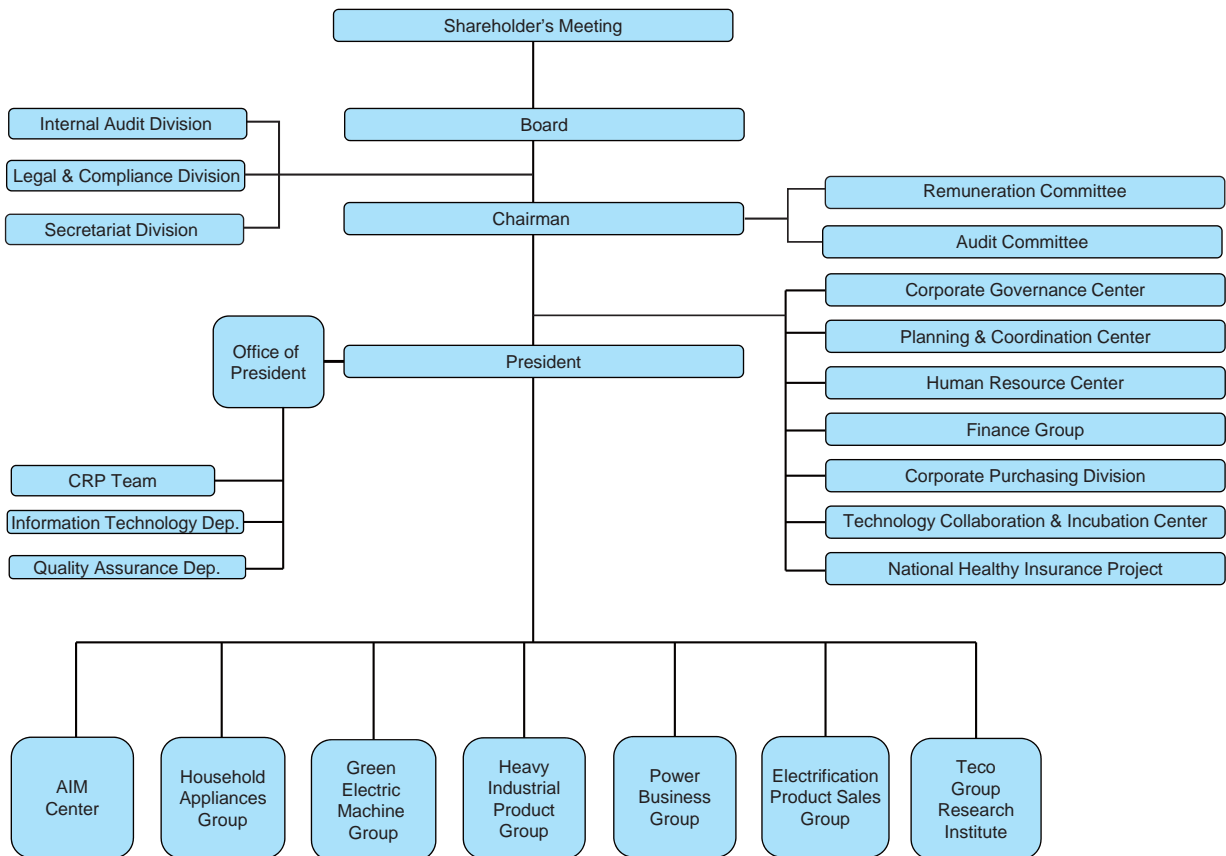


III. Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart



3.1.2 Major Corporate Functions

Business Unit	Operations
Heavy Industrial Products Group	Production and sales of medium to large-sized 3-phase motors, medium to large-sized high-efficiency motors, medium to large-sized explosion-proof motors, medium to large-sized inverter-duty motors, DC motor and medium to large-sized generators.
Green Electric Machine Group	Production and sales of single-phase motors, vehicle-used motors, permanent magnet motors, small-sized 3-phase motors, small-sized high-efficiency motors, small-sized explosion-proof motors, small-sized inverter-duty motors, small-sized generators, die casting, small-sized coolant compressors.
System & Automation Products Group	Production of electromagnet switch, molded-case circuit breakers, electronic relays, inverters and programmable logic controllers, servo controllers, PLC and Servo Controller, and sales of PLC & Servo Controller.
Power Business	R&D, design, production, and sales of equipment and systems meant for the supply of electrical power; undertaking of projects related to power distribution and generation, alternative energy, and rail stations and airports, as well as railway power system. Air-conditioning equipment for specific environments such as clean rooms; design, construction, and management of electrical engineering systems for high-rise buildings & Internet Data Center; integration of air-conditioning and electrical engineering systems for hospitals and hotels; water pump stations and other related projects. Ultra-high pressure 161KV/69KV substations switchgears and installation projects.
Household Appliances	Production, assembly, sales, and repair of air conditioners, refrigerators, washing machines, dehumidifiers, dryers, LCD monitors, air purifiers, small appliances, DVD recorders, stereo systems, health appliances, beauty appliances, freezer storages, low-temperature caged carts, freezers, chillers for