

# Tons:

## TONS LIGHTOLOGY Inc.

### Handbook for the 2017 Annual Meeting of Shareholders

MEETING TIME : May 26, 2017

PLACE : 5F, No. 236, Bo'ai Street, Shulin District,  
New Taipei City

---Disclaimer---

THIS IS A TRANSLATION OF THE AGENDA FOR THE 2017 ANNUAL GENERAL SHAREHOLDERS' MEETING ("THE AGENDA") OF TONS LIGHTOLOGY Inc. ("THE COMPANY"). THE TRANSLATION IS INTENDER FOR REFERENCE ONLY AND NO OTHER PURPOSE. THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE AGENDA SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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# Tons Lightology Inc.

## Procedure for the 2017 Annual Meeting of Shareholders

- I. Call the Meeting to Order
- II. Chairperson Remarks
- III. Management Presentation
- IV. Approval Items
- V. Discussion (I)
- VI. Elections
- VII. Discussion (II)
- VIII. Motions
- IX. Adjournment

# Tons Lightology Inc.

Year 2017

## Agenda of Annual Meeting of Shareholders

Time: May 26, 2017 (Friday) at 9:00 am

Place: 5F, No. 236, Bo'ai Street, Shulin District, New Taipei City

I. Call the Meeting to Order

II. Chairperson Remarks

III. Management Presentation

1. 2016 Business Report

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

3. The remuneration to employees, directors, and supervisors report

IV. Approval Items

1. Adoption of the 2016 Business Report and Financial Statements

2. Adoption of the Proposal for Distribution of 2016 Profits

V. Discussion (I)

1. Amendment to the Company's "Articles of Incorporation"

VI. Election

1. Election of 7 seats for the 9th directors (including 3 seats for independent directors)

VII. Discussion (II)

1. Amendments to the Company's Procedures for the Acquisition and Disposal of Assets

2. Proposal for a new share issue through capitalization of earnings

3. Proposal for the release of new directors from non-competition restrictions

VIII. Motions

IX. Adjournment

# Management Presentation

## Report 1

### 2016 Business Report

Explanation: Please refer to the Agenda Handbooks for the 2016 Business Report [Attachment 1].

## Report 2

### Supervisor's Review Report on the 2016 Financial Statements

Explanation: Please refer to the Agenda Handbooks for the 2016 Financial Statements reviewed by the Supervisors [Attachment 2].

## Report 3

### The distribution of remuneration to the employees, directors, and supervisors

Explanation:

- I. The Article 23.1 of the Company's Articles of Incorporation "appropriating 8~12% of the annual earnings, if any, as remuneration to employees and appropriating less than 2% of the annual earnings as remuneration to directors and supervisor".
- II. For the 2016 net income before tax and before deducting the remuneration to employees, directors, and supervisors, appropriate 8.5% of such amount (equivalent to NT\$13,548,000) as remuneration to employees and appropriate 1.5% of such amount (equivalent to NT\$2,391,000) as remuneration to directors and supervisors paid in cash.
- III. The appropriated remuneration to employees, directors, and supervisors was the same amount of the expense recognized in 2016.

## Approval Items

### Proposal 1

Proposed by the Board

#### Adoption of the 2016 Business Report and Financial Statements

##### Explanation:

- I. The Company's 2016 business report and financial statements had been prepared accordingly, of which, the financial reports (including the consolidated financial statements) and the business report were resolved in the Board meeting and reviewed by the supervisors with a written review report issued.
- II. Please refer to [Attachment 1] of the Agenda Handbooks for 2016 business report and TONS's website ([www.tonslight.com/tw](http://www.tonslight.com/tw)) for the 2016 independent auditor's report, and financial statements.
- III. Please adoption.

##### Resolution:

### Proposal 2

Proposed by the Board

#### Adoption of the Proposal for Distribution of 2016 Profits

##### Explanation:

- I. The Company's 2016 net income amounted to NT\$125,010,515 with a legal reserve of NT\$12,501,052 appropriated, plus the unappropriated earnings of prior period amounted to NT\$62,513,861 and deducting the amount of NT\$518,398 debited to retained earnings due to the revaluation of the 2016 defined benefit plan, resulted in a distributable amount of NT\$174,504,926. The shareholder dividend for an amount of NT\$106,427,590 will be appropriated in accordance with the Articles of Association, of which, NT\$3,941,760 will be with stock dividend (capitalized) issued and NT\$102,485,830 will be paid in cash.
- II. Please refer to [Attachment 3] of the Agenda Handbooks for the 2016 Profit Distribution Table.
- III. The Company plans to distribute cash dividend for an amount of NT\$102,485,830, that is, NT\$2.6 per share, which will be distributed proportionally to the shareholding of the shareholders in the shareholder

registry on the ex-dividend date. As soon as the proposal of earnings distribution resolved in the shareholders' meeting, the Board of Directors will be authorized to schedule the ex-dividend date and dividend distribution date. The cash dividend will be distributed proportionally to the shareholding and rounded up to dollar. The Chairman is authorized to handle the odd shares that are less than NT\$1 discretionally.

IV. When there is any change in the Company's outstanding shares; the Board of Directors is authorized to adjust the dividend per share in accordance with the actual outstanding shares on the ex-right and ex-dividend date.

V. Please adoption.

Resolution:



## Discussion (I)

Proposal 1

Proposed by the Board

Amendment to the Company's "Articles of Incorporation". Please proceed to discuss.

Explanation:

- I. New business items were added in accordance with operating needs.
- II. As the audit committee was established to replace the authority of supervisors, regulations in the Company's articles of incorporation in respect of supervisors were planned to be deleted and those in respect of the establishment of the audit committee were to be added.
- III. Please refer to the Agenda Handbooks for the Articles of Incorporation amendment before and after [Attachment 4].

Resolution:

## Elections

### Election 1

Proposed by the Board

Election of 7 Seats for the 9th Directors (including 3 Seats for Independent Directors).  
Please proceed to the election.

#### Explanations :

- I. The term of the 8<sup>th</sup> directors and supervisors will be expired on June 15, 2017. According to the Company Act and the Company's articles of incorporation, 7 seats for the 9<sup>th</sup> directors (including 3 seats for independent directors) shall be elected.
- II. According to Article 14 of the Company's articles of incorporation, directors and supervisors are nominated as candidates for the election of directors and supervisors and shall be resolved in the board meeting on April 7, 2017. For the candidates and their educational background, work experience, and the number of shares held, please refer to Appendix 5 on Page 38 of this Handbook.
- III. In response to the election of directors in 2017 general shareholders' meeting, the 8<sup>th</sup> directors and supervisors will leave their office after the general shareholders' meeting on May 26, 2017.
- IV. The term of new directors starts from May 26, 2017 and ends on May 25, 2020, with a term of 3 years.
- V. Please proceed to the election.

#### Resolution :

## Discussion (II)

### Proposal 1

Proposed by the Board

Amendments to the Company's Procedures for the Acquisition and Disposal of Assets.  
Please proceed to discuss.

#### Explanations:

- I. In response to the amended Regulations Governing the Acquisition and Disposal of Assets by Public Companies promulgated by Financial Supervisory Commission on February 9, 2017, the Company planned to amend its Procedures for the Acquisition and Disposal of Assets.
2. For the amendments before and after, please refer to Appendix 6 on Page 39~42 of this Handbook.

#### Resolution:

### Proposal 2

Proposed by the Board

Proposal for a new share issue through capitalization of earnings. Please proceed to discuss.

#### Explanations:

- I. The Company for the purpose of replenishing working capital intends to capitalize the shareholder dividend for an amount of NT\$3,941,760 from the 2016 distributable earnings with 394,176 registered common stock shares issued at par value.
- II. The capitalization of the shareholder dividend with new shares issued will be distributed proportionally to the shareholding of the shareholders in the shareholder registry on the ex-right date, that is, 10 shares of stock dividend for each 1,000 shares. For the fractional share of stock dividend, shareholders may register with the stock affair agency for fractional share consolidation within five days from the stop-transfer date. The fractional share that cannot be consolidated or cannot be consolidated before deadline will be paid in cash for the par value and round up to dollar. The Chairman is authorized to contract a specific person for the said transaction.

- III. For any change in the Company's outstanding shares occurred, the Board of Directors is authorized to adjust the shareholder dividend rate in accordance with the outstanding shares on the ex-right date.
- IV. The rights and obligations of the new shares issued for the capitalization is same as the shares issued before.
- V. Once the capitalization is resolved in the shareholders' meeting and approved by the competent authorities, the Board of Directors will be authorized to schedule the capitalization base line date for earnings distribution.
- VI. If the issuance of new shares stated in the preceding paragraph must be changed due to the consideration of law and regulations or in response to the objective business environment, it will be proposed in the shareholders' meeting to have the Board of Directors authorized for a discretionary operation within the scope of the governing law and regulations.

Resolution:

### Proposal 3

Proposed by the Board

Proposal for the release of new directors from non-competition restrictions. Please proceed to discuss.

Explanations:

- I. The Company shall act in accordance with Paragraph 1, Article 209 of the Company Act, "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."
- II. If the Company's directors invest in or operate companies having the same or similar scope of business with the Company and act as the directors of such companies, the release of directors from non-competition restrictions shall be proposed in the shareholders' meeting for approval.
- III. The release of directors (including independent directors) from non-competition restrictions is described as follows:

Post	Name	Posts Concurrently held in Other Companies
Director	TSAI, SHAO-CHUN	Mercuries Furniture CO., LTD -Deputy General Manager Mercuries & Associates, LTD. -Director Honeytown Co., LTD -Director
Director	CHEN, MING-HSIN	Solar PV Co.,- Corporate Director CAI ASIA- Executive Director
Independent Director	YUAN, JIAN-CHUAN	Professor of Institute of Management of Technology, National Chiao-Tung University ChungHwa Picture Tubes, LTD. -Independent Director Analog Technology Inc . -Independent Director Unitech Printed Circuit Board Corp -Independent Director
Independent Director	HSU, CHUNG-YUAN	Professor of Accounting, National Chengchi University Hua Nan Financial Holdings Co., Ltd. - Independent Director Hua Nan Commercial Bank Ltd. - Independent Director
Independent Director	CHOU, LIANG-CHENG	Jia Hua Attorneys-At-Law Firm, -Founding Attorney Career Technology Co., Ltd. -Independent Director Shih-Kuen Plastics Co., Ltd. -Independent Director

Resolution:

Motions

Adjournment

## Tons Lightology Inc.

### The 2016 Business Report

Although the global deflation is expected to slow down gradually, the economic growth of major economies, such as Eurozone and Japan, is insignificant. In response to the structural adjustment, China's economy will slow down further. The U.S. is expected to have a stable economic performance among economies, but the emergence of protectionism will pose a threat to the global economic outlook.

While facing slow global economic recovery and uncertainties, economic growth and market demand have not lived up to the expectation. The Company had continued the lean policy of the last few years, including substantially improving production efficiency internally, controlling costs, developing high value-added products, optimizing the quality of customers, and refining product portfolio. In terms of branding effort, the Company had won over the lighting engineering projects from Southern Branch of National Palace Museum, Chimei Museum, and Chung Tai Zen Centers Portal of Taiwan that had helped Tons Lightology Inc. secured a leading position in the lighting engineering of museum in Taiwan. The Company will continue this momentum to root in Taiwan's professional lighting market and to convey the experience to Chinese market in order to increase brand awareness. In addition, the Company will continue to enhance the working environment and employee benefits, and protect the stability of human resources so the Company can stay competitive while facing economic fluctuations and uncertainties externally.

Overall, there was a decline in the Company's operation in 2016 in the face of the international political and economic turmoil. With the support of shareholders and colleagues, the Company maintained a certain level of profits in such a competitive market. We would like to show our appreciation for the support of the shareholders on behalf of the Board of Directors of the Company. The Company's 2016 business operation and 2017 operational plans are briefed as follows.

#### I. The 2016 business operation

##### (I) Operating results and operating income and expense

In 2016, the Company's individual and consolidated net operating revenue were NT\$1,105,702 thousand and NT\$1,176,289 thousand respectively, a decrease of 10.55% and 9.98% respectively compared with NT\$1,236,167 thousand and NT\$1,306,683 thousand in 2015. The Company's individual and consolidated net income after tax were the same as NT\$125,011 thousand, a decrease of 13.55% (NT\$19,599 thousand) compared with NT\$144,610 thousand in 2015.

##### (II) Profitability analysis

The Company's operating revenue in 2016 was less than that in 2015. The increase in clients, optimized portfolios, and brand revenue led to the

increase in profit margins; operating expenses increased due to the slight increase in marketing expenses. In 2016, the Company's net income after tax was NT\$19,599 thousand less than that in 2015, accounting for 10.63% of the consolidated operating revenue.

### (III) Research and development status

In 2016, the Company developed various products and obtained many awards and patents. Products, such as DA-011A, DG-617R, DW-617R, and DG-603S LED recessed ceiling luminaires, HSP-370C and SW-010S LED spotlights, BS-203A LED bed light series, WG-716R and WA-771S LED pendant luminaires, OBA-132S and OBA-133R outdoor wall-mounted luminaires, and OGA-203A outdoor in-ground lamps, were developed. SH-523C asymmetric track lights, SA-8500-D+Beveled Cover/SA-8500-D+Cover track lights, DW-301Q LED recessed spotlights, RA-771R display spotlights, and RA-501R/RA-501S display spotlights were awarded 2017 Taiwan Excellence and applied to the National Palace Museum, Southern Branch of the National Palace Museum, and Chung Tai World Museum. In addition, 360-degree rotating lights were patented.

