

PROCEDURAL RULES FOR SALARIES AND REMUNERATION COMMITTEE

Article 1 Purpose

The purpose of the Salaries and Remuneration Committee (the "**Committee**") of the Board of the Company is to assist the Board in discharging its responsibilities relating to the compensation and benefit policies, plans and programs of the Company, and the evaluation and compensation of the Company's executives. This Procedural Rules is established in accordance with the Applicable Listing Rules.

Unless otherwise defined in the Procedural Rules, any capital letters as used in the Procedural Rules shall have the same meanings as defined in the Articles of Association of the Company (as amended or substituted from time to time; hereinafter "**Articles**").

Article 2 Applicable Scope

The number, term, powers and duties, and meeting rules of this Committee as well as the kind of resources to be provided by the Company upon the exercise of its duties and powers by the Committee shall be in accordance with the Procedural Rules, unless otherwise provided for by the Applicable Listing Rules or the Rules.

The Company shall make the contents of the Rules available on the corporate website of the Company and the Market Observation Post System for access.

Article 3 Composition of the Committee

The Committee shall consist of no fewer than three members and consist one independent director of the Board at least. The members of the Committee shall be nominated by the Board. The chairperson of the Committee shall be an independent director and be elected by the members of the Committee.

The members of the Committee shall be professionally qualified and independent in a manner compliant with the Applicable Listing Rules,

including Articles 5 and 6 of Taiwan's "Regulations Governing Powers and Authorities of Salaries and Remuneration Committee."

The term of the Committee shall be the same as that of the Board, and all members shall be eligible for re-election. In case the number of the Committee members shall fall below three or as required by the Rules, the Board shall fill up such vacancy by convening the Board meeting for this purpose within three (3) months of the date on which the vacancy first exists.

Article 4 **Power and Duties**

The Committee shall comply with the Applicable Listing Rules to perform its power and duties, and evaluate the Company's salaries and remuneration policies and programs for its Directors, supervisors(if any) and managers in a professional and fair manner, while exercising the duty of care of a good faith manager in supervising the Company's salaries and remuneration system (including but not limited to salary, stock option and other measures substantially of an incentive nature), and submit its proposal to the Board for reference.

Article 5 **Guidelines for Exercise of Power and Duties**

The Committee shall exercise the duty of care of a good faith manager to faithfully perform the following power and duties, and submit proposals to the Board meeting for discussion.

1. Periodically review the Rules and suggest revisions and amendments.
2. Establish and regularly review the annual and long-term performance objectives the Company's Directors and managers and the policy, system, standards and structure of their salaries and remuneration.
3. Evaluate on a regular basis how well the Company's Directors and managers accomplish their performance objectives, and establish details and value of their individual salaries and remuneration.

When exercising the power and duties in the preceding paragraph, the Committee shall follow the guidelines below:

1. Ensure the Company's arrangement for salaries and remuneration is consistent with the Applicable Listing Rules and competitive enough to appeal to good talents.
2. When evaluating the performance and salaries/remuneration of the Directors and managers, the Committee shall refer to the generally accepted standards in the same industry and take into consideration the amount of time an individual is devoted to, duties they are entrusted with, how well they have accomplished their goal, performance on another position, the salaries/remuneration paid to an individual on equivalent position in recent years, as well as determining if there is a reasonable link between individual performance, the Company's operation performance and future risks based on accomplishment of the Company's short- and long-term business objectives and the Company's financial position.
3. No Director or manager should be encouraged to have any behavior beyond the Company's risk tolerance in order to seek higher salaries and remuneration.
4. With regard to percentage of bonus payable to the Directors and senior managers based on their short-term performance, and time schedule for payment of partially changed salaries and remuneration, determinations shall be made after taking into consideration the characteristics of the industry and nature of the Company's business.
5. No member of the Committee should be allowed to participate in the discussion and voting on his or her own salaries and remuneration.

The salaries and remuneration in the preceding two paragraphs include cash consideration, share subscription, allocation of bonus shares, retirement benefits or severance payment, various allowances, and other measures that provide substantial incentives. The scope of these salaries and remuneration shall be consistent with the provisions of remuneration for director and manager under the Criteria Governing Information to be Published in Annual Reports of Public Companies.

If according to the subsidiary's regulations of levels of authorization matters relating to the salaries and remuneration for the directors and managers of the Company's subsidiary are subject to approval by the Board of the Company, the Committee is required to comment on the proposal before it is submitted to the Board for discussion.