machine tools, variable-frequency water/oil cooling machine tool set, assembly-type air-conditioning box, VRF air conditioning set, Water-cooled wholly encased type/semi-encased spiral type/centrifugal icy-water machine set, cloud-end smart system, business air-cooled split-type air conditioner, water-/air-cooled window-type air conditioner, air-cooled icy-water machine, fan filter unit, air vent, industrial-use dehumidifier, freezing/cooling machine, dealership of other domestic and foreign home appliances brands
Electrification Products Sales Group	Sales of medium to large-sized 3-phase motors, medium to large-sized high-efficiency motors, medium to large-sized explosion-proof motors, medium to large-sized inverter-duty motors, DC motor, medium to large-sized generators, single-phase motors, vehicle-used motors, permanent magnet motors, small-sized 3-phase motors, small-sized high-efficiency motors, small-sized explosion-proof motors, small-sized inverter-duty motors, small-sized generators, die casting, small-sized coolant compressors. Sales of electromagnet switch, molded-case circuit breakers, electronic relays, inverters and programmable logic controllers, servo controllers.
Automation & Intelligent Manufacturing Center	Integration of producing resources in the company, and promote biotechnology projects improving layout of production efficiency and AIM strategy.
ECO Energy Group	Development, manufacturing, sales, and system integration of wind-power turbines, related equipments for solar power generators, functional electric vehicle, and related equipments of electric vehicle.
Teco Group Research Institute	Research and development catering to requirements of the medium-to-long term development of new products and technical support to members of the TECO group.
Intelligent System Division	Chip-embedded cards for financial, medical, membership loyalty, surveillance, e-invoice, and public transportation services; systems integration for ITS- and RFID-based cards; non-person vending machine.