In prospect, the Company will continue to research and develop forward-looking technology and innovative applications, to substantiate product design, and commercialize research and systematic production management in order to continue to promote the brand and deepen the Company's core competence and secure the leading position.

## II. The 2017 business plan outline

### (I) The important marketing policy and business policy

#### 1. Products

- A. Continuing to strengthen indoor lighting products: Continue to complete indoor lighting products and invest in the development of low-cost light fixtures for meeting customer's needs due to the emerging of LED mass market.
- B. Continuing to expand outdoor lighting products: Continue to complete the development of outdoor lighting series in order to create the Company's future growth momentum.

#### 2. Marketing:

- A. Promote green lighting and continue to develop new products.
- B. Enhance product value and maintain price competitiveness.
- C. Secure the existing market and develop emerging market with potentials.
- D. Participate in international exhibitions and commit to promote the Company's brand.

#### 3. Production:

- A. Simplify product lines, use common parts, and build safety stock for the frequently used parts in order to shorten delivery lead time.
- B. Strengthen automated production, improve manufacturing processes, increase efficiency, and reduce the impact of rising labor cost.

### (II) The Company's future development strategy

Continue the business model of OEM and branding. In terms of OEM business, continue to attract more big customers in Europe for cooperation currently. In terms of branding business, there is significant success achieved in Taiwan market recently. The future focus will be on deploying sales outlets in the Greater China area and working with the OEM manufacturers in Japan, Brazil, and Indonesia in order to create a stable revenue source.

(III) The impact on the external competitive environment, regulatory environment, and the overall business environment

Since the global economy remains on the downturn, the environmental law in each country is increasingly stringent, added with the continuing increase of production cost in China have us faced severe challenges. We have come up with the following responsive measures for the challenges faced by us:

1. Recruit professionals, enhance management, and improve the Company's business strength.
2. Introduce external technologies, enhance research and development capabilities, and improve product value.
3. Meet customer needs with innovative brand and professional services.
4. Pay attention to changes in domestic and foreign policies and laws with responsive measures proposed in due course.

Chairman : TANG, SHIH-CHUAN

CEO : TANG, SHIH-CHUAN

CFO : WANG, CHIH-YUAN



[Attachment 2]

Tons Lightology Inc.  
Supervisor's Report

The Board of Directors had prepared and presented the Company's 2016 business report, financial report, and statement of retained earnings, of which, the financial report was consigned by the Board of Directors to be audited by CPA Yu-Jen Wang and CPA Su-Hua Hong of PWC Taiwan with an independent auditor's report issued.

We have reviewed the said business report, financial report, and statement of retained earnings without finding any nonconformity against the governing law and regulations. Also, we have issued this supervisor's report in conformity with Article 219 of the Company Law.

Sincerely yours,

To: The 2017 Annual Shareholders' Meeting of Tons Lightology Inc.

Supervisor SHA, HUNG  
Supervisor TING, CHIH-CHIANG  
Supervisor CHEN, MING-HSIN

February 24, 2017

[Attachment 3]

Tons Lightology Inc.  
Profit Distribution Table  
Year 2016

Unit: NT\$

Net income – 2016	\$125,010,515
Less: 10% legal reserve	(12,501,052)
Distributable amount - 2016	\$112,509,463
Add: Unappropriated earnings - beginning	62,513,861
Less: Retained earnings adjusted amount - 2016	(518,398)
Accumulated distributable amount - 2016	\$174,504,926
Distributions:	
Shareholder dividend - Stock	3,941,760
Shareholder dividend - Cash	102,485,830
Unappropriated earnings - ending	\$68,077,336
Remark:	
Stock dividend: NT\$0.1 per share; Cash dividend: NT\$2.6 per share	

Note 1: Retained earnings adjusted amount in 2016 for (NT\$518,398) was resulted from the re-valuation of the defined benefit plan.

Note 2: The stock dividend per share and cash dividend per share was calculated in accordance with the outstanding 39,417,627 shares on February 24, 2017.

Chairman : TANG, SHIH-CHUAN

CEO : TANG, SHIH-CHUAN

CFO : WANG, CHIH-YUAN

**湯石照明科技股份有限公司章程**  
**修訂前後條文對照表**  
**Tons Lightology Inc.**  
**Articles of Incorporation amendment before and after**

修正條文 Amended clause	現行條文 Clause before amendment	修正理由 Reason for amendment
<p>第二條</p> <p>本公司所營事業如下：</p> <p>1.CC01030 電器及視聽電子產品製造業</p> <p>2.CC01040 照明設備製造業</p> <p>3.CC01080 電子零組件製造業</p> <p>4.CH01010 體育用品製造業</p> <p>5.F106010 五金批發業</p> <p>6.F106030 模具批發業</p> <p>7.F109070 文教、樂器、育樂用品批發業</p> <p>8.F113020 電器批發業</p> <p>9.F119010 電子材料批發業</p> <p>10.F206010 五金零售業</p> <p>11.F20906 文教、樂器、育樂用品零售業</p> <p>12.F213010 電器零售業</p> <p>13.F219010 電子材料零售業</p> <p>14.F401010 國際貿易業</p> <p><u>15.E601010 電器承裝業</u></p> <p><u>16.ZZ99999 除許可業務外，得經營法令非禁止或限制之業務。</u></p> <p>Article 2</p> <p>The business operation of the Company is as follows:</p> <p>1.CC01030 Electrical appliances and audio-visual electronic products manufacturing business</p> <p>2.CC01040 Lighting equipment manufacturing business</p> <p>3.CC01080 Electronic components manufacturing business</p> <p>4.CH01010 Sporting goods manufacturing business</p> <p>5.F106010 Hardware wholesale business</p>	<p>第二條</p> <p>本公司所營事業如下：</p> <p>1.CC01030 電器及視聽電子產品製造業</p> <p>2.CC01040 照明設備製造業</p> <p>3.CC01080 電子零組件製造業</p> <p>4.CH01010 體育用品製造業</p> <p>5.F106010 五金批發業</p> <p>6.F106030 模具批發業</p> <p>7.F109070 文教、樂器、育樂用品批發業</p> <p>8.F113020 電器批發業</p> <p>9.F119010 電子材料批發業</p> <p>10.F206010 五金零售業</p> <p>11.F209060 文教、樂器、育樂用品零售業</p> <p>12.F213010 電器零售業</p> <p>13.F219010 電子材料零售業</p> <p>14.F401010 國際貿易業</p> <p>15.ZZ99999 除許可業務外，得經營法令非禁止或限制之業務。</p> <p>Article 2</p> <p>The business operation of the Company is as follows:</p> <p>1.CC01030 Electrical appliances and audio-visual electronic products manufacturing business</p> <p>2.CC01040 Lighting equipment manufacturing business</p> <p>3.CC01080 Electronic components manufacturing business</p> <p>4.CH01010 Sporting goods manufacturing business</p> <p>5.F106010 Hardware wholesale business</p>	<p>新增公司所營事業</p> <p>Added the business operation of the Company.</p>

修正條文 Amended clause	現行條文 Clause before amendment	修正理由 Reason for amendment
<p>6.F106030 Mold wholesale business  7.F109070 Cultural, educational, musical instruments, and recreational supplies wholesale business  8.F113020 Electrical appliances wholesale business  9.F119010 Electronic materials wholesale business  10.F206010 Hardware retail business  11.F209060 Cultural, educational, musical instruments, and recreational supplies retail business  12.F213010 Electric appliances retail business  13.F219010 Electronic materials retail business  14.F401010 International trade business  <u>15.E601010 Electric Appliance Construction</u>  <u>16.ZZ99999</u> In addition to the chartered business, the business not-prohibited or not-restricted by law is also permitted for operation</p>	<p>6.F106030 Mold wholesale business  7.F109070 Cultural, educational, musical instruments, and recreational supplies wholesale business  8.F113020 Electrical appliances wholesale business  9.F119010 Electronic materials wholesale business  10.F206010 Hardware retail business  11.F209060 Cultural, educational, musical instruments, and recreational supplies retail business  12.F213010 Electric appliances retail business  13.F219010 Electronic materials retail business  14.F401010 International trade business  15.ZZ99999 In addition to the chartered business, the business not-prohibited or not-restricted by law is also permitted for operation</p>	
<p>第四章 董事及經理人  第十四條  本公司設董事七~九人，任期三年，連選得連任。董事任期屆滿而不及改選時，延長其執行職務，至改選董事就任時為止。</p> <p>董事之選舉均採公司法第一百九十二條之一之候選人提名制度，由股東就候選人名單中選任之。  本公司得經董事會決議為本公司董事購買責任保險。</p> <p>Chapter 4 Directors and Managers  Article 14  The Company has 7~9 directors nominated for a term of three years and they can be</p>	<p>第四章 <del>董事</del>、<u>監察人</u>及經理人  第十四條  本公司設董事七~九人，<del>監察人二~三人</del>，任期三年，<u>由股東會就有行為能力之人選任之</u>，連選得連任。董事及<u>監察人</u>任期屆滿而不及改選時，延長其執行職務，至改選董事及<u>監察人</u>就任時為止。董事及<u>監察人</u>之選舉均採公司法第一百九十二條之一之候選人提名制度，由股東就候選人名單中選任之。  本公司得經董事會決議為本公司董事及<u>監察人</u>購買責任保險。</p> <p>Chapter 4 Directors, <del>Supervisors,</del> and Managers  Article 14  The Company has 7~9 directors <del>and 2~3 supervisors</del> nominated for a term of three</p>	<p>配合設置審計委員會，刪除監察人相關規定  Deleted the regulations of supervisors in response to the establishment of the audit committee.</p>

修正條文 Amended clause	現行條文 Clause before amendment	修正理由 Reason for amendment
<p>re-elected for a second term. The tenure of the directors who are not replaced at the end of the term can be extended until the next newly elected directors take office.</p> <p>Directors are nominated as candidates for the election of directors in accordance with Article 192.1 of the Company Law. Shareholders are to have directors elected from the candidate list.</p> <p>The Company's Board of Directors may resolve to acquire liability insurance for the directors.</p>	<p><del>years and they are elected from the capable candidates in the shareholders' meeting; also,</del> they can be re-elected for a second term. The tenure of the directors <del>and supervisors</del> who are not replaced at the end of the term can be extended until the next newly elected directors <del>and supervisors</del> take office.</p> <p>Directors <del>and supervisors</del> are nominated as candidates for the election of directors <del>and supervisors</del> in accordance with Article 192.1 of the Company Law. Shareholders are to have directors <del>and supervisors</del> elected from the candidate list.</p> <p>The Company's Board of Directors may resolve to acquire liability insurance for the directors <del>and supervisors</del>.</p>	
<p>第十五條 本公司上述董事名額中，獨立董事人數不得少於三人，且不得少於董事席次五分之一。有關獨立董事之專業資格、持股、兼職限制、提名與選任方式及其他應遵行事項，依證券主管機關之規定辦理。 <u>本公司依據證券交易法第 14 條之 4 規定設置審計委員會並由審計委員會負責執行公司法、證券交易法暨其他法令規定之職權。</u> <u>審計委員會由全體獨立董事組成。</u></p> <p>Article 15 There must be at least <u>three</u> independent directors (not less than one fifth of the total number of directors) out of the number of directors referred to above. The professional qualifications of the independent directors, shareholdings, limitation of part-time job, the nomination and appointment method, and other matters to be complied with must be processed according to the relevant provisions of the competent authorities.</p> <p>The Company established the audit</p>	<p>第十五條 <del>本公司配合證券交易法第 14-2 條之規定，</del>本公司上述董事名額中，獨立董事人數不得少於二人，且不得少於董事席次五分之一。有關獨立董事之專業資格、持股、兼職限制、提名與選任方式及其他應遵行事項，依證券主管機關之規定辦理。</p> <p>Article 15 <del>The Company is in compliance with Article 14-2 of the Securities Exchange Act.</del> There must be at least <u>two</u> independent directors (not less than one fifth of the total number of directors) out of the number of directors referred to above. The professional qualifications of the independent directors, shareholdings, limitation of part-time job, the nomination and appointment method, and other matters to be complied with must be processed according to the relevant provisions of the competent authorities.</p>	<p>設置審計委員會並修正獨立董事人數及其成員組成 Established the audit committee and amended the number of independent directors and the composition of the audit committee.</p>

