(Excluding 20,000,000)	Decide	Review	Review

2) With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.

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

If the Procedure has regulations of must to resolution by Board of directors, the Board of directors meeting more than two-thirds of the directors should attend, and to attend a majority of the members agree.

2. The units responsible for implementation

The company's units responsible for implementation as follows:

- A. Long term security 、 Certificate of Membership 、 Assets Received from Merger, Division, Acquisition or Transfer of Stocks in Accordance with Law and Other Important Assets: The general manager or Chairman instructs the special project groups are responsible for assessing and carrying out.
- B. Short term security 、 Derivatives and Creditor's Right of Financial Institution: Assessed and carried out by financial accounting department.
- C. Real Estate : Undertaken by the General affair department.
- D. Other fixed assets : Undertaken together with the departments of general admin department by the demand unit.
- E. Public announcement and regulatory filing procedures : Declare announcement personnel, arrange with, ask the organizer to remit and exactly announce and declare the relevant materials, the pool is handled.

3. Transaction Process

About the Company acquires or disposes of trading process and handle, in accordance with the relevant regulations of relevant decree and internal control system of our company.

Article 6: The restrictions of total amount assets and individual amount

The restrictions of total amount and individual amount for the Company's and its Subsidiary's transactions in real estate for non-operational purposes, marketable securities, and investments in a single marketable security are as follows:

- A. The purchase of real estate for non-operational purpose shall not exceed 20% of the company's Total equity attributable to owners of the parent ; The company's subsidiaries of the purchase of real estate for non-operational purpose shall not exceed 20% of subsidiaries Total equity attributable to owners of the parent.
- B. The total amount of investment in Long/Short term security must not exceed 100% of the company's Total shareholders' equity ; The company's subsidiaries of total amount of investments in long term security must not exceed 100% of subsidiaries Total shareholders' equity. If the company's subsidiaries major operation items are investment, the total amount of investments in long term security must not exceed 150% of the subsidiaries Total shareholders' equity.

C. The total amount of investment in a single marketable security shall not exceed 40% of the company's Total shareholders' equity ; The Company's subsidiaries total amount of investment in a single marketable security shall not exceed 100% of the subsidiaries Total shareholders' equity. If the company's subsidiaries major operation items are investment, the Company's subsidiaries total amount of investment single marketable security shall not exceed 150% of the subsidiaries Total shareholders' equity.

Article 7: Control procedures for the acquisition and disposal of assets by subsidiaries

1. The company shall see to it that its subsidiaries adopt and implement the procedures for the acquisition or disposal of assets.
2. The Company's subsidiaries control program acquisition or disposition of assets, noted accordance with relevant laws and regulations relating to the Company's internal control system of the handle.
3. Information required to be publicly announced and reported in accordance with the provisions of Chapter V on acquisitions and disposals of assets by a subsidiary of the company that is not itself a public company in Taiwan shall be reported by the public [parent] company.

The paid-in capital or total assets of the company shall be the standard for determining whether or not a subsidiary referred to in the preceding subparagraph is subject to Article 19, paragraph 1 requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.

Chapter III Related Party Transactions

Article 8: The term " Related Party Transactions " as used in these Procedure includes the following:

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

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 4-3-1 herein.

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

Article 9: Resolution procedures

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, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:

- 1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- 2) The reason for choosing the related party as a trading counterparty.
- 3) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 10 and Article 11.
- 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.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 19, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.

With respect to the acquisition or disposal of business-use machinery and equipment between the company and its parent or subsidiaries, the company's board of directors may pursuant to Article 7, paragraph 1, subparagraph 3 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.

Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent

director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Article 10: Appraisal procedures

The company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:

- 1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
- 2) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

The company that acquires real property from a related party and appraises the cost of the real property in accordance with paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.

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 Article 14 and the preceding three paragraphs do not apply:

- 1) The related party acquired the real property through inheritance or as a gift.
- 2) 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.
- 3) The real property is acquired through signing of a joint development contract with the related party.

Article 11: When the results of the company's appraisal conducted are uniformly lower than the transaction price-1

When the results of the company's appraisal conducted in accordance with

paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 17.