3.2 Directors and Management Team

3.2.1 Directors

April 30, 2017

Title	Nationality/ Companies Registry	Name	Date Elected	Term (Years)	Date First Elected(Note)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	ROC	Tung Kuang Investment Co., Ltd.	2015.6.11	3	2000.4.21	30,341,364	1.52%	30,341,364	1.52%	0	0	0	0	Master, University of Michigan, Ann-Arbor	Chairman of Taiwan Pelican Express Co., Ltd Chairman of Motovario Chairman of A-Ok Technical Co., Ltd.	-	-	-
	ROC	Representative : Chwen-Jy, Chiu	2015.6.11	3	2006.6.15	1,741,964	0.09%	1,741,964	0.09%	16,987	0.00%	0	0					
Managing Director	ROC	Tong Ho Gloabl Investment Co., Ltd	2015.6.11	3	2000.4.21	2,240,262	0.11%	2,240,262	0.11%	0	0	0	0	Ph.D, University of Illinois	Chairman of Tecom Co., Ltd. & TECO Holdings USA, Inc.			
	ROC	Representative : Chao-Kai, Liu	2015.6.11	3	2000.4.21	300,000	0.02%	300,000	0.01%	122,018	0.01%	0	0					
Managing Director	ROC	Cheng-Tsung, Huang	2015.6.11	3	1991.5.8	15,279,849	0.76%	15,279,849	0.76%	2,110,934	0.11%	0	0	Fu Jen Catholic University	Chairman of Sen Yeh Construction Co., Ltd. Independent Director of Aurotek Corporation			
Managing Director	ROC	Creative Sensor Inc.	2015.6.11	3	2009.6.19	10,000,000	0.54%	10,000,000	0.50%	0	0	0	0	Master, Columbia University	Chairman of Creative Sensor Inc., TECO Image Systems Co., Ltd. & Lien Chang Electronic Co., Ltd.	Managing Director	Mao- Hsiung, Huang	Father & Son
	Japan	Representative: Yu-Ren, Huang	2015.6.11	3	2012.6.15	234,623	0.01%	234,623	0.01%	0	0	0	0					
Managing & Independent Director	ROC	Chien-Yuan, Lin (Note 1)	2015.6.11	2	2015.6.11	0	0	0	0	8,000	0%	0	0	Ph.D, University of Washington	Independent Director of An-Shin Food Service Co., Ltd. Profressor& Dean of Chinese Culture University			
Independent Director	ROC	Jing-Shown, Wu	2015.6.11	3	2013.6.21	0	0	0	0	0	0	0	0	Ph.D, Cornell University	Honor of Distinguished Professor, National Taiwan University			
Independent Director	ROC	Ting-Wong, Cheng (Note 2)	2016.6.16	2	2016.6.16	0	0	0	0	0	0	0	0	Ph.D & Master, University of Missouri	Managing Director & Independent Director, Asia Pacific Telecom			
Director	ROC	Mao-Hsiung, Huang	2015.6.11	3	1972.5.12	18,486,633	0.92%	18,486,633	0.92%	5,839,071	0.29%	0	0	Master, University of Pennsylvania	Chairman of An-Shin Food Service Co., Ltd. Independent Chairman of Century Development Corporation Chairman of Australia Pte Limited,	Managing Directo	Yu-Ren, Huang	Father & Son
Director	ROC	Po-Chih, Huang	2015.6.11	3	1988.3.28	21,614,831	1.08%	21,614,831	1.08%	230,588	0.01%	0	0	Master, University of Tokyo	Supervisor of Tecom Co., Ltd.,			
Director	ROC	Hsien- Sheng , Kuo	2015.6.11	3	1982.3.27	9,126,238	0.46%	9,126,238	0.46%	1,573,020	0.08%	0	0	Tamkang University	Chairman of Ping Tung Bus Lines Co., Ltd. & Nantou Bus Lines Co., Ltd.			
Director	Japan	Yaskawa Electric Corporation.	2015.6.11	3	2006.6.15	29,541,089	1.48%	29,541,089	1.48%	0	0	0	0	Keio University	Corporate Senior Vice President of YASKAWA Electric Corporation Director of Yatec Engineering Corp.	-	-	-
	Japan	Representative : Hiroyuki Ougi	2015.6.11	3	2013.6.18	0	0	0	0	0	0	0	0					
Director	ROC	Kuang Yuan Industrial Co., Ltd.	2015.6.11	3	2009.6.19	22,033,919	1.10%	22,033,919	1.10%	0	0	0	0	Ph.D.,Northwestern University, US	Chairman of Global Strategic Venture Chairman of Huan Xun Venture Capital Co., Ltd. Independent Director of Topkey Corporation	-	-	-
	ROC	Representative: Shih- Chien, Yang	2012.6.15	3	2009.6.19	0	0	0	0	0	0	0	0					
Director	ROC	Tung Kuang Investment Co., Ltd.	2015.6.11	3	2000.4.21	30,341,364	1.52%	30,341,364	1.52%	0	0	0	0	Master, University of Houston	Chairman of TECO Electric & Machinery Pte Ltd.	-	-	-
	ROC	Representative : Hong-Hsiang, Lin	2015.6.11	3	2012.6.15	2,161,893	0.11%	2,116,893	0.11%	0	800,000	0.04%	0					
Director	ROC	Lien Chang Electronic Co., Ltd.	2015.6.11	3	2009.6.19	4,173,000	0.21%	4,173,000	0.21%	0	0	0	0	Master, National Taiwan University	Director of Yubantec Consultant of Chinese National Association of Industry and Commerce, Taiwan	-	-	-
	ROC	Representative: Ming-Feng, Yeh	2015.6.11	3	2015.6.11	0	0	0	0	0	0	0	0					
Director	ROC	Mao Yang Co., Ltd.	2015.6.11	3	1994.4.28	5,000,893	0.25%	5,000,893	0.25%	0	0	0	0	Mingshin University of Science & Technology	Chairman of Hong Tong Co., Ltd. Director of Taiwan Styrene Monomer Corporation	-	-	-
	ROC	Representative: Yung-Hsiang, Chang	2015.6.11	3	2006.9.6	0	0	0	0	0	0	0	0					