修正條文 Amended clause	現行條文 Clause before amendment	修正理由 Reason for amendment
<p><u>committee in according to Article 14.2 of the Securities Exchange Act. The audit committee is responsible to perform the duties stipulated in the Company Act, Securities and Exchange Act and other laws and regulations.</u></p> <p><u>The audit committee is composed of all independent directors.</u></p>		
<p>第十七條</p> <p>董事會之召集，應載明召集事由，於七日前通知各董事。但有緊急情事時，得隨時召集之。本公司董事會之召集得以書面、電子郵件(E-Mail)或傳真方式為之。</p> <p>董事會除公司法另有規定外，由董事長召集之。董事會之決議，除公司法另有規定外，應有過半數董事之出席，以出席董事過半數之同意行之。</p> <p>Article 17</p> <p>The Board meeting should be convened with the cause of action detailed and the directors notified seven days in advance. A Board meeting can be convened for an emergency at any time. The Company's Board meeting can be convened with the directors and supervisors notified in writing, by E-mail, or by fax.</p> <p>The Board meeting is convened by the Chairman, unless otherwise provided in the Company Law. The resolutions reached by the Board of Directors, unless otherwise provided in the Company Law, must be with the attendance of the majority of the directors and the consent of the majority of the attending directors.</p>	<p>第十七條</p> <p>董事會之召集，應載明召集事由，於七日前通知各董事<del>及監察人</del>。但有緊急情事時，得隨時召集之。本公司董事會之召集得以書面、電子郵件(E-Mail)或傳真方式為之。</p> <p>董事會除公司法另有規定外，由董事長召集之。董事會之決議，除公司法另有規定外，應有過半數董事之出席，以出席董事過半數之同意行之。</p> <p>Article 17</p> <p>The Board meeting should be convened with the cause of action detailed and the directors <del>and supervisors</del> notified seven days in advance. A Board meeting can be convened for an emergency at any time. The Company's Board meeting can be convened with the directors—<del>and supervisors</del> notified in writing, by E-mail, or by fax.</p> <p>The Board meeting is convened by the Chairman, unless otherwise provided in the Company Law. The resolutions reached by the Board of Directors, unless otherwise provided in the Company Law, must be with the attendance of the majority of the directors and the consent of the majority of the attending directors.</p>	<p>配合設置審計委員會，刪除監察人相關規定</p> <p>Deleted the regulations of supervisors in response to the establishment of the audit committee.</p>
<p>第十九條</p> <p>本公司董事之報酬由董事會依其對本公司營運參與之程度及貢獻之價值，並參酌國內業界水準議定之，不論營業盈虧應支給之。</p>	<p>第十九條</p> <p>本公司董事<del>及監察人</del>之報酬由董事會依其對本公司營運參與之程度及貢獻之價值，並參酌國內業界水準議定之，不論營業盈虧應支給之。</p>	<p>配合設置審計委員會，刪除監察人相關規定</p>

修正條文 Amended clause	現行條文 Clause before amendment	修正理由 Reason for amendment
<p>Article 19</p> <p>The Board of Directors is to determine the remuneration to the Company's directors depending on the extent of their involvement in the Company's business operations and their contributions; also, by referring to the domestic industry standards, regardless of the operating profit or loss.</p>	<p>Article 19</p> <p>The Board of Directors is to determine the remuneration to the Company's directors <del>and supervisors</del> depending on the extent of their involvement in the Company's business operations and their contributions; also, by referring to the domestic industry standards, regardless of the operating profit or loss.</p>	
<p>第廿二條</p> <p>本公司應根據公司法第二二八條之規定，於每會計年度終了，由董事會造具下列各項表冊，提交股東常會請求承認之。</p> <p>一、營業報告書。</p> <p>二、財務報表。</p> <p>三、盈餘分派或虧損彌補之議案。</p> <p>Article 22</p> <p>The Company should have the following reports prepared at the end of each fiscal year in accordance with Article 228 of the Company Law. The following reports should be presented in the general shareholders' meeting for acknowledgement:</p> <p>1. Business Report</p> <p>2. Financial Statements</p> <p>3. Statement of Earnings Distribution or Loss Subsidy</p>	<p>第廿二條</p> <p>本公司應根據公司法第二二八條之規定，於每會計年度終了，由董事會造具下列各項表冊，於股東常會開會三十日 <del>前交監察人查核，並由監察人出具報告書</del>提交股東常會請求承認之。</p> <p>一、營業報告書。</p> <p>二、財務報表。</p> <p>三、盈餘分派或虧損彌補之議案。</p> <p>Article 22</p> <p>The Company should have the following reports prepared at the end of each fiscal year in accordance with Article 228 of the Company Law. The following reports should be presented <del>to the supervisors for review thirty days prior to the shareholders' meeting date and the supervisors should have a review report issued and presented</del> in the general shareholders' meeting for acknowledgement:</p> <p>1. Business Report</p> <p>2. Financial Statements</p> <p>3. Statement of Earnings Distribution or Loss Subsidy</p>	<p>配合設置審計委員會，刪除監察人相關規定</p>
<p>第廿三條之一</p> <p>公司當年度如有獲利，應提撥百分之八至百分之十二為員工酬勞及提撥百分之二以下為董事酬勞。但公司尚有累積虧損時，應預先保留彌補數額。</p> <p>員工酬勞以股票或現金為之，應由董事會以董事三分之二以上之出席及出席董事過半數同意之決議行之，並報告股東會。</p>	<p>第廿三條之一</p> <p>公司當年度如有獲利，應提撥百分之八至百分之十二為員工酬勞及提撥百分之二以下為董事<del>、監察人</del>酬勞。但公司尚有累積虧損時，應預先保留彌補數額。</p> <p>員工酬勞以股票或現金為之，應由董事會以董事三分之二以上之出席及出席董事過半數同意之決議行之，並報告股東</p>	<p>配合設置審計委員會，刪除監察人相關規定</p> <p>Deleted the regulations of supervisors in response to the establishment</p>

修正條文 Amended clause	現行條文 Clause before amendment	修正理由 Reason for amendment
<p>員工酬勞以股票或現金為之，分派之對象得包括符合一定條件之從屬公司之員工，相關辦法授權董事會制定。</p> <p>上述獲利狀況係指稅前利益扣除分派員工酬勞前及董事酬勞前之利益，是以一次分派方式為之。</p> <p>Article 23-1 The Company's annual profits, if any, should be with 8~12% appropriated as remuneration to employees and with less than 2% appropriated as remuneration to directors. If the Company is with accumulated losses, an amount for making up the losses should be reserved in advance.</p> <p>The remuneration to employees is paid with stock dividend or cash; also, it must be with the consent of the majority of the presenting directors in the Board meeting that is with two thirds of the directors attended; also, the resolution should be reported in the shareholders' meeting.</p> <p>The remuneration to employees paid with stock or cash is also available to the qualified employees of the subsidiaries; also, the Board of Directors is authorized to regulate the related matters.</p> <p>The annual profits stated in the preceding paragraph refers to the net income before tax and before deducting the remuneration to employees and directors and it is distributed in a lump sum.</p>	<p>會。</p> <p>員工酬勞以股票或現金為之，分派之對象得包括符合一定條件之從屬公司之員工，相關辦法授權董事會制定。</p> <p>上述獲利狀況係指稅前利益扣除分派員工酬勞前及董事、<del>監察人</del>酬勞前之利益，是以一次分派方式為之。</p> <p>Article 23-1 The Company's annual profits, if any, should be with 8~12% appropriated as remuneration to employees and with less than 2% appropriated as remuneration to directors <del>and supervisors</del>. If the Company is with accumulated losses, an amount for making up the losses should be reserved in advance.</p> <p>The remuneration to employees is paid with stock dividend or cash; also, it must be with the consent of the majority of the presenting directors in the Board meeting that is with two thirds of the directors attended; also, the resolution should be reported in the shareholders' meeting.</p> <p>The remuneration to employees paid with stock or cash is also available to the qualified employees of the subsidiaries; also, the Board of Directors is authorized to regulate the related matters.</p> <p>The annual profits stated in the preceding paragraph refers to the net income before tax and before deducting the remuneration to employees, directors, <del>and supervisors</del> and it is distributed in a lump sum.</p>	<p>of the audit committee.</p>
<p>第廿八條</p> <p>本章程由發起人會議經全體發人同意於中華民國八十一年八月十四日。第一次修訂於民國八十九年六月二十六日，第二次修訂於民國八十九年十一月二十日，第三次修訂於民國九十一年三月八日，第四次修訂於民國九十一年十一月二十五日，第五次修訂於民國九十二年二月十日，第六次修訂於民國九十五年三月七日，第七次修訂於民國九十五年八月十日，第八次修訂於民國九十五年十月十二日，第九次修</p>	<p>第廿八條</p> <p>本章程由發起人會議經全體發人同意於中華民國八十一年八月十四日。第一次修訂於民國八十九年六月二十六日，第二次修訂於民國八十九年十一月二十日，第三次修訂於民國九十一年三月八日，第四次修訂於民國九十一年十一月二十五日，第五次修訂於民國九十二年二月十日，第六次修訂於民國九十五年三月七日，第七次修訂於民國九十五年八月十日，第八次修訂於民國九十五年</p>	<p>增列修訂日期 Added the date of the amendment.</p>



修正條文 Amended clause	現行條文 Clause before amendment	修正理由 Reason for amendment
<p>訂於民國九十六年四月二十九日，第十次修訂於民國九十六年五月十日，第十一次修訂於民國九十六年七月二十九日，第十二次修訂於民國九十六年十月八日，第十三次修訂於民國九十六年十二月三十一日，第十四次修訂於民國九十八年六月二十六日，第十五次修訂於民國一〇〇年五月二十三日，第十六次修訂於民國一〇一年六月二十日，第十七次修訂於民國一〇二年六月十日，第十八次修訂於民國一〇四年五月二十八日，第十九次修訂於民國一〇五年五月三十一日，<u>第二十次修訂於民國一〇六年五月二十六日。</u></p> <p>Article 28 The Article of Incorporation was enacted with the consent of the Founder’s meeting conveners on August 14, 1992. The 1<sup>st</sup> amendment made on June 26, 2010. The 2<sup>nd</sup> amendment made on November 20, 2010. The 3<sup>rd</sup> amendment made on March 8, 2002. The 4<sup>th</sup> amendment made on November 25, 2002. The 5<sup>th</sup> amendment made on February 10, 2002. The 6<sup>th</sup> amendment made on March 7, 2006. The 7<sup>th</sup> amendment made on August 10, 2006. The 8<sup>th</sup> amendment made on October 12, 2006. The 9<sup>th</sup> amendment made on April 29, 2007. The 10<sup>th</sup> amendment made on May 10, 2007. The 11<sup>th</sup> amendment made on July 29, 2007. The 12<sup>th</sup> amendment made on October 8, 2007. The 13<sup>th</sup> amendment made on December 31, 2007. The 14<sup>th</sup> amendment made on June 26, 2009. The 15<sup>th</sup> amendment made on May 23, 2011. The 16<sup>th</sup> amendment made on June 20, 2012. The 17<sup>th</sup> amendment made on June 10, 2013. The 18<sup>th</sup> amendment made on May 28, 2015. The 19<sup>th</sup> amendment made on May 31, 2016. <u>The 20<sup>th</sup> amendment made on May 26, 2017.</u></p>	<p>十月十二日，第九次修訂於民國九十六年四月二十九日，第十次修訂於民國九十六年五月十日，第十一次修訂於民國九十六年七月二十九日，第十二次修訂於民國九十六年十月八日，第十三次修訂於民國九十六年十二月三十一日，第十四次修訂於民國九十八年六月二十六日，第十五次修訂於民國一〇〇年五月二十三日，第十六次修訂於民國一〇一年六月二十日，第十七次修訂於民國一〇二年六月十日，第十八次修訂於民國一〇四年五月二十八日，第十九次修訂於民國一〇五年五月三十一日。</p> <p>Article 28 The Article of Incorporation was enacted with the consent of the Founder’s meeting conveners on August 14, 1992. The 1<sup>st</sup> amendment made on June 26, 2010. The 2<sup>nd</sup> amendment made on November 20, 2010. The 3<sup>rd</sup> amendment made on March 8, 2002. The 4<sup>th</sup> amendment made on November 25, 2002. The 5<sup>th</sup> amendment made on February 10, 2002. The 6<sup>th</sup> amendment made on March 7, 2006. The 7<sup>th</sup> amendment made on August 10, 2006. The 8<sup>th</sup> amendment made on October 12, 2006. The 9<sup>th</sup> amendment made on April 29, 2007. The 10<sup>th</sup> amendment made on May 10, 2007. The 11<sup>th</sup> amendment made on July 29, 2007. The 12<sup>th</sup> amendment made on October 8, 2007. The 13<sup>th</sup> amendment made on December 31, 2007. The 14<sup>th</sup> amendment made on June 26, 2009. The 15<sup>th</sup> amendment made on May 23, 2011. The 16<sup>th</sup> amendment made on June 20, 2012. The 17<sup>th</sup> amendment made on June 10, 2013. The 18<sup>th</sup> amendment made on May 28, 2015. The 19<sup>th</sup> amendment made on May 31, 2016.</p>	

[Attachment 5]