However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

- 1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
 - C. Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.
- 2) Where the company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.

Article 12: When the results of the company's appraisal conducted are uniformly lower than the transaction price-2

Where the company acquires real property from a related party and the results of appraisals conducted in accordance with Article 15 and Article 16 are uniformly lower than the transaction price, the following steps shall be taken:

- 1) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of the company's equity stake in the other company.
- 2) Supervisors shall comply with Article 218 of 2. the Company Act.
- 3) Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent. When the company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

Chapter IV Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

Article 13: Resolution procedures

1. The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.
2. The company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders

notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

3. A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

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

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report (in the

prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 and 4.

Article 14: Confidentiality

Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 15: The purchase price or exchange ratio change

The companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

- 1) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
- 2) An action, such as a disposal of major assets, that affects the company's financial operations.
- 3) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
- 4) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
- 5) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
- 6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 16: Contract shall contain matters

The contract for participation by the company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

- 1) Handling of breach of contract.
- 2) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
- 3) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
- 4) The manner of handling changes in the number of participating entities or companies.
- 5) Preliminary progress schedule for plan execution, and anticipated completion date.
- 6) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 17: Participate object changes

After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 18: Objects are involved in the processing of non-public offering of the Company

Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not the company, the company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 13-3, Article 14, and Article 17.

Chapter V Public Disclosure of Information

Article 19: Public announcement and regulatory filing procedures

Under any of the following circumstances, the company acquiring or disposing of

assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:

- 1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements.
- 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 government bonds.
 - B. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets.
 - 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.

The amount of transactions above shall be calculated as follows:

- 1) The amount of any individual transaction.
- 2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
- 3) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
- 4) The cumulative transaction amount of acquisitions and disposals (cumulative

acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.

The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.

Article 20: Other important matters

Where any of the following circumstances occurs with respect to a transaction that the company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days commencing immediately from the date of occurrence of the event:

- 1) Change, termination, or rescission of a contract signed in regard to the original transaction.
- 2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
- 3) Change to the originally publicly announced and reported information.

Chapter VI Additional Provisions

Article 21: Penalties for personnel violating these Regulations or the procedures for the acquisition or disposal of assets

Directors, supervisors and managers of the company violate the FSC adopted guidelines or provisions of this Procedure, leading the company from significant damage and should be ouster.

The company executives when violations of guidelines or provisions of this

Procedure, according to the staff of our company management punish.

Article 22: Revised procedures

The company established its procedures for the acquisition or disposal of assets in accordance with the provisions of these Regulations and other related rules. After the procedures have been approved 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.

Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

When the company revised these procedures, the company shall be handled in accordance with relevant regulations announcement and reporting matters.

Article 23: Other important matters

When the Procedure has not completely matters concerned, according to the relevant regulations or discussions by the Board of Directors of the company.

【APPENDIX 5】

PHISON ELECTRONICS CORP. PROCEDURE OF ENGAGING IN DERIVATIVES TRADING (ORIGINAL)

Article 1 : Purpose

In order to strengthen the company's risk management and for transparency investment information, the company hereby proposes to set the Procedure according the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" (hereafter "Regulation") posted by Financial Supervisory Commission (hereafter "FSC"), Executive Yan.

Article 2 : Trading principles and strategies

1. The types of derivatives that may be traded

- 1) Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests.
- 2) The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
- 3) Bond trading shall be regulated by the Procedure.

2. Operating or hedging strategies

The aims of engaging in the trade of the derivative should be avoiding the risks might happen to the operations or business in the company. To avoid credit risks, the institutions to trade the derivative should be mainly those works in long-term relationship with the company.

3. Segregation of duties

Finance Department: Responsible for foreign exchange management, such as market information collection, trends and risk determining, and should familiar with financial instruments and the operating. The personnel of manage foreign exchange is authorized by the instructions of the in charge of the finance department, to control the positions of foreign exchange according to the company's policy to avoid risks.

Accounting Department : Responsible for confirm the Derivatives Trading, delivery and log-in detail of the account.