Note1 : Original Independent Director. By-election was on June 16, 2016

Note2 : By-election was on June 16 , 2016

Data for Directors

Name	Criteria	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10		
Tung Kuang Investment Co., Ltd. Representative : Chwen-Jy, Chiu			√				√	√	√	√	√	√	√	√	0
Tong Ho Gloabl Investment Co., Ltd Representative : Chao-Kai, Liu			√	√			√	√	√	√	√	√	√	√	0
Cheng-Tsung, Huang			√	√			√	√	√	√	√	√	√	√	1
Creative Sensor Inc. Representative: Yu-Ren, Huang			√				√		√		√		√		0
Chien-Yuan, Lin	√		√	√			√	√	√	√	√	√	√	√	3
Jing-Shown, Wu	√		√	√	√		√	√	√	√	√	√	√	√	0
Ting-Wong, Cheng	√		√	√	√		√	√	√	√	√	√	√	√	1
Mao-Hsiung, Huang			√	√				√	√	√		√	√	√	0
Po-Chih, Huang			√	√				√	√	√	√	√	√	√	0
Hsien- Sheng, Kuo			√	√	√		√	√	√	√	√	√	√	√	0
Yaskawa Electric Corporation. Representative : Hiroyuki Ougi			√	√			√	√	√	√	√	√	√	√	0
Kuang Yuan Industrial Co., Ltd. Representative: Shih- Chien, Yang			√	√			√	√	√	√	√	√	√	√	1
Tung Kuang Investment Co., Ltd. Representative: Hong-Hsiang, Lin			√				√	√	√	√	√	√	√	√	0
Lien Chang Electronic Co., Ltd. Representative: Ming-Feng, Yeh		√	√	√			√	√	√	√	√	√	√	√	1
Mao Yang Co., Ltd. Representative: Yung-Hsiang, Chang			√	√	√		√	√	√	√	√	√	√	√	0

Note: Please tick the corresponding boxes if directors or supervisors have been any of the following during the two years prior to being elected or during the term of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the persons in the preceding three subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company.
7. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.
8. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
9. Not been a person of any conditions defined in Article 30 of the Company Law.
10. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

3.2.2 Management Team

April 30, 2017

Title	Nationality	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	ROC	Chwen-Jy, Chiu	2005.6.1	1,741,964	0.09%	16,987	0.001%	0	-	Master, University of Michigan, Ann-Arbor	Chairman of Taiwan Pelican Express Co.,Ltd	-	-	-
Vice President	ROC	George Lien	2001.8.1	783,130	0.04%	0	-	0	-	Master, Stevens Institute of Technology	Chairman of Information Technology Total Services Corp.	-	-	-
Assistant Vice President	ROC	Hong-Hsiang, Lin	1998.8.21	2,161,893	0.11%	800,000	0.04%	0	-	Master, University of Houston	Chairman of TECO Machine (Pte) Ltd	-	-	-
Assistant Vice President	ROC	Steven Chiang	2011.12.25	0	-	0	-	0	-	Ph.D, University of Florida	Chairman of TECO Technology (Vietnam) Co., Ltd.	-	-	-
Assistant Vice President	ROC	Pin Chang	2015.8.12	20,376	0.00%	0	-	0	-	National Tsing Hua University	Chairman of Hubbell-Taian Co.,Ltd	-	-	-
Assistant Vice President	ROC	K.R. Chen	2016.8.12	37,558	0.00%	955	0.00%	0		Chung Yuan Christian University	Director of Tecom			
Assistant Vice President	ROC	S.C. Lin	2017.1.1	1,193,245	0.06%	40,434	0.00%	0		National Taiwan University	Chairman of Teco Electro Devices Co., Ltd.			
Assistant Vice President	ROC	Kevin Yeh	2017.1.1	0	-	0	-	0		Boston University	Director of United View Global Investment Co.,Ltd			
Assistant Vice President	ROC	Albert Peng	2017.1.1	0	-	0	-	0		Master, University of Pittsburgh	Director of A-Ok Technical Co., Ltd.			
Assistant Vice President	ROC	Fei-Yuan, Kao	2017.1.1	30,589	0.00%	305	0.00%	0		Master, National Central University	Director & President of Wuxi Teco Precision Mechatronics Co., Ltd			