## TONS LIGHOLOGY Inc.

### List of Candidates for the 9<sup>th</sup> Directors (including Independent Directors)

Post	Name	Number of Shares Held	Educational Background	Work Experience	Current Post
Director	TANG, SHIH-CHUAN	3,500,627	Oriental Institute of Technology / Dept. of Clothes Manufacturing	TONS LIGHOLOGY Inc.- Founder	TONS LIGHOLOGY Inc.- Chairman and President Titan Lighting Co., Ltd.- Chairman Zhongshan Tons Lighting Co., Ltd.- Chairman World Extend Holding- Director Greatsuper Technology Limited- Director Tons Lighting Co., Ltd. - Director HongBo Investment Co., Ltd.- Chairman Luminous Holding Incorporated- Director Shanghai TONS LIGHOLOGY Inc.- Chairman
Director	HUNG, CHIA-CHENG	1,253,962	Kainan Vocational High School / Dept. of Electronic Engineering	TONS LIGHOLOGY Inc.-Executive Vice President	TONS LIGHOLOGY Inc.- Executive Vice President Titan Lighting Co., Ltd.- Director and President Zhongshan Tons Lighting Co., Ltd.- Director and President HongBo Investment Co., Ltd.- Director
Director	TSAI, SHAO-CHUN	0	Arapahoe Community College	Mercuries & Associates, LTD.- Section Head of Information Management	Mercuries Furniture CO., LTD- Deputy General Manager

Post	Name	Number of Shares Held	Educational Background	Work Experience	Current Post
			/ Associate of Arts - Business Degree	Mercuries Furniture CO., LTD.- Manager of Information Department, Commodity Department, and Operation Department	Mercuries & Associates, LTD. -Director Honeytown Co., LTD - Director
Director	CHEN, MING-HSIN	0	Bachelor of Accounting, National Chengchi University Doctor of Business Administration, Nankai University	Taiwan Stock Exchange- Listing Review and Chief Accountant Hung Mao Technology Co., Ltd.- President	Solar PV Co., Corporate Director CAI ASIA- Executive Director
Independent Director	YUAN, JIAN-CHUNG	0	State University of New York at Buffalo with degrees of MSEE and Ph.D	Data General Inc., USA- China Market Development and IC Design Manager Universal Automation, USA- IC Design Manger and Partner	Professor of Institute of Management of Technology, National Chiao-Tung University ChungHwa Picture Tubes, LTD. -Independent Director 、 Member of Remuneration Committee 、 Member of Audit Committee Analog Technology Inc . -Independent Director 、 Chairman of Remuneration Committee Unitech Printed Circuit Board Corp -Independent Director 、 Member of Remuneration Committee
Independent Director	HSU, CHUNG-YUAN	0	Ph.D. in Accounting, University of Memphis (USA)	Taipei Exchange- Director The Securities and Futures Investors Protection Center- Supervisor	Professor of Accounting, National Chengchi University Hua Nan Financial Holdings Co., Ltd. - Independent Director 、 Member of Remuneration Committee 、 Chairman of

Post	Name	Number of Shares Held	Educational Background	Work Experience	Current Post
					Audit Committee Hua Nan Commercial Bank Ltd. - Independent Director
Independent Director	CHOU, LIANG-CHENG	0	Bachelor of law, Fu Jen Catholic University	Rootlaw Firm- Attorney Li Cheng Law Firm- Attorney Xin Fu International Law Firm- Attorney Jia Hua Attorneys-At-Law Firm,- Attorney	Jia Hua Attorneys-At-Law Firm, -Founding Attorney Career Technology Co., Ltd. -Independent Director Shih-Kuen Plastics Co., Ltd. -Independent Director

**湯石照明科技股份有限公司**  
**取得或處分資產處理程序修訂前後條文對照表**  
**TONS LIGHOLOGY Inc.**  
**Procedures for the Acquisition and Disposal of Assets**  
**Amendments before and after**

修正條文 Amended Clause	現行條文 Clause before Amendment	說明 Description
<p>第四條（評估程序及價格決定方式）</p> <p>Article 4 (Appraisal Procedures and Means of Price Determination)</p> <p>一、略</p> <p>1. Omitted</p> <p>二、不動產或設備</p> <p>取得或處分不動產或設備，除與政府機關交易、自地委建、租地委建，或取得、處分供營業使用之設備外，交易金額達公司實收資本額百分之二十或新臺幣三億元以上者，應於事實發生日前先取得專業估價者出具之估價報告，並符合下列規定：</p> <p>（以下略）</p> <p>2. Real Property or Equipment</p> <p>In acquiring or disposing of real property or equipment 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: (The following is omitted.)</p> <p>三、會員證或無形資產</p> <p>取得或處分會員證，應事先收集相關價格資訊，並以比價或議價</p>	<p>第四條（評估程序及價格決定方式）</p> <p>Article 4 (Appraisal Procedures and Means of Price Determination)</p> <p>一、略</p> <p>1. Omitted</p> <p>二、不動產或設備</p> <p>取得或處分不動產或設備，除與政府機構交易、自地委建、租地委建，或取得、處分供營業使用之設備外，交易金額達公司實收資本額百分之二十或新臺幣三億元以上者，應於事實發生日前先取得專業估價者出具之估價報告，並符合下列規定：</p> <p>（以下略）</p> <p>2. Real Property or Equipment</p> <p>In acquiring or disposing of real property or equipment 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: (The following is omitted.)</p> <p>三、會員證或無形資產</p> <p>取得或處分會員證，應事先收集相關價格資訊，並以比價或議價</p>	<p>依『取得或處分資產處理準則』修訂</p> <p>Amended in accordance with the Regulations Governing the Acquisition and Disposal of Assets</p>

修正條文 Amended Clause	現行條文 Clause before Amendment	說明 Description
<p>方式擇一為之；取得或處分無形資產，亦應事先收集相關價格資訊，並經審慎評估相關法令及合約內容，以決定交易價格。</p> <p>取得或處分會員證或無形資產交易金額達公司實收資本額百分之二十或新臺幣三億元以上者，除與政府機關交易外，應於事實發生日前應洽請會計師就交易價格之合理性表示意見，會計師並應依會計研究發展基金會所發布之審計準則公報第二十號規定辦理。</p> <p>(以下略)</p> <p>3.Memberships or Intangible Assets Where the Company acquires or disposes of memberships, it shall collect the information on prices in advance and determine the trading price by either comparison or negotiation; where the Company acquires or disposes of intangible assets, it shall determine the trading price based on the information on prices of assets collected in advance and the prudent evaluation of related laws and contracts.</p> <p>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>(The following is omitted.)</p>	<p>方式擇一為之；取得或處分無形資產，亦應事先收集相關價格資訊，並經審慎評估相關法令及合約內容，以決定交易價格。</p> <p>取得或處分會員證或無形資產交易金額達公司實收資本額百分之二十或新臺幣三億元以上者，除與政府機構交易外，應於事實發生日前應洽請會計師就交易價格之合理性表示意見，會計師並應依會計研究發展基金會所發布之審計準則公報第二十號規定辦理。</p> <p>(以下略)</p> <p>3.Memberships or Intangible Assets Where the Company acquires or disposes of memberships, it shall collect the information on prices in advance and determine the trading price by either comparison or negotiation; where the Company acquires or disposes of intangible assets, it shall determine the trading price based on the information on prices of assets collected in advance and the prudent evaluation of related laws and contracts.</p> <p>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>(The following is omitted.)</p>	
<p>六、取得或處分依法律合併、分割、收購或股份受讓而取得或處分之</p>	<p>六、取得或處分依法律合併、分割、收購或股份受讓而取得或處分之</p>	

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<p>資產，應依照本處理程序第二十五至三十三條之相關規定辦理。所稱專業估價者，係指不動產估價師或其他依法律得從事不動產、設備估價業務者。本公司取得之估價報告或會計師、律師或證券承銷商之意見書，該專業估價者及其估價人員、會計師、律師或證券承銷商與交易當事人不得為關係人。</p> <p>本公司公司經法院拍賣程序取得或處分資產者，得以法院所出具之證明文件替代估價報告或會計師意見。</p> <p><u>但合併直接或間接持有百分之百已發行股份或資本總額之子公司，或直接或間接持有百分之百已發行股份或資本總額之子公司間之合併，得免取得前開專家出具之合理性意見。</u></p> <p>6.The Company shall acquire or dispose of assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law in accordance with the provisions of Article 25 to Article 33 of these Procedures. Professional appraiser shall refer to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment. 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. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court</p>	<p>資產，應依照本處理程序第二十五至三十三條之相關規定辦理。所稱專業估價者，係指不動產估價師或其他依法律得從事不動產、設備估價業務者。本公司取得之估價報告或會計師、律師或證券承銷商之意見書，該專業估價者及其估價人員、會計師、律師或證券承銷商與交易當事人不得為關係人。</p> <p>本公司公司經法院拍賣程序取得或處分資產者，得以法院所出具之證明文件替代估價報告或會計師意見。</p> <p>6.The Company shall acquire or dispose of assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law in accordance with the provisions of Article 25 to Article 33 of these Procedures. Professional appraiser shall refer to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment. 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. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may</p>	

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<p>may be substituted for the appraisal report or CPA opinion.  <u>However, an opinion rendered by an expert on the reasonableness of a merger with subsidiaries whose 100% of shares issued or total capital are directly or indirectly held by the Company or a merger between subsidiaries whose 100% of shares issued or total capital are directly or indirectly held by the Company may be exempted.</u></p> <p>第九條（公告申報程序）</p> <p>Article 9 (Public Announcement and Regulatory Filing Procedures)</p> <p>本公司取得或處分資產，有下列情形者，應按性質依規定格式，於事實發生之即日起算二日內將相關資訊於金管會指定網站辦理公告申報：</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 Financial Supervisory Commission (hereinafter referred to as 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>一、向關係人取得或處分不動產，或與關係人為取得或處分不動產外之其他資產且交易金額達公司實收資本額百分之二十、總資產百分之十或新臺幣三億元以上。但買賣公債、附買回、賣回條件之債券、申購或買回國內證券投資信託事業發行之貨幣市場基金，不在此限。</p> <p>（以下略）</p> <p>1.Acquisition or disposal of real property from or to a related party, or</p>	<p>be substituted for the appraisal report or CPA opinion.</p> <p>第九條（公告申報程序）</p> <p>Article 9 (Public Announcement and Regulatory Filing Procedures)</p> <p>本公司取得或處分資產，有下列情形者，應按性質依規定格式，於事實發生之即日起算二日內將相關資訊於金管會指定網站辦理公告申報：</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 Financial Supervisory Commission (hereinafter referred to as 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>一、向關係人取得或處分不動產，或與關係人為取得或處分不動產外之其他資產且交易金額達公司實收資本額百分之二十、總資產百分之十或新臺幣三億元以上。但買賣公債、附買回、賣回條件之債券、申購或贖回國內貨幣市場基金，不在此限。</p> <p>（以下略）</p> <p>1.Acquisition or disposal of real property from or to a related party, or acquisition</p>	



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<p>acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>repurchase</u> of domestic money market funds issued by securities investment trust enterprises.</p> <p>(The following is omitted.)</p> <p><u>四、取得或處分之資產種類屬供營業使用之設備，且交易對象非為關係人，交易金額並達下列規定之一：</u></p> <p><u>(一)實收資本額未達新臺幣一百億元，交易金額達新臺幣五億元以上。</u></p> <p><u>(二)實收資本額達新臺幣一百億元以上，交易金額達新臺幣十億元以上。</u></p> <p><u>4. Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount meets one of the following requirements:</u></p> <p><u>(1) The paid-in capital is less than NT\$10 billion and the transaction amount is more than NT\$500 million.</u></p> <p><u>(2) The paid-in capital is more than NT\$10 billion and the transaction amount is more than NT\$1 billion.</u></p> <p><u>五、經營營建業務取得或處分供營建使用之不動產且交易對象非為關係人，交易金額達新臺幣五億元以上。</u></p> <p><u>5. Where the type of asset acquired or disposed of in the construction business is real property for construction use, the trading counterparty is not a related party, and the transaction amount is more than</u></p>	<p>or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.</p> <p>(The following is omitted.)</p> <p><u>四、除前三款以外之資產交易、金融機構處分債權，或從事大陸地區投資，其交易金額達公司實收資本額百分之二十或新臺幣三億元以上者。但下列情形不在此限：</u></p> <p><u>(一)買賣公債。</u></p> <p><u>(二)以投資為專業者，於海內外證券交易所或證券商營業處所為之有價證券買賣，或證券商於初級市場認購及依規定認購之有價證券。</u></p> <p><u>(三)買賣附買回、賣回條件之債券、申購或贖回國內貨幣市場基金。</u></p> <p><u>(四)取得或處分之資產種類屬供營業使用之設備且其交易對象非為關係人，交易金額未達新臺幣五億元以上。</u></p> <p><u>(五)以自地委建、租地委建、合建分屋、合建分成、合建分售方式取得不動產，公司預計投入之交易金額未達新臺幣五億元以上。</u></p> <p>(以下略)</p> <p><u>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</u></p>	

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<p><u>NT\$500 million.</u></p> <p><u>六</u>、以自地委建、租地委建、合建分屋、合建分成、合建分售方式取得不動產，公司預計投入之交易金額達新臺幣五億元以上。</p> <p><u>6.</u>Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is less than NT\$500 million.</p> <p><u>七</u>、除前<u>六</u>款以外之資產交易、金融機構處分債權或從事大陸地區投資，其交易金額達公司實收資本額百分之二十或新臺幣三億元以上。但下列情形不在此限：</p> <p>(一)買賣公債。</p> <p>(二)以投資為專業，於海內外證券交易所或證券商營業處所所為之有價證券買賣，或於<u>國內初級市場認購募集發行之普通公司債及未涉及股權之一般金融債券，或證券商因承銷業務需要、擔任興櫃公司輔導推薦證券商依財團法人中華民國證券櫃檯買賣中心規定認購之有價證券。</u></p> <p>(三)買賣附買回、賣回條件之債券、申購或買回國內證券投資信託事業發行之貨幣市場基金。</p> <p>(以下略)</p> <p><u>7.</u>Where an asset transaction other than any of those referred to in the preceding <u>six</u> 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</p>	<p>paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of government bonds.</p> <p>(2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of securities by a securities firm, either in the primary market or in accordance with relevant regulations.</p> <p>(3) Trading of bonds under repurchase/resale agreements, or subscription or <u>redemption</u> of domestic money market funds.</p> <p>(4) 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 <u>less than</u> NT\$500 million.</p> <p>(5) 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 following is omitted.)</p>	