4. Essentials of performance evaluation

In order to grasp the Derivatives Trading profit and loss situation, all operate of

the derivative will record on the trade detailed statement by day. In Addition, the company must calculating the foreign exchange gain or loss on every monthly 、 quarter 、 half year 、 yearly.

5. Total amount of derivatives contracts that may be traded, and the maximum loss limit on total trading and for individual contracts

1) In order to evade the trade risk, the financial department should grasp the whole Derivatives Trading position of the company. The total amount of long-term foreign currency can't exceed the total amount of real foreign currency demand of the company.

2) The maximum loss limit of the derivative contracts: the maximum loss limit for individual contract is 15% of the contract amount; the maximum loss limit on total trading is 10% of the sum of the contract amounts. While foreign exchange has Material adverse effects the company should immediately react or disposal.

Article 3 : Operation procedure

1. The authority limits

When the company is engaged in the trade of the derivative goods, it shall operate in accordance with the following amount of money of mandate:

1) Long-term foreign exchange transaction:

The authority limits (The accumulated amount per month)

Total contract amount	Capacity and Level of Authorization
USD 0~100,000,000 (Including 100,000,000)	Chairman Of the Board of Directors
Above USD 10,000,00 (Excluding 100,000,000)	Board of directors e

2) Foreign currency option contracts traded : To avoid foreign exchange risks, the Chairman of the board is authorized to sign derivatives trading contract with banks or financial institutions with the limitation should not exceed future six-month net foreign exchange demands or expenditures; and the cumulative effective contract amounts should not exceed US\$5 millions.

3) Others Derivatives Trading : Should be resolution by Board of Directors before start this trade.

4) If the Procedure has regulations of must to resolution by Board of directors, the Board of directors meeting more than two-thirds of the directors should attend, and to attend a majority of the members agree.

2. Operations department and trading procedure

- 1) Operations department : By financial department trade personnel, in accordance with authorizing amount to standardize the financial institution of introversion and do a deal, if while exceeding the amount of money of mandate of first of article 3 of this method, need to obtain and check and approve in writing in advance under the provision of the aforesaid. After every transaction finish, make a deal, reciprocate, fill and present the intersection of trade and form immediately according to financial institution, mark out the content, sign cores by the executive of power and responsibility and will count the position and trade the single duplicate to deliver to the accounting department.
- 2) Trading procedure : The delivery should do a deal and confirm with the accounting department of log-in according to the trade form duplicate of unit making of the trade, and then carry on delivery and log-in detail in accordance with the figure that the trade confirms, the financial department makes and acts as and gathers together the whole report form to deliver to the accounting department as the basis which the accountant comments on per month.

Article 4 : Scope of Risk management measures :

1. Risk management :

- 1) Credit Risk : The target of the trade stipulates that has banks of business contact with the company. The intersection of log-in and personnel answer and log-in amount control and manage table behind the trade, and check account with the correspondent bank regularly.
- 2) Market Risk : Log-in personnel should check whether the total value of trade accords with the regulation limit of this procedure at any time. The accounting department should carry on the assessment of market price at any time, and pay attention to the impact on increase and decrease with possible position held of fluctuating of the market price in the future.
- 3) Liquidity Risk : In order to guarantee the flow ability of market, the financial institution of the trade must have sufficient apparatus, information and trade ability, and can do a deal on any market.
- 4) Cash flow Risk : The trade of the derivative goods is based on essence trade, so as to ensure the voluntary ability to perform of the delivery. Trade personnel should also pay attention to the cash flow of the company at any time, there is enough cash to pay while so as to ensure to complete a business transitioning.
- 5) Operational Risk : Must really observe and authorize amount and operational procedure.

- 6) Legal Risks : Any contract signed with the bank must be looking over of relevant personnel of the law affair.
2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.
4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.
5. Other important risk management measures.

Article 5 : Internal audit system

The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.

Article 6 : Regular evaluation methods and the handling of irregular circumstances

Where the company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:

- 1) Designate President or Chairman of the Board of Directors personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
- 2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.