Bracket	Name of Directors(Note 1)			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements (I)	The company	Companies in the consolidated financial statements (J)
Under NT\$ 2,000,000	5,6,7,16	5,6,7,16	5,6,7,16	5,6,7,16
NT\$2,000,000 ~ Under NT\$5,000,000				
NT\$5,000,000 ~ Under NT\$10,000,000	8,9, 10,11,12,13,14,15	8,9, 10,11,12,13,14,15	10,11,12,13,14,15	4,9, 10,11,12,13,14,15
NT\$10,000,000 ~ Under NT\$15,000,000	2,3,4	2,3,4	2,3,4,9	2,3,4,9
NT\$15,000,000 ~ Under NT\$30,000,000	1	1	1,8	1,8
NT\$30,000,000 ~ Under NT\$50,000,000				
NT\$50,000,000 ~ Under NT\$100,000,000				
Over NT\$100,000,000				
Number of Directors	16	16	16	16

Note 1: Shown by code of Directors in the previous table

Compensation of President and Vice President

Unit: NT\$ thousand

Code	Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Profit Sharing- Employee Bonus (D)				Ratio of total compensation (A+B+C+D) to net income(%)		Compensation paid to the president and vice president from an invested company other than the company's subsidiary
			The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
									Cash	Stock	Cash	Stock			
1	President	Chwen-Jy, Chiu	Total 18,074	Total 18,074	Total 1,596	Total 1,596	Total 21,799	Total 22,977	Total 16,043	-	Total 16,043	-	1.65%	1.69%	Yes
2	Vice President	George Lien													
4	Executive Consultant	Hong-Hsiang, Lin													
5	Assistant Vice President	S.C Lin													
6	Assistant Vice President	Steven Chiang													
7	Assistant Vice President	Pin Chang													
8	Assistant Vice President	K.R Chen (Note)													

Note: Assistant Vice President K.R Chen was on board on August 12 2016

Bracket	Name of President and Vice President (Note 1)	
	The company	Companies in the consolidated financial statements
Under NT\$ 2,000,000		
NT\$2,000,000 ~ under NT\$5,000,000	7	7
NT\$5,000,000 ~ under NT\$10,000,000	2,3,4,5,5,6	2,3,4,5,6
NT\$10,000,000 ~ under NT\$15,000,000		
NT\$15,000,000 ~ under NT\$30,000,000	1	1
NT\$30,000,000 ~ under NT\$50,000,000		
NT\$50,000,000 ~ under NT\$100,000,000		
Over NT\$100,000,000		
Number of Executives	7	7

Note 1: Shown by code of Executives in the previous table

Employee Bonus to Executive Officers

2016.12.31/ Unit: NT\$ thousand

	Title	Name	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	President	Chwen-Jy, Chiu				0.46%
	Vice President	George Lien				
	Executive Consultant	Hong-Hsiang, Lin				
	Assistant Vice President	S.C. Lin				
	Assistant Vice President	Steven Chiang		Total 16,094	Total 16,094	
	Assistant Vice President	Pin Chang				
	Assistant Vice President	K.R. Chen				
	Assistant Vice President	Kevin Yeh				

3.2.4 Comparison of Remuneration for Directors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, Presidents and Vice Presidents