修正條文 Amended Clause	現行條文 Clause before Amendment	說明 Description
<p>NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of government bonds.</p> <p>(2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of <u>corporate bonds and general financial bonds not involving no equity in the domestic primary market or securities by a securities firm due to business needs or a securities firm recommended for listed companies at the emerging stock market in accordance with the regulations of Taipei Exchange.</u></p> <p>(3) Trading of bonds under repurchase/resale agreements, or <u>repurchase of domestic money market funds issued by securities investment trust enterprises.</u></p> <p>(The following is omitted.)</p> <p>第十一條（公告申報之補正）</p> <p>Article 11 (Correction of Publicly Announced and Reported Information)</p> <p>本公司依第九條規定應公告項目如於公告時有錯誤或缺漏而應予補正時，應於知悉之即日起算二日內將全部項目重行公告申報。</p> <p>（以下略）</p> <p>When the Company at the time of public announcement makes an error or omission in an item required by the provision of Article 9 to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety <u>within 2 days commencing immediately from the date of knowing of the error or omission.</u></p> <p>(The following is omitted.)</p> <p>第十五條（決議程序）</p>	<p>第十一條（公告申報之補正）</p> <p>Article 11 (Correction of Publicly Announced and Reported Information)</p> <p>本公司依第九條規定應公告項目如於公告時有錯誤或缺漏而應予補正時，應將全部項目重行公告申報。</p> <p>（以下略）</p> <p>When the Company at the time of public announcement makes an error or omission in an item required by the provision of Article 9 to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.</p> <p>(The following is omitted.)</p> <p>第十五條（決議程序）</p>	

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<p>Article 15 (Resolution Procedures)</p> <p>本公司向關係人取得或處分不動產，或與關係人取得或處分不動產外之其他資產且交易金額達公司實收資本額百分之二十、總資產百分之十或新臺幣三億元以上者，除買賣公債、附買回、賣回條件之債券、申購或買回國內證券投資信託事業發行之貨幣市場基金外，應將下列資料，提交董事會通過及監察人承認後，始得簽訂交易契約及支付款項：</p> <p>(以下略)</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, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>repurchase</u> of domestic money market funds issued by securities investment trust enterprises, 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>(The following is omitted.)</p>	<p>Article 15 (Resolution Procedures)</p> <p>本公司向關係人取得或處分不動產，或與關係人取得或處分不動產外之其他資產且交易金額達公司實收資本額百分之二十、總資產百分之十或新臺幣三億元以上者，除買賣公債、附買回、賣回條件之債券、申購或贖回國內貨幣市場基金外，應將下列資料，提交董事會通過及監察人承認後，始得簽訂交易契約及支付款項：</p> <p>(以下略)</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, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>redemption</u> of domestic money market funds, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>(The following is omitted.)</p>	
<p>第三十八條</p> <p>本程序制訂於中華民國九十六年十二月三十一日，第一次修訂於中華民國九十八年六月二十六日，第二次修訂於中華民國九十九年六月二十五日，第三次修訂於中華民國一〇一年六月二十日，第四次修訂於中華民國一〇二年六月十日，第五次修訂於中華民國一〇三年六月十六日，<u>第六次修訂於中華民國一〇六年五月二十六日。</u></p>	<p>第三十八條</p> <p>本程序制訂於中華民國九十六年十二月三十一日，第一次修訂於中華民國九十八年六月二十六日，第二次修訂於中華民國九十九年六月二十五日，第三次修訂於中華民國一〇一年六月二十日，第四次修訂於中華民國一〇二年六月十日，第五次修訂於中華民國一〇三年六月十六日。</p>	<p>增列修訂日期 Added the date of the amendment</p>

修正條文 Amended Clause	現行條文 Clause before Amendment	說明 Description
<p>Article 38</p> <p>These Procedures were formulated on December 31, 2007. The first amendment was made on June 26, 2009. The second amendment was made on June 25, 2010. The third amendment was made on June 20, 2012. The fourth amendment was made on June 10, 2013. The fifth amendment was made on June 16, 2014. <u>The sixth amendment was made on May 26, 2017.</u></p>	<p>Article 38</p> <p>These Procedures were formulated on December 31, 2007. The first amendment was made on June 26, 2009. The second amendment was made on June 25, 2010. The third amendment was made on June 20, 2012. The fourth amendment was made on June 10, 2013. The fifth amendment was made on June 16, 2014.</p>	

[Appendix 1]

**Tons Lightology Inc.**  
**Rules of Procedure for Shareholder Meetings**  
(Translation)

Resolved in the general shareholders' meeting on 5.28.2015

Article 1: The shareholders' meeting of the Company is to be convened in accordance with the "Rules of Procedure for Shareholders' Meeting" unless otherwise provided by law.

Article 2: The shareholders' meeting is to be convened by the Board of Directors and the Chairman is to preside the meeting. If the chairman is on leave or cannot perform duty for reasons, the Vice Chairman is to preside the meeting. If there is not a Vice Chairman appointed or the Vice Chairman is also on leave or cannot perform duty for reasons, the Chairman is to appoint his/her representative to preside the meeting. If the Chairman failed to have his/her representative appointed, the representative is to be elected among the Board directors.

If the shareholders' meeting is convened by a convener other than the Board of Directors, such convener shall preside the meeting.

The Company may assign the commissioned attorney, CPA, or the responsible personnel to attend the shareholders' meeting.

Article 3: The place of the shareholders' meeting should be in the county/city where the Company located or where it is convenient to the shareholders for attendance; also, where is suitable for holding a meeting. The shareholders' meeting should not be held before 9:00am or after 3:00pm.

Article 4: Shareholder's attending the shareholders' meeting should base on the calculation of shareholding. The attending shareholders or their representatives shall produce the attendance card as their sign-in; also, the shareholding is calculated in accordance with the attendance cards submitted. If the Company allows shareholders to exercise their voting rights in writing or by electronic system, the shareholding of the attending shareholders should include the shares with voting rights that are exercised in writing or by electronic system.

Article 5: The Chairman shall declare the meeting in session when it is meeting time. However, if the attending shareholders have less than majority shareholding, the Chairman may declare to have the meeting postponed, but it is limited

to two postpones and for less than one hour together.

If the attending shareholders remain without the mandatory shareholding ratio after two postpones of meeting; however, the attending shareholders have more than one third of the outstanding shares, a pseudo-resolution can be reached in the meeting in accordance with Article 175 Paragraph 1 of the Company Law.

If the attending shareholders had a majority of the shareholding before the end of the shareholders' meeting, the Chairman may have the pseudo-resolution presented in the meeting for resolution again in accordance with Article 174 of the Company Law.

Article 6: If the shareholders' meeting was convened by the Board of Directors, the agenda is to be set by the Board of Directors. The meeting is to be carried out according to the schedule of the meeting agenda and it cannot be changed without a resolution reached in the shareholders' meeting.

If the shareholders' meeting was convened by the convener other than the Board of Directors, it is to be processed *mutatis mutandis* to the provisions of the preceding paragraph.

If the proposals (including motions) scheduled in the agenda as stated in the last two paragraphs had not been concluded, the Chairman may not have the meeting adjourned without a resolution reached in the meeting.

Article 7: Shareholders must first fill out the speech slip with the gist of the statement, shareholder account number (or attendance card number), and account name stated before speaking in the meeting; also, the Chairman is to prioritize the speakers.

Shareholders who had submitted the speech slip but did not speak in the meeting shall be deemed as choosing not to speak. If the spoken speech is different from the contents of the speech slip, the confirmed speech shall prevail.

Shareholders who are speaking shall not be interrupted by any other shareholders without the consent of the Chairman and the Chairman is obliged to have the interfering shareholders stopped.

Article 8: Shareholder may not speak twice on the same proposal without the consent of the Chairman; also, each speaker may not speak for more than five minutes each time.

The Chairman may have the speakers who have violated the provisions in the preceding paragraph, or speaking beyond the scope of the proposal, or violating the meeting order stopped.

The Chairman may respond to or appoint the responsible personnel to respond to the speech given by the shareholders.

Article 9: The institutional shareholder may attend the shareholders' meeting by proxy with only one natural person appointed to attend the meeting. If the institutional shareholder has appointed two or more natural persons to attend the meeting, only one of the natural persons can speak on the same proposal in the meeting.

Article 10: If the Chairman determined that the proposal in discussion was ready for voting, the Chairman may announce to have the discussion ceased and the voting initiated.

Article 11: The voting held in the shareholders' meeting is based on the share count. Shareholders are entitled to one voting right per share.

For the resolution reached in the shareholders' meeting, the number of shares of the shareholders without voting right will not be included in the total number of shares issued.

Shareholders may have had their representatives attending the shareholders' meeting on their behalf by proxies. Except for the trust business or the stock affair agent authorized by securities competent authorities, when one person is commissioned by more than two (inclusive) shareholders, the voting rights by proxies may not exceed 3% voting rights of the total outstanding shares. When the voting rights by proxies exceed 3% voting rights of the total outstanding shares, the voting rights exceeding the threshold will not be included for calculation.

The proposal to be voted on, unless otherwise provided in the Company Law and the Articles of Association, must be with the consent of the attending shareholders with a majority voting right. The proposal is deemed as resolved when there is no objection raised by the shareholders to the Chairman upon the Chairman's consultation and it is as effective as voting.

When the same proposal is with amendment or alternative made available, the Chairman is to have the original proposal and the amendment and alternative put together and prioritized for voting. If one of the proposals is



resolved, the other proposals will be deemed as vetoed without the need of further voting.

Article 12: The ballot scrutineers and tellers for the voting on the proposal are appointed by the Chairman; however, the ballot scrutineers must be the shareholders of the Company. The voting result must be reported in the meeting and recorded.

Article 13: The election of the directors and supervisors in the shareholders' meeting should be processed in accordance with the Company's "Procedures for Election of Directors and Supervisors" and with the election result declared in the meeting.

The ballots of the electoral matters in the preceding paragraph shall be sealed and signed by the ballot scrutineers for safekeeping for at least one year; however, the ballots may be reserved for a longer period of time until the end of the proceeding when a lawsuit is filed by shareholders in accordance with Article 189 of the Company Law.

Article 14: The minutes of meeting should be prepared for the proposals resolved in the shareholders' meeting; also, it should be signed or sealed by the Chairman and distributed to the shareholders within 20 days after the meeting date. The production and distribution of the minutes of meeting stated in the preceding paragraph can be completed by public announcement instead.

The minutes of meeting should be prepared with the information of the meeting date, month, and year, place, the name of the Chairman, the resolution method, essential proceedings, and the results included; also, the minutes of meeting should be reserved permanently throughout the existence of the Company.

Article 15: The Company shall have the entire process of the shareholders' meeting recorded in audio or video form and reserved for at least one year. However, the audio or video recording of the meeting may be reserved for a longer period of time until the end of the proceeding when a lawsuit is filed by shareholders in accordance with Article 189 of the Company Law.

Article 16: The stagehands at the shareholders' meeting venue should wear name tags or armbands for identification. The Chairman may direct the pickets (or security guards) to help maintain the order at the venue. The pickets (or

security guards) at the shareholders' meeting venue to help maintain order should wear name tags or armbands for identification.

Article 17: The Chairman may announce at his/her discretion to take a break during the proceedings. The Chairman may decide to have the meeting suspended temporarily due to a force majeure and may have the meeting resumed thereafter depending on the actual practice.

Article 18: The "Rules of Procedure for Shareholders' Meeting" was enacted on June 27, 2008. The 1<sup>st</sup> amendment was made on June 26, 2009. The 2<sup>nd</sup> amendment was made on June 10, 2013. The 3<sup>rd</sup> amendment was made on May 28, 2015.

[Appendix 2]

**Tons Lightology Inc.**  
**Articles of Incorporation (before)**  
(Translation)

Resolved in the general shareholders' meeting on 5.31.2016

Chapter 1 General Rules

Article 1 : The Company is incorporated in accordance with the Company Law and is named "Tons Lightology Inc."

Article 2 : The business operation of the Company is as follows:

- 1.CC01030 Electrical appliances and audio-visual electronic products manufacturing business
- 2.CC01040 Lighting equipment manufacturing business
- 3.CC01080 Electronic components manufacturing business
- 4.CH01010 Sporting goods manufacturing business
- 5.F106010 Hardware wholesale business
- 6.F106030 Mold wholesale business
- 7.F109070 Cultural, educational, musical instruments, and recreational supplies wholesale business
- 8.F113020 Electrical appliances wholesale business
- 9.F119010 Electronic materials wholesale business
- 10.F206010 Hardware retail business
- 11.F209060 Cultural, educational, musical instruments, and recreational supplies retail business
- 12.F213010 Electric appliances retail business
- 13.F219010 Electronic materials retail business
- 14.F401010 International trade business
- 15.ZZ99999 In addition to the chartered business, the business not-prohibited or not-restricted by law is also permitted for operation

Article 3 : The headquarters of the Company is setup in New Taipei City, Taiwan; also, overseas branches can be setup for business operation with the resolution of the Board of Directors and the approval of the competent authorities.