President or Chairman of the Board of Directors personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:

- 1) Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.
- 2) When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting

and express an opinion.

The company shall report to the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

Article 7 : Public Disclosure of Information

1. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company, the company shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event.
2. Before 10th day of each month, the company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC.

Article 8 : Establish a log book

The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 4 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of Article 6 shall be recorded in detail in the log book.

Article 9 : Penalties for personnel violating these Regulations or the procedures for the acquisition or disposal of assets

Directors, supervisors and managers of the company violate the FSC adopted guidelines or provisions of this Procedure, leading the company from significant damage and should be ouster.

The company executives when violations of guidelines or provisions of this Procedure, according to the staff of our company management punish.

Article 10 : Revised procedures

The company shall establish its procedures for the acquisition or disposal of assets in accordance with the provisions of these Regulations and other related rules.

After the procedures have been approved 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.

Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of

assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

When the company revised these procedures, the company shall be handled in accordance with relevant regulations announcement and reporting matters.

Article 11 : Other important matters

When the Procedure has not completely matters or concerned, according to the relevant regulations to resolved it or discussions by the Board of Directors of the company.

【APPENDIX 6】

**THE EXPLAIN TABLE OF EMPLOYEES BONUS AND THE
COMPENSATION OF DIRECTORS AND SUPERVISORS**

ITEMS	BOD Meeting proposed amount(A)	Estimation Amount (B)	Difference amount (A-B)	Different Reason and processing affairs
EMPLOYEES CASH DIVIDENDS	380,000,000	380,000,000	0	None
COMPENSATION OF DIRECTORS AND SUPERVISORS	22,068,080	22,068,080	0	

【APPENDIX 7】

PHISON ELECTRONICS CORP.
SHAREHOLDING OF DIRECTORS AND SUPERVISORS

1. The mandatory ratio of shareholding for Directors and Supervisors and their shareholdings are as follows :
 - 1). The outstanding shares : 180,473,993 common shares
 - 2). The minimum required combined shareholding of all directors by law : 10,828,439 shares
 - 3). The minimum required combined shareholding of all supervisors by law : 1,082,843 shares
2. The shareholding of all Directors and Supervisors as of 19th April, 2014, the book closure date of this Regular Shareholders' Meeting, are as follows:

Book closure date : 19th April, 2014

Position	Name	Current Shareholding	Representative
Chairman	Pua Khein Seng	4,557,972	
Director	TOSHIBA CORP.	21,621,112	Hitoro Nakai
Director	Hsu Chih Jen	1,080,185	
Director	Aw Yong Cheek Kong	3,904,745	
Director	Kuang T.H.	1,428,736	
Independent Director	Wang Shu-Fen	0	
Independent Director	Yoshiaki Uchida	0	
Total Amount of Shares Held by Directors		32,592,750	
Ratio of total Outstanding Shares		18.06%	
Supervisor	Yang Jiunn Yeong	4,679,114	
Supervisor	Wang Huei Ming	171,750	
Independent Supervisor	Shen Yang-Bin	0	
Total Amount of Shares Held by Supervisors		4,850,864	
Ratio of total Outstanding Shares		2.69%	

【APPENDIX 8】

The effect for the Company's operating performance, EPS and ROE changed in 2014 by the stock dividend distribution of 2013 which proposed to be discussed at the shareholders meeting

The Company didn't disclose the financial forecast of 2014, so we don't need to disclose the information of operating performance, EPS and ROE in 2014.

【APPENDIX 9】 OTHER EXPLANATION ITEMS

For the status of the motions proposed by the shareholders at the regular shareholders meeting:

Explanation:

1. According to the article 172-1 of Company Law, the shareholders who held more than one percent (including one percent) of total outstanding shares of the Company can propose the motion of the regular shareholder meeting in written form. And the shareholder can only propose one motion, and the wordings (including the punctuation marks) in the motion cannot be more than 300 words.
2. The period of accepting the shareholder to propose the motion for this regular shareholders meeting was April 11~April 21, 2014, and the period was also announced on the website of MOPS.
3. The Company did not receive any motions proposed by the shareholders.