Unit: NT\$ thousand

Year	Total remuneration paid to directors, presidents and vice presidents	Ratio of total remuneration paid to directors, presidents and vice presidents to net income (%)
2016	193,236	5.55%
2015	194,118	4.77%

The company's compensations are set according to levels offered by peers for the same positions, responsibilities of the positions, and their contribution to the company in achieving its business goal. The determination of compensations is based on the company's guidelines for performance and compensations, which take into account the company's overall business performance, achievement of an employee's personal performance goal, and his/her contribution to the corporate performance, in order to reach reasonable levels of compensation. Year-end bonus is paid out according to a fixed share of net profits, which can only be changed by a resolution of the board of directors.

3.3 Implementation of Corporate Governance

3.3.1 Board of Directors

A total of 8 meetings of the board of directors were held in 2016, director attendance was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Chairman	Tung Kuang Investment Co., Ltd. Representative: Chwen-Jy, Chiu	8	0	100 %	
Managing Director	Tong Ho Gloabl Investment Co., Ltd Representative : Chao-Kai, Liu	8	0	100%	
Managing Director	Cheng-Tsung, Huang	5	3	63%	
Managing Director	Creative Sensor Co., Ltd. Representative: Yu-Ren Huang	8	0	100%	
Managing & Independent Director	Chien-Yuan, Lin	8	0	100%	Re-election as managing director (re-elected on 2016.6.16) Should attend 8 times
Independent Director	Jing-Shown, Wu	7	1	88%	
Independent Director	Ting-Wong, Cheng	4	0	100%	Newly Elected (re-elected on 2016.6.16) Should attend 4 times
Director	Mao-Hsiung, Huang	8	0	100 %	
Director	Po-Chih, Huang	8	0	100 %	
Director	Hsien- Sheng, Kuo	7	1	88%	
Director	Yaskawa Electric Corporation. Representative : Hiroyuki Ougi	5	3	63%	
Director	Kuang Yuan Industrial Co., Ltd. Representative: Shih- Chien, Yang	8	0	100%	
Director	Tung Kuang Investment Co., Ltd. Representative: Hong-Hsiang, Lin	8	0	100%	
Director	Lien Chang Electronic Co., Ltd. Representative : Ming-Feng, Yeh	8	0	100%	
Director	Mao Yang Co., Ltd. Representative: Yung-Hsiang, Chang	6	2	75%	
Independent Director	Tain-Jy, Chen	3	1	75 %	Resigned (re-elected on 2016.5.12) Should attend 4 times

Other mentionable items:

1. If there is the following situation referred to the operation of Board of Director, the date of Board meeting, period, contents of the case, opinion of all Independent Director, and company's respond toward Independent Director should be narrated.

(1) Article 14-3 of Securities and Exchange Act: None

(2) The resolution about the objection or reservations of Independent Director which was record or written proclamation

i. 24-14 Board Meeting: 2016.12.23

Contents of the case: Amendment to Ethical Corporate Management Best Practice Principles Opinion of

Independent Director: Ting-Wong, Cheng suggested to include Ethical Corporate Management Best Practice Principles into Annual Auditing Plan, and other Independent Directors have no comments.

How the company handled Independent Director's suggestion: The company's Audit Division included Ethical Corporate Management Best Practice Principles into Annual Auditing Plan based upon Independent Director's suggestion.

Resolution: All directors who took part in the meeting passed the case without objection.

2. The implementation of Directors' avoidance of motions in conflict of interest:

i. 24-7 Board Meeting: 2016.3.21

Director's Name: Yu-Ren Huang (Managing Director), Po-Chih Huang (Director), Ming-Feng, Yeh (Director)
Contents of the case: Donation to "TECO Technology Foundation" for various events in 2016.