Chapter 2 Shares

Article 4 : The capital stock of the Company is authorized for an amount of NT\$500,000,000 with 50,000,000 shares issued at NT\$10 par by installment in accordance with the resolutions of the Board.

An amount of NT\$50,000,000 is to be appropriated from the total capital stock stated in the preceding paragraph for issuing employee stock warrants

- with 5,000,000 shares issued by installment in accordance with the resolutions of the Board.
- Article 5 : The Company's transfer investment is not subject to the investment limit of 40% of paid-in capital stated in Article 13 of the Company Law.
- Article 5.1 : The Company may have endorsement and guarantee made externally in accordance with the Company's "Regulations Governing Making of Endorsements/Guarantees."
- Article 6 : The Company's stock is registered and numbered and to be signed or sealed by more than three directors; also, it is to be issued after being certified by the competent authorities or the authorized issuance and registration institute.  
The Company may have stock shares issued without any printout made; also, should contact Taiwan Depository & Clearing Corporation for registration. The Company has stock affairs handled in accordance with the relevant laws and regulations of the competent authorities.
- Article 7 : The contents of the shareholder registry may not be modified within 60 days prior to the general shareholders' meeting, thirty days prior to the extraordinary shareholders' meeting, or five days prior to the base date for the distribution of dividend, bonus, or other interests announced by the Company.
- Article 8 : Shareholders' meetings are classified as general shareholders' meeting and extraordinary shareholders' meeting. General shareholders' meeting is to be convened by the Board of Directors once a year within six months at the end of the fiscal year while extraordinary shareholders' meeting can be convened lawfully at anytime when it is necessary.
- Article 8.1 : The date of the meeting, place, and reasons for convening shareholders' meeting should be forwarded to each shareholder thirty days prior to the meeting date for general shareholders' meeting and fifteen days for extraordinary shareholders' meeting.

### Chapter 3 Shareholders' Meeting

- Article 9 : The Chairman is to preside the shareholders' meeting. If the Chairman is on leave or cannot perform duty for reasons, the Vice Chairman is to preside the meeting. If there is not a Vice Chairman appointed or the Vice Chairman is also on leave or cannot perform duty for reasons, the Chairman is to appoint his/her representative to preside the meeting. If the Chairman failed to have his/her representative appointed, the representative is to be elected among the Board Directors.
- Article 10 : Shareholders who cannot attend the shareholders' meeting for reasons may have had the representative attending the meeting instead by proxy in accordance with Article 177 of the Company Law.

Shareholder's attending the shareholders' meeting by proxy, unless otherwise provided in the Company Law, should be processed in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholders' Meeting of Public Companies" published by the competent authorities.

Article 11 : The resolutions reached in the shareholders' meeting, unless otherwise provided in the Company Law, must be with the attendance of the shareholders that have majority shareholding and with the approval of the attending shareholders with majority voting rights.

Article 12 : Each stock share held by the Company's shareholders is entitled to one voting right, except for in any of the circumstances stated in Article 175 Section 3 and Article 179 of the Company Law, and the related law and regulations.

#### Chapter 4 Directors, Supervisors, and Managers

Article 13 : The Company's withdrawal of public offering should be handled in accordance with Article 156 Paragraph 3 of the Company Law.

Article 14 : The Company has 7~9 directors and 2 ~ 3 supervisors nominated for a term of three years and they are elected from the capable candidates in the shareholders' meeting; also, they can be re-elected for a second term. The tenure of the directors and supervisors who are not replaced at the end of the term can be extended until the next newly elected directors and supervisors take office.

Directors and supervisors are nominated as candidates for the election of directors and supervisors in accordance with Article 192.1 of the Company Law. Shareholders are to have directors and supervisors elected from the candidate list.

The Company's Board of Directors may resolve to acquire liability insurance for the directors and supervisors.

Article 15 : The Company is in compliance with Article 14-2 of the Securities Exchange Act. There must be at least two independent directors (not less than one fifth of the total number of directors) out of the number of directors referred to above. The professional qualifications of the independent directors, shareholdings, limitation of part-time job, the nomination and appointment method, and other matters to be complied with must be processed according to the relevant provisions of the competent authorities.

Article 16 : The Chairman is elected among the directors with the attendance of two thirds of the directors and the consent of the majority of the attending directors. The Vice Chairman can be elected among the directors the same way as Chairman when it is necessary. The Chairman represents the

Company to the public.

Article 17 : The Board meeting should be convened with the cause of action detailed and the directors and supervisors notified seven days in advance. A Board meeting can be convened for an emergency at any time. The Company's Board meeting can be convened with the directors and supervisors notified in writing, by E-mail, or by fax.

The Board meeting is convened by the Chairman, unless otherwise provided in the Company Law. The resolutions reached by the Board of Directors, unless otherwise provided in the Company Law, must be with the attendance of the majority of the directors and the consent of the majority of the attending directors.

Article 18 : The Chairman is to preside the Board meeting. If the Chairman is on leave or cannot perform duty for reasons, the Vice Chairman is to preside the meeting. If there is not a Vice Chairman appointed or the Vice Chairman is also on leave or cannot perform duty for reasons, the Chairman is to appoint his/her representative to preside the meeting. If the Chairman failed to have his/her representative appointed, the representative is to be elected among the Board directors. Board director shall attend the Board meeting in person; however, the Board director who cannot attend the Board meeting in person for reasons may have had other director attending the meeting on his/her behalf by proxy with the scope of authorized detailed. The Board director's attending the Board meeting by proxy is limited to appointing one representative only.

If the Board meeting is convened by a video conference, the directors who have attended the Board meeting by a video conference shall be deemed as attending in person.

Article 19 : The Board of Directors is to determine the remuneration to the Company's directors and supervisors depending on the extent of their involvement in the Company's business operations and their contributions; also, by referring to the domestic industry standards, regardless of the operating profit or loss.

Article 20 : The Company has the management appointed with the commission, discharge, and remuneration processed in accordance with the Company Law.

#### Chapter 5 Accountants

Article 21 : The Company's fiscal year is for a period from January 1 to December 31.

Article 22 : The Company should have the following reports prepared at the end of each fiscal year in accordance with Article 228 of the Company Law. The following reports should be presented to the supervisors for review thirty days prior to the shareholders' meeting date and the supervisors should have

a review report issued and presented in the general shareholders' meeting for acknowledgement:

1. Business Report
2. Financial Statements
3. Statement of Earnings Distribution or Loss Subsidy

Article 23 : Dividends and bonuses are distributed proportionally to the shareholding of the shareholders. The Company without any earnings may not have dividends and bonuses distributed.

Article 23.1 The Company's annual profits, if any, should be with 8~12% appropriated as remuneration to employees and with less than 2% appropriated as remuneration to directors and supervisors. If the Company is with accumulated losses, an amount for making up the losses should be reserved in advance.

The remuneration to employees is paid with stock dividend or cash; also, it must be with the consent of the majority of the presenting directors in the Board meeting that is with two thirds of the directors attended; also, the resolution should be reported in the shareholders' meeting.

The remuneration to employees paid with stock or cash is also available to the qualified employees of the subsidiaries; also, the Board of Directors is authorized to regulate the related matters.

The annual profits stated in the preceding paragraph refers to the net income before tax and before deducting the remuneration to employees, directors, and supervisors and it is distributed in a lump sum.

Article 24 : The Company's annual earnings, if any, are to be distributed in an orderly manner as follows:

1. Making up losses of prior periods;
2. Appropriating 10% legal reserve and appropriating or reversing special reserve, is necessary;
3. The remaining balance plus the unappropriated earnings of prior periods are the distributable earnings. The Board of Directors is to propose the earnings distribution in the shareholders' meeting for a resolution.

The industry that the Company engaged in is growing. In consideration of the current and future development plans, investment environment, capital needs, and domestic and international competition; also, taking into account the interests of shareholders, balanced dividends, and the Company's long-term financial planning, the earnings distribution is processed in conformity with the requirements stated in the preceding paragraph; also, the distribution of shareholder dividend shall not be less than 50% of the accumulated distributable earnings. Stock dividend is distributed with priority, of which, cash dividend shall not be less than 10% of the total shareholder dividend distributed. However, the Board of Directors may have the said distribution ratio adjusted according to the overall business operation with a resolution reached in the shareholders' meeting.

Article 25 : The shareholder dividend and bonus will be distributed to the shareholders who are included in the shareholders' registry five days prior to the base line date.

#### Chapter 6 Annex

Article 26 : The Company's charter and enforcement rules will be enacted separately.

Article 27 : The matters not addressed in the Articles of Association should be processed in accordance with the Company Law.

Article 28 : The Article of Association was enacted with the consent of the Founder's meeting conveners on August 14, 1992. The Article of Association was enacted with the consent of the Founder's meeting conveners on August 14, 1992. The 1<sup>st</sup> amendment made on June 26, 2010. The 2<sup>nd</sup> amendment made on November 20, 2010. The 3<sup>rd</sup> amendment made on March 8, 2002. The 4<sup>th</sup> amendment made on November 25, 2002. The 5<sup>th</sup> amendment made on February 10, 2002. The 6<sup>th</sup> amendment made on March 7, 2006. The 7<sup>th</sup> amendment made on August 10, 2006. The 8<sup>th</sup> amendment made on October 12, 2006. The 9<sup>th</sup> amendment made on April 29, 2007. The 10<sup>th</sup> amendment made on May 10, 2007. The 11<sup>th</sup> amendment made on July 29, 2007. The 12<sup>th</sup> amendment made on October 8, 2007. The 13<sup>th</sup> amendment made on December 31, 2007. The 14<sup>th</sup> amendment made on June 26, 2009. The 15<sup>th</sup> amendment made on May 23, 2011. The 16<sup>th</sup> amendment made on June 20, 2012. The 17<sup>th</sup> amendment made on June 10, 2013. The 18<sup>th</sup> amendment made on May 28, 2015. The 19<sup>th</sup> amendment made on May 31, 2016.



[Appendix 3]

**Tons Lightology Inc.**  
**Regulations Governing the Election of Director and Supervisors**  
(Translation)

Resolved in the General Shareholders' Meeting on 5.28.2015

Article 1 The election of directors and supervisors of the Company shall be handled in accordance with these Regulations.

Article 2 According to Article 192-1 of the Company Act, directors and supervisors of the Company shall be nominated and selected from the list of candidates in the General Shareholders' Meeting.

The qualifications and election of independent directors of the Company shall be in accordance with the Regulations Authority Appointment of Independent Directors and Compliance Matters for Public Companies.

Article 3 The shareholder's number or the attendance card number of the electors may be used on the ballot instead of the name of the electors.

Each share has the number of exercisable votes same as the number of directors and supervisors to be elected, and the total number of votes per share may be consolidated for election of one candidate, or may be split for election of two or more candidates.

Article 4 Independent and non-independent directors and supervisors of the Company shall be elected in accordance with the quota stipulated in Articles of Incorporation. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed an elected independent or non-independent director or supervisor. If two or more persons obtain the same number of votes and the number of such persons exceeds the specified seats available, such persons obtaining the same votes shall draw lots to decide who should win the seats available, and the chairperson shall draw lots on behalf of the candidate who is not present.

If a person is elected as the director or supervisor at the same time, he/she shall determine, at his/her discretion, whether he/she shall act as the director or supervisor. The vacancy is filled by the candidate who obtains the second prevailing number of votes.

Article 5 When the election commences, the chairperson of the meeting shall appoint ballot supervisor(s) from among the shareholders present. Other personnel

responsible for counting and announcing the ballots and performing relevant duties shall be appointed by the chairperson of the meeting.

Article 6 The ballot box shall be prepared by the board of directors and examined by the ballot supervisor(s) in public before the voting.

Article 7 The ballots shall be prepared by the board of directors and marked with the weights and distributed to shareholders present in order to hold the election in accordance with the quota of directors and supervisors.

Independent and non-independent directors shall be elected at the same time and the ballots shall be counted and announced separately.

Article 8 If the candidate is a shareholder of the Company, the electors shall fill in the name and the shareholder's number of such candidate in the column of "candidate" of the ballot. If the candidate is not a shareholder of the Company, the electors shall fill in such candidate's name and the number of its identification certificate in the same column.

If the candidate is a government agency or a legal entity, either the full name of the government agency or the legal entity or the full name of the government agency or the legal entity and the name(s) of their representative(s) should be filled in the column of to be elected. If the government-linked shareholder or institutional shareholder has several representatives, the name of each representative shall be filled in.