Article 6 **Procedures of Meetings**

Meetings of the Committee shall be convened at least twice each year, and may be convened from time to time as necessary.

Members of the Committee shall be notified of convention of a Committee meeting, by a notice stating the reason(s) for convention of the meeting seven days before the convention; the above does not apply in the event of an emergency.

Where the convenor is on leave or unable to convene a meeting for any cause he or she shall designate another Independent Director member to act as his or her agent; in the absence of another Independent Director, the convenor may designate another member of the Committee to act as his or her agent; where the convenor has not designated an agent, the members of the Committee shall nominate one amongst themselves to act as such agent.

The Committee may invite managerial staff from relevant departments of the Company, internal audit staff, accountants, legal consultants or other personnel to attend meetings as guests and provide relevant necessary information.

Upon convening the Committee meeting, relevant information shall be prepared and made readily available to the attending Committee members for reference.

Article 7 **Method of Resolution**

The agenda of a meeting of the Committee shall be established by the convenor. Other members of the Committee may also submit proposals to the

Committee for discussion. The meeting agenda shall be provided to the members of the Committee in advance.

When a meeting of this Committee is convened, a signature book shall be available to record the signatures of members present at the Committee for reference.

A member of the Committee shall attend a Committee meeting in person. If he or she is unable to attend the meeting in person, he or she may appoint another member to attend the meeting as his or her proxy; attendance via videoconference is deemed as attendance in person.

A member of the Committee appointing another member to attend a Committee meeting as his or her proxy shall issue a proxy on every occasion, which shall describe the authorization granted to the proxy agent regarding the reason for convening the Committee meeting.

A resolution by this Committee shall be approved by one-half (1/2) or more of all members. The result of voting shall be announced immediately and recorded.

A proxy as described in paragraph 2 above may act as the agent for one person only.

Article 8 **Meeting Minutes**

Proceedings of Committee meetings shall be recorded in the meeting minutes, which shall specify the following matters in detail:

1. Term of the meeting, and time and place;
2. Name of chairman;
3. Attendance of members, including names and numbers of Independent Director who are present at the meeting, on leave or absent from the meeting;
4. Names and titles of the guests of the meeting;
5. Name of the secretary of the Committee meeting;
6. Matters to be reported;
7. Matters for discussion: How a proposal is resolved and the result; summary of statement by members of the Committee, experts and other persons; objections and/or reservations;
8. Extempore Motion: Name of the person submitting a proposal; how a proposal is resolved and the result; summary of statement by members of the Committee, experts and other persons; objections and/or reservations;
9. Other matters to be included.

Committee meeting attendance book is part of the meeting minutes of proceedings.

If a Committee Meeting is held via video conference, the video and recording tapes shall be part of the meeting minutes of proceedings.

Meeting minutes of proceedings shall be signed or sealed by the chairman and secretary of the Committee meeting, and copies thereof shall be distributed to all members of the Committee within twenty (20) days of the Committee meeting. The Committee shall submit reports to the Board from time-to-time. The meeting minutes shall be deemed as important files of the Company and be properly kept for 5 years.

In the event of a litigation for matters relating to the Committee arises prior to the end of the specified period for keeping the information, relevant information shall be kept for as long as the litigation lasts.

Preparation and distribution of the meeting minutes of proceedings in the first paragraph may be done electronically.

Article 9 **Appointment of Experts**

When a meeting of the Committee is called upon, the Directors of the Company, managerial staff of relevant departments, internal auditors, public accountants, legal counsels, or other individuals may be asked to attend the meeting and provide relevant necessary information.

Upon resolution, the Committee may appoint lawyers, public accountants or other professionals, as part of its exercise of power and duties, to conduct necessary audits and inspections or give advice, with the costs arising therefrom to be borne by the Company.

Article 10 **Regular Review and Authorization of Members**

The Committee shall regularly review matters relating to the Rules and submit the same for amendment by the Board of Directors.

The Committee may authorize the convenor or other members of the Committee to undertake subsequent enforcement of matters resolved by the Committee, or matters relating to appointment of experts resolved according to paragraph 2 of Article 9, who shall submit written reports to the Committee during the period of enforcement. Where necessary, such person/s shall report the matter to this Committee for retroactive recognition or report during the next meeting.

Article 11 **Supplementary Provisions**

The establishment to the Procedural Rules shall be subject to approval of the Board of Directors. The amendment to the Procedure Rules shall be subject to approval of the Board of Directors.