Reason for avoidance of conflict of interest and the status of voting: Since the aforementioned managing director also serves as director, they left the meeting and abstained from taking part in the voting. Other directors passed the case without objection.

ii. 24-8 Board Meeting: 2016.4.12

Director's Name: Chwen-Jy, Chiu (Chairman), Chao-Kai, Liu (Managing Director), Mao-Hsiung, Huang (Director)

Contents of the case: Plan to solicit strategic shareholders via release of Qingdao TECO Century Advanced High-tech's equity stakes and acknowledgement of capital increment

Reason for avoidance of conflict of interest and the status of voting: Chwen-Jy Chiu is the supervisor of Qingdao TECO Century, abstained from the discussion and voting for the case based upon interest conflict, and presided over by independent director, Chien-Yuan, Lin became deputy chairman. Chao-Kai Liu and Mao-Hsiung Huang are the directors of Qingdao TECO Century, abstained from the discussion and voting for the case based upon interest conflict.

Resolution: The case was approved by a meeting of the board of directors, presided over by independent director, Chien-Yuan, Lin, who consulted other attending directors, none whom objected the case.

Director's name: Chwen-Jy, Chiu (Chairman), Chao-Kai, Liu (Managing Director), Hong-Hsiang, Lin (Director)

Contents of the case: Plan to supply Motovario S.p.A with endorsement guarantee

Reason for avoidance of conflict of interest and participation in voting: Chwen-Jy Chiu is the chairman of Motovario S.p.A, abstained from the discussion and voting for the case based upon interest conflict, and presided over by independent director, Chien-Yuan, Lin. Chao-Kai, Liu and Hong-Hsiang, Lin is the directors of Motovario S.p.A, abstained from the discussion and voting for the case based upon interest conflict.

Resolution: The case was approved by a meeting of the board of directors, presided over by independent director, Chien-Yuan, Lin, who consulted other attending directors, none whom objected the case.

Director's name: Chwen-Jy, Chiu (Chairman), Chao-Kai, Liu (Managing Director), Yu-Ren Huang (Managing Director), Mao-Hsiung, Huang (Director), Ming-Feng, Yeh (Directors), Hong-Hsiang, Lin (Director)

Contents of the case: Plan to keep supplying subsidiaries and overseas affiliates with endorsement guarantee

Reason for avoidance of conflict of interest and participation in voting: Chwen-Jy Chiu is the director of An-Tai International Investment (Singapore) Co., Ltd., GD TECO Taiwan Co., Ltd., TECO Electric Europe Limited, TECO International Investment Co., Ltd., Qingdao TECO Precision Mechatronics Co., Ltd, TECO EMM S.r.l, CEO of Sankyo Co., Ltd. and Asia Innovative Technology (Xiamen) Co., Ltd, supervisor of TaiwanGlass, abstained from the discussion and voting for the case based upon interest conflict, and presided over by independent director, Chien-Yuan, Lin. Chao-Kai, Liu is the director of TECO International Investment Co., Ltd., Asia Innovative Technology (Xiamen) Co., Ltd, Qingdao TECO, ECO EMM S.r.l. Yu-Ren Huang is director of Sankyo Co, Ltd. Mao-Hsiung, Huang is the chairman of An-Tai International Investment Co., Ltd., and TECO International Investment Co., Ltd., chairman of Sankyo Co, Ltd., director of Taiwan Glass, and Asia Innovative Technology (Xiamen) Co., Ltd. Ming-Feng, Yeh is the director of TECO International Investment Co., Ltd.. Hong-Hsiang, Lin is the director of TECO Electric Europe Limited and Middle East Teco. The above directors were abstained from the discussion and voting for the case based upon interest conflict.

Resolution: The case was approved by a meeting of the board of directors, presided over by independent director, Chien-Yuan, Lin, who consulted other attending directors, none whom objected the case.

Director's name: Chwen-Jy, Chiu (Chairman), Chao-Kai, Liu (Managing Director), Mao-Hsiung, Huang (Director),

Hong-Hsiang, Lin (Director)

Contents of the case: Provision of loans among the company and affiliates

Reason for avoidance of conflict of interest and participation in voting: Chwen-Jy, Chiu is the supervisor of Qingdao TECO Century, Director of TNL and Qingdao TECO, chairman of Asia Innovative Technology (Xiamen) Co., Ltd, abstained from the discussion and voting for the case based upon interest conflict, and presided over by independent director, Chien-Yuan, Lin. Chao-Kai, Liu is the chairman of Qingdao TECO Century, Director of TNL, Asia Innovative Technology (Xiamen) Co., Ltd and Qingdao TECO. Mao-Hsiung, Huang is the Director of Qingdao TECO Century and Director of Asia Innovative Technology (Xiamen) Co., Ltd. Hong-Hsiang, Lin is Director of TNL. The above directors were abstained from the discussion and voting for the case based upon interest conflict.