Article 9 A ballot shall be void upon any of the following conditions:

1. The ballot was not in the form provided in accordance with these Rules.
2. The ballot was blank when cast in the ballot box.
3. The handwriting on the ballot was blurred or illegible or has been damaged.
4. The name of the candidate, shareholder's number or the designated number of voting rights on the ballot has been altered.
5. If the candidate is a shareholder of the Company, the name(s) of the candidate(s) and shareholder's number are not consistent with the shareholder register; if the candidate is not a shareholder of the Company, the name(s) and numbers of identification certificates are verified to be inconsistent.
6. The name of a candidate filled in on the ballot is same as another shareholder's name but the respective shareholder's numbers or numbers of identification certificates are not indicated to identify each of them.

7. There are other written characters or symbols in addition to the name(s) of the candidate(s), or shareholder's number (the number of identification certificate) and the designated number of voting rights on the ballot.

Article 10 The ballot box shall be opened and the ballots shall be counted on spot immediately after the completion of voting, and the result of counting the ballots shall be announced by the chairperson of the meeting.

Article 11 A notice of election shall be issued by the Company to elected directors and supervisors separately.

Article 12 Matters not provided in these Regulations shall be handled in accordance with the Company Act and the Securities Exchange Act.

Article 13 These Regulations were formulated on June 27, 2008. The first amendment was made on June 20, 2012. The second amendment was made on May 28, 2015.

[Appendix 4]

**Tons Lightology Inc.**  
**Procedures for the Acquisition and Disposal of Assets (before**  
**Amendments)**  
(Translation)

Resolved in the General Shareholders' Meeting on 6.16.2014

Article 1 Basis

These Procedures are established in accordance with the Regulations governing the Acquisition and Disposal of Assets by Public Companies (hereinafter referred to as the Regulations) under Article 36-1 of the Securities and Exchange Act and related laws and regulations.

The Company shall handle the acquisition or disposal of assets in compliance with these Procedures; matters not specified in these Procedures shall be governed by related laws and regulations.

Article 2 Scope

The acquisition or disposal of assets of the Company and its subsidiaries shall be handled in compliance with these Procedures.

Article 3 Scope of Assets

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities (hereinafter referred to as the Securities).
2. Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
6. Derivatives.
7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law (hereinafter referred to as the Assets from Mergers and Transfer).
8. Other major assets.

Article 4 Appraisal Procedures and Means of Price Determination

1. Investment in Securities

Except for securities that meet any of the following requirements, the

Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and 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 Accounting Research and Development Foundation (hereinafter referred to as ARDF).

- (1) Securities acquired through cash contribution in an incorporation by promotion or by public offering.
- (2) Securities issued at face value by an issuing company carrying out a cash capital increase in accordance with relevant laws and regulations, with this Corporation as a sponsor of the issue.
- (3) Securities issued by an investee company wholly invested by this Corporation that is carrying out a cash capital increase, with this Corporation as a sponsor of the issue.
- (4) Securities listed and traded on the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM) and emerging stocks.
- (5) Government bonds or bonds in repurchase or reverse purchase agreements.
- (6) Domestic funds or overseas funds.
- (7) TWSE or GTSM listed securities acquired or disposed of in accordance with the TWSE or GTSM rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities.
- (8) Securities acquired through this Corporation's sponsorship of a cash capital increase by a public company, when the securities acquired are not privately placed.
- (9) Subscription to fund shares before the establishment of a fund in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act and the Financial Supervisory Commission's 1 November 2004 Order No. Financial-Supervisory-Securities-IV-0930005249.
- (10) Subscription or redemption of domestic private placement funds, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open

positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.

## 2. Real Property or Equipment

In acquiring or disposing of real property or equipment 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:

- (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
- (2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (3) The following items shall be specified in the appraisal report:
  1. Items specified in the Regulations on Real Estate Appraisal.
  2. Items related to professional appraisers and their officers.
    - (1) Name of professional appraisers, capital, the organizational structure and the composition of the staff.
    - (2) Name, age, and educational background (with proof attached) of officers, years and period of service, and the number of cases.
    - (3) Relationship between professional appraisers, their officers, and clients.
    - (4) Statement about the absence of hypocrisy or concealment of items specified in the appraisal report.
    - (5) Date of issuance of the appraisal report.
  3. The basic information on the subject of the appraisal shall contain at least the name, nature, location, and area of the subject.
  4. An example of a real estate transaction for comparison in the area of the subject.
  5. Limited or specific conditions for the type of the appraisal with a limited price or a specific price or whether the type of the appraisal complies with such conditions, the reason for or the reasonableness of the difference with a normal price, and whether the limited price

or the specific price is sufficient to be the reference to the trading price.

6. The reasonable distribution ratio for both parties, in case of a joint development contract.
  7. Estimation of land value increment tax.
  8. Whether the appraised value of a real estate at the same appraisal date among appraisers with the difference in value exceeding 20% is handled in accordance with Article 41 of the Real Estate Appraiser Act.
  9. Attachments shall contain the detail of the appraisal, ownership registration, cadastral transcript, urban plan, subject location map, proof of use of partitioned land, and the latest picture of the subject.
- (4) 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 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.
- (5) 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. Memberships or Intangible Assets

Where the Company acquires or disposes of memberships, it shall collect the information on prices in advance and determine the trading price by either comparison or negotiation; where the Company acquires or disposes of intangible assets, it shall determine the trading price based on the information on prices of assets collected in advance and the prudent evaluation of related laws and contracts.

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.

#### 4. Other Important Assets

Where the Company acquires or disposes of claims of financial institutions, derivatives, assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law, or other important assets, it shall determine the trading price based on the information on prices of assets collected in advance and the prudent evaluation of related laws and contracts.

5. The Company shall acquire or dispose of derivatives in accordance with the provisions of Article 19 to Article 24 of these Procedures.

6. The Company shall acquire or dispose of assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law in accordance with the provisions of Article 25 to Article 33 of these Procedures.

Professional appraiser shall refer to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.

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.

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 Degree of Authority and Level where Authority is Delegated

The degree of authority and level where authority is delegated in respect of the acquisition or disposal of assets shall be submitted to the unit in charge for approval. The degree of authority and level where authority is delegated in respect of the acquisition or disposal of derivatives shall be governed by the provision of Article 20 of these Procedures.



Item	Amount	Unit in Charge		
		President	Chairman	Board of Directors
Long-term investment in equity	Unlimited amount	Review	Review	Approve
Long-term investment in securities	Unlimited amount	Review	Review	Approve
Short-term investment in securities	Less than NT\$30 million (inclusive)	Approve		
	More than NT\$30~60 million (exclusive)	Review	Approve	
	More than NT\$60 million (inclusive)	Review	Review	Approve
Real property	Less than NT\$60 million (inclusive)	Review	Approve	
	More than NT\$60 million (inclusive)	Review	Review	Approve
Equipment	Less than NT\$5 million (inclusive)	Approve		
	NT\$5 million (exclusive)~30 million (inclusive)	Review	Approve	
	More than NT\$30 million (exclusive)	Review	Review	Approve
Memberships	Less than NT\$2 million (inclusive)	Review	Approve	
	More than NT\$2 million (exclusive)	Review	Review	Approve
Intangible Assets	Less than NT\$5 million (inclusive)	Approve		
	NT\$5 million (exclusive)~30 million (inclusive)	Review	Approve	
	More than NT\$30 million (exclusive)	Review	Review	Approve
Claims of financial institutions	Less than NT\$10 million (inclusive)	Approve		
	NT\$10 million (exclusive)~50 million (inclusive)	Review	Approve	
	More than NT\$50 million (exclusive)	Review	Review	Approve
Assets in connection with mergers, demergers, acquisitions, or transfer of shares	Amount not subject to the resolution of the board of directors according to law	Review	Review	Approve
	Amount subject to the resolution of the shareholders' meeting according to law	Review	Review	Review
Other important assets	Less than NT\$5 million (inclusive)	Review	Approve	
	More than NT\$5 million (exclusive)	Review	Review	Approve

After these Procedures for the acquisition or disposal of assets or other laws and regulations 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 by the Company, when the provisions as stated in the preceding Paragraphs 1 to 6 or other laws and regulations have been approved by the board of directors, 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.

Where an audit committee has been established by the Company, major transactions of assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.

If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms “all audit committee members” in Paragraph 3 and “all directors” in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

#### Article 6 Units Responsible for Implementation

1. Acquisition or disposal of long-term investment in securities: The chairman shall designate the financial unit or establish the investment task force to evaluate and implement the acquisition or disposal of long-term investment in securities.
2. Acquisition or disposal of short-term investment in securities: The financial unit is responsible to evaluate and implement the acquisition or disposal of short-term investment in securities.
3. Acquisition or disposal of real property and equipment: The management department is responsible to evaluate and implement the acquisition or disposal of real property and equipment.
4. Acquisition or disposal of memberships and intangible assets: The chairman shall designate the financial unit or establish the investment task force to evaluate and implement the acquisition or disposal of memberships and intangible assets.
5. Acquisition or disposal of derivatives: The financial unit is responsible to evaluate and implement the acquisition or disposal of derivatives.
6. Acquisition or disposal of assets in connection with mergers, demergers, acquisitions, or transfer of shares and other important assets: The chairman shall designate the financial unit or establish the investment task force to evaluate and implement the acquisition or disposal of assets in connection with mergers, demergers, acquisitions, or transfer of shares and other important assets.

#### Article 7 Transaction Process

1. The transaction process of securities shall be handled in accordance with the operating procedures for investment circulation in the Company’s internal control system.
2. The transaction processes of real property, equipment, memberships, and intangible assets shall be handled in accordance with the operating procedures for fixed asset circulation in the Company’s internal control system.

3. The transaction process of other important assets shall be handled in accordance with the related operating procedures for circulation in the Company's internal control system.

#### Article 8 Retention of Information

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 9 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 Financial Supervisory Commission (hereinafter referred to as 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, or subscription or redemption of domestic money market funds.
2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures 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:
  - (1) Trading of government bonds.
  - (2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of securities by a securities firm, either in the primary market or in accordance with relevant regulations.
  - (3) Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.

(4) 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.

(5) 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.

“Mainland China area investment” as stated in the preceding paragraph shall refer 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.

“Date of occurrence” as stated in Paragraph 1 shall refer 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.

“Within the preceding year” as used in Paragraph 2 shall refer to the year preceding the date of occurrence of the current transaction. Items duly announced 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.

#### Article 10 Publicly Announced and Reported Information

According to the preceding article, the Company shall publicly announce and report the information prescribed in the related regulations of FSC.

#### Article 11 Correction of Publicly Announced and Reported Information

When the Company at the time of public announcement makes an error or omission in an item required by the provision of Article 9 to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.

Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with Article 9, 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.

#### Article 12 Total Amount of Assets and Limit

Total amounts of real property and securities acquired by the Company and each subsidiary for business use, and limits on individual securities are as follows:

1. Where the type of asset acquired by the Company and its subsidiaries is land, plant and equipment for business use, the transaction amount is unlimited.
2. Where the type of asset acquired by the Company is real property for non-business use, the total transaction amount is limited to 20% of the Company's shareholders' equity; where the type of asset acquired by the Company's subsidiaries is real property for non-business use, the total transaction amount is limited to 20% of the parent company's shareholders' equity.
3. Where the Company engages in the short-term capital movement, the total accumulated amount of investment in short-term securities shall be limited to 50% of the Company's shareholders' equity and the net value of securities acquired from the same company shall be limited to 20% of the Company's shareholders' equity; where the Company's subsidiaries engage in the short-term capital movement, the total accumulated amount of investment in short-term securities shall be limited to 20% of the

parent company's shareholders' equity and the net value of securities acquired from the same company shall be limited to 10% of the parent company's shareholders' equity.

4. Where the Company acquires the long-term investment in securities, the total accumulated amount of investment in long-term securities shall be limited to 60% of the Company's shareholders' equity and the amount of securities acquired from the same company shall be limited to 30% of the Company's shareholders' equity; where the Company's subsidiaries acquire the long-term investment in securities, the total accumulated amount of investment in long-term securities shall be limited to 40% of the parent company's shareholders' equity and the amount of securities acquired from the same company shall be limited to 30% of the parent company's shareholders' equity, except for subsidiaries that are investment holding companies.

"Subsidiary" as used in the preceding paragraph shall be defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### Article 13 Control Procedures for the Acquisition and Disposal of Assets by Subsidiaries

The Company's subsidiaries shall establish the procedures for the acquisition or disposal of assets in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. The procedures shall be approved by their boards of directors; the same applies when the procedures are amended.

Assets shall be acquired or disposed of by the Company's subsidiaries in accordance with the procedures for the acquisition or disposal of assets established by the Company's subsidiaries.

When Company's subsidiaries, which are not domestic public companies, acquire or dispose of assets, the Company shall announce and report the information specified in Article 9.

Subsidiaries mentioned in the preceding paragraph apply to the standards for the announcement and report on the transaction amount reaching 20% of paid-in capital or 10% of total assets, as specified in Article 9.

#### Article 14 Scope of Related Party Transactions

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 these

Procedures.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Paragraph 2, Article 9 herein and “within the preceding year” as used herein shall refer 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.

“Related party” as used in the preceding paragraph shall be defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 15 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, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:

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 16 and Article 17.
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 Paragraph 2, Article 9 herein, and “within the preceding year” as used herein shall refer 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 equipment between the Company and its subsidiaries, the Company's board of directors may delegate the board chairman to decide such matters when the transaction is less than 25 percent of paid-in capital 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 by the Company, when a matter is submitted for discussion by the board of directors according to related regulations, 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.

Where an audit committee has been established by the Company, the matters requiring recognition by the supervisors according to related regulations shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Paragraphs 5 and 6, Article 5 herein.

#### Article 16 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 15 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, or through engaging a related party to build real property, either on the company's own land or on rented land.

Article 17 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 18. 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:
  - (1) 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. "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.
  - (2) 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.

(3) 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 18 Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 16 and Article 17 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 a public 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 public company's equity stake in the other company.

2. Supervisors shall comply with Article 218 of the Company Act.

3. Actions taken pursuant to subparagraph 1 and 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 arm's length transaction.

## Article 19 Principles and Strategies for Engaging in Derivatives Trading

### 1. Types of derivatives that may be traded:

(1) Derivatives as used in these Procedures shall refer to 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) Transactions in regard to bond deposits shall be handed in accordance with the regulations of these Procedures.

### 2. Operating or hedging strategies:

The Company shall engage in derivatives transactions for the purpose of avoiding risks. Trading goods that can avoid risks arising from the Company's business operations shall be prioritized. In addition, financial institutions that usually have business dealings with the Company shall be selected as many as possible to avoid credit risks.

### 3. Segregation of duties:

**Risk management:** Foreign exchange traders in the finance department are responsible for the statistics of positions for foreign currency assets and liabilities and collecting related market information, which may serve as the basis of trend judgment and risk assessment. In addition, foreign exchange traders shall fully understand features and functions of various financial products and carry out necessary risk aversion in accordance with the Company's policies and strategic operations.

**Account management:** Accountants in the finance department shall keep accounts in accordance with the current International Accounting Standards and related regulations promulgated by competent authorities.

**Cash flows:** Capital movement personnel in the finance department shall prepare the positions for cash collection and payment due, perform

settlement, and confirm the completion of transactions based on the requirements of related trading contracts.

Internal audit: The Company's internal auditors shall carry out the regular audit regarding related transactions based on the internal control system and internal audit system to confirm whether the amount, authorization, reasonableness and effectiveness of the transactions comply with the Company's policies or laws and regulations.

4. Essentials of performance evaluation:

The Company shall record the detail of derivatives operations in the transaction list on a daily basis to control the profit and loss; in addition, the Company shall settle the exchange gains and losses on a monthly, quarterly, semi-yearly, and yearly basis.

5. Trading quota:

In principle, the transaction amount of derivatives shall be limited to the net position for foreign exchange arising from the Company's operation.

6. Maximum loss limit:

The maximum loss limit on total trading is US\$100,000 and the maximum loss limit for individual contracts is US\$10,000.

## Article 20 Operating Procedures

1. Degree of authority delegated

The Company shall perform derivatives transactions based on the following authorized amount:

(1) For non-trading purpose: Based on the position for monthly capital needs in each currency and the policy decision, 1/3 of the amount of the transaction shall be used for hedging. The authorized amount of a single trading contract is as follows: (A) The amount less than US\$100,000 (inclusive) shall be approved by the supervisor in charge in the finance department; (B) the amount more than US\$100,000 (inclusive) shall be approved by the president; and (C) the amount more than US\$300,000 shall be approved by the chairman.

(2) For trading purpose: Each transaction, regardless of the amount, shall be approved by the supervisor in the finance department and the chairman. In principle, the risk of each transaction shall be limited to the profit and loss assessment of US\$100,000 at any time and such amount shall be the stop-loss limit.

2. Units responsible for implementation, and transaction process

(1) Implementation: Traders in the finance unit shall implement a transaction with a financial institution within the authorized amount. If the value of a transaction exceeds the authorized amount, traders shall

obtain the prior written approval in accordance with the foregoing provisions. After a transaction is completed, traders shall fill in the transaction form based on the deal closed with the financial institution and submit it to the supervisor in charge for approval; then, traders shall count the positions and submit the copy of the transaction form to the accounting department.

- (2) Confirmation: The accounting department in charge of settlement and registration shall confirm the transaction based on the copy of the transaction form made by the trading unit; then, the accounting department shall settle the confirmed figures and register the detail of the transaction. The finance department shall make a report on a monthly basis and submit it to the accounting department as the basis of accounting evaluation.

## Article 21 Risk Management Measures

### 1. Risk management:

- (1) Credit risk: Trading partners shall be limited to well-known financial institutions at home and abroad that can provide professional information.
- (2) Market risk: Markets shall be limited to over-the-counter markets that can avoid risks or meet the Company's requirements for investment.
- (3) Liquidity risk: Products with high liquidity (that can square the position in the market at any time) shall be selected to ensure the trading liquidity. Trading banks must have the sufficient information network, equipment and professionalism to trade in any market.
- (4) Operational risk: Operational risks refer to the compliance with authorized management, operating procedures, handling of receipts and preparation of subsequent statements or reports.
- (5) Legal risk: Main and subsidiary contracts and transaction confirmation documents shall be studied carefully; the support of legal officers shall be sought to reduce the risk of legal traps.
- (6) Product risk: Managerial personnel in charge of internal transactions shall have full and correct knowledge of trading products and ask banks to fully disclose the risks to avoid the loss arising from the wrong estimation of risks and misuse of products.
- (7) Cash settlement risk: The authorized personnel shall complete the cash flow estimates in advance based on the regulations of

authorization and frequently evaluate the operation of banks of trading partners in order to settle the cash collection and payment due.

2. Principle of internal control:

- (1) Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
- (2) 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.
- (3) When a transaction is completed, traders shall fill in the related transaction form and submit it to the reviewer for registration.
- (4) After receiving the transaction confirmation from the bank, the reviewer shall check the transaction with the original receipts and the compliance with authorization and submit the transaction form to the supervisor that is authorized to sign.
- (5) The reviewer shall check whether the total amount of the transaction exceeds the foreign currency asset or liability or the committed position for reasonable hedging or net investment at any time.
- (6) The reviewer shall make a detailed transaction list for each bank to check the account with or send an external confirmation to the bank on a regular basis.
- (7) The finance department shall evaluate the contingent profit and loss and the market value of a transaction on a regular basis and submit the evaluation to management for review on a monthly basis. The evaluation shall indicate the strategies for future operation, which serve as the basis of management and decision making for senior management.

3. Regular evaluation methods:

Finance Department shall evaluate the investment trading positions based on the market price once per week. Hedge trades shall be evaluated once every two weeks with positions, the term of contract, the evaluation of contingent profit or loss and future management focuses specified. The board of directors shall designate senior management personnel to review the evaluation reports and periodically evaluate whether the trading performance is consistent with established operational strategies and whether the risk undertaken is within the Company's permitted scope of tolerance. When irregular circumstances are found in the course of reviewing the evaluation report mentioned above, a report shall be

immediately made to the board of directors and appropriate measures shall be adopted; where the Company has independent directors, an independent director shall be present at the board meeting and express an opinion.

#### Article 22 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, which shall be submitted, along with the implementation of the annual internal audit plan, to FSC for review in the prescribed format and via the Internet-based information system by February of the following year. The improvement in irregular circumstances shall be submitted to FSC for review via the Internet-based information system by May of the following year. If any material violation is discovered, all supervisors shall be notified in writing.

#### Article 23 Public Disclosure of Information

1. For 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 within 2 days commencing immediately from the date of occurrence of the event
2. 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.

Article 24 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 shall be recorded in detail in the log book.

Article 25 “Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law” as used in these Procedures shall refer 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 Paragraph 8, Article 156 of the Company Act.

Article 26 The Company conducting 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.

Article 27 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 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 the 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 Company and other 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 Company and other 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.

Article 28 The Company and other companies 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.

The Company and other companies 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, the Company 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, the Company 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 shall sign an agreement with such company whereby the latter is required to abide by the provisions of Paragraphs 3 and 4.

Article 29 The Company and 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 30 The Company 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, which affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, which

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 31 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 32 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 33 Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide

by the provisions of Article 28, Article 29, and Article 32.

#### Article 34 Penal Regulations

When the Company's directors, supervisors and managers violate these Procedures or the Regulations Governing the Acquisition and Disposal of Assets by Public Companies issued by FSC, which causes damage to the Company, they shall be dismissed. When the related executive staff violate these Procedures or the Regulations, they shall be handled in accordance with the Company's regulations governing rewards and punishments.

Article 35 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 by the Company, when the Procedures 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.

Where an audit committee has been established by the Company, when the procedures for the acquisition and disposal of assets are adopted or amended, they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.

If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" in Paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 36 Where an audit committee has been established by the Company, the provisions regarding supervisors set out in Paragraph 3, Articles 14-4 of the Securities and Exchange Act shall apply mutatis mutandis to the audit committee.

Article 37 The Company shall not waive the capital increase in World Extend Holding Inc. (hereinafter referred to as World Extend) in future years; World Extend shall not waive the capital increase in Tons Lighting Co., Ltd. and Greatsuper

Technology Limited (hereinafter referred to as GS) in future years; GS shall not waive the capital increase in Zhongshan Tons Lighting Co., Ltd. and Titan Lighting Co., Ltd. in future years. If the Company has to waive the capital increase in or the disposal of the above companies due to strategic alliances or other reasons with the consent of Taipei Exchange, such waiver shall be approved by the special resolution of the board of directors. Any subsequent amendments shall be disclosed in “Announcements” in Market Observation Post System and reported to Taipei Exchange for review.

Article 38 These Procedures were formulated on December 31, 2007. The first amendment was made on June 26, 2009. The second amendment was made on June 25, 2010. The third amendment was made on June 20, 2012. The fourth amendment was made on June 10, 2013. The fifth amendment was made on June 16, 2014.

[Appendix 5]

**Tons Lightology Inc.**  
**Shareholding of Directors and Supervisors**

1. The Company's common stock shares issued : 39,417,627 shares

The minimum required combined shareholding of all directors by law : 3,600,000 shares

The minimum required combined shareholding of all supervisors by law : 360,000 shares

2. The number of shares held by all directors and supervisors as of the stop-transfer date on March 28, 2017 is as follows;

Unit: Shares; %

Title	Name	Elected date	Elected shareholding		Current shareholding	
			Shares	Percentage of the outstanding shares (%)	Shares	Percentage of the outstanding shares (%)
Chairman	TANG, SHIH-CHUAN	06.16.2014	3,137,715	8.90	3,500,627	8.88
Director	HUNG, CHIA-CHENG	06.16.2014	1,297,238	3.68	1,253,962	3.18
Director	Chunghwa Investment Co., Ltd. Representative: LEE, SHYH-CHIN	06.16.2014	1,242,237	3.52	1,344,246	3.41
Director	TSAI, SHAO-CHUN	06.16.2014	-	-	-	-
Independent Director	YUAN, JIAN-CHUNG	06.16.2014	-	-	-	-
Independent Director	CHIANG, HSIANG-TSAI	05.28.2015	-	-	-	-
Independent Director	HSU, CHUNG-YUAN	05.28.2015	-	-	-	-
Supervisor	TING, CHIH-CHIANG	06.16.2014	-	-	-	-
Supervisor	SHA, HUNG	06.16.2014	506,358	1.44	547,937	1.39
Supervisor	CHEN, MING-HSIN	06.16.2014	-	-	-	-
The number of shares and shareholding ratio held by all directors			-	-	6,098,835	15.47
The number of shares and shareholding ratio held by all supervisors			-	-	547,937	1.39
The number of shares and shareholding ratio held by all directors and supervisors			-	-	6,646,772	16.86

[Appendix 6]

**The impact of current stock dividend on the Company's business performance, earnings per share, and return on shareholder's investment**

Unit: NT\$1,000; shares

Item		The 2016 earnings distribution	
Paid-up capital - beginning		392,071	
Current dividend distribution	Cash dividends per share (NT\$)	NT\$2.60 (Note 1)	
	Stock dividend per share for capitalization from earnings	0.01 share (Note 1)	
	Stock dividend per share for capitalization from additional paid-in capital	—	
Changes in operating performance	Operating profit	Not applicable (Note 2)	
	Operating profit increase (decrease) ratio over last year		
	Net income		
	Net income increase (decrease) ratio over last year		
	Earnings per share (calculated in accordance with the weighted average number of shares)		
	Earnings per share increase (decrease) ratio over last year		
Proforma earnings per share and price-earnings ratio	If capitalization of earnings was replaced with cash dividend distributed	Proforma earnings per share (NT\$)	Not applicable (Note 2)
		Proforma annual average return on investment	
	If additional paid-in capital was not capitalized	Proforma earnings per share (NT\$)	
		Proforma annual average return on investment	
	If additional paid-in capital was not capitalized and the capitalization of earnings was replaced with cash dividend distributed	Proforma earnings per share (NT\$)	
		Proforma annual average return on investment	

Note 1: To be resolved in the shareholders' meeting.

Note 2: The 2017 financial forecast has not been published; therefore, it is not necessary to disclose the 2017 forecast.

[Appendix 7]

The proposals of the shareholders who have more than 1% shareholding of the Company's outstanding shares

1. According to Article 172-1 of the Company Law, the Company is accepting the proposals of the shareholders for the general shareholders' meeting from March 17 to March 29, 2017.
2. There was not any proposal presented by the shareholders who had more than 1% shareholding of the Company's outstanding shares during the said period of time.