Resolution: The case was approved by a meeting of the board of directors, presided over by independent director, Chien-Yuan, Lin, who consulted other attending directors, none whom objected the case. And authorize the chairman to handle related issue concerning loan interest rate adjustment.

iii. 24-11 Board Meeting: 2016.6.16

Director's Name: Ting-Wong Cheng (Independent Director)

Contents of the case: Motion for the appointment of an extra member of the third "compensations committee"

Reason for avoidance of conflict of interest and participation in voting: Ting-Wong Cheng was abstained from the discussion and voting for the case based upon interest conflict.

Resolution: The case was approved by a meeting of the board of directors, presided over by chairman.

iv. 24-12 Board Meeting: 2016.8.12

Director's Name: Mao-Hsiung, Huang (Director), Ting-Wong Cheng (Independent Director)

Contents of the case: Plan to divest long term shareholding of the company

Reason for avoidance of conflict of interest and participation in voting: Mao-Hsiung, Huang is the director of momo.com Inc. Ting-Wong Cheng is independent director of Asia Pacific Telecom. The above directors were abstained from the discussion and voting for the case based upon interest conflict.

Resolution: The case was approved by a meeting of the board of directors, presided by chairman, who consulted other attending directors, none whom objected the case.

v. 24-13 Board Meeting: 2016.11.14

Director's Name: Chwen-Jy, Chiu (Chairman), Mao-Hsiung, Huang (Director)

Contents of the case: Plan to supply TG TECO Vacuum Insulated Glass Corporation with Endorsement guarantee.

Reason for avoidance of conflict of interest and participation in voting: Chwen-Jy, Chiu is the supervisor of TG TECO Vacuum Insulated Glass Corporation, abstained from the discussion and voting for the case based upon interest conflict, and presided over by independent director, Ting-Wong, Cheng. Mao-Hsiung, Huang is the director of TG TECO Vacuum Insulated Glass Corporation, abstained from the discussion and voting for the case based upon interest conflict.

Resolution: The case was approved by a meeting of the board of directors, presided over by independent director, Ting-Wong, Cheng, who consulted other attending directors, none whom objected the case.

Director's Name: Mao-Hsiung, Huang (Director)

Contents of the case: Plan to do equity disposal of Hangzhou XIZI-IUK Parking System Co., Ltd.

Reason for avoidance of conflict of interest and participation in voting: Mao-Hsiung, Huang is the director of Hangzhou XIZI-IUK Parking System Co., Ltd., and abstained from the discussion and voting for the case based upon interest conflict.

Resolution: The case was approved by a meeting of the board of directors, presided by chairman, who consulted other attending directors, none whom objected the case.

vi. 24-14 Board Meeting: 2016.12.23

Director's Name: Mao-Hsiung, Huang (Director)

Contents of the case: Plan to suggest Tong-An Assets Management & Development Co., Ltd., to divest shareholding of Straits Construction Investment (Holdings) Ltd

Reason for avoidance of conflict of interest and the status of voting: Mao-Hsiung, Huang is the director of Straits Construction Investment (Holdings) Ltd, and abstained from the discussion and voting for the case based upon interest conflict.

Resolution: The case was approved by a meeting of the board of directors, presided by chairman, who consulted other attending directors, none whom objected the case.

3. Measures taken to strengthen the functionality of the Board:

(1) Enhance information transparency

- i. To meet the global trend in corporate governance and cope with the development of issues attracting social concern in recent years, the board of directors resolved to revise the company's "Corporate Governance Best Practice Principles" on March 20, 2015, in reference to the revised exemplary "Corporate Governance Best Practice Principles for TWSE/GISM Listed Companies," publicized by Taiwan Stock Exchange on Dec. 31, 2014. The board of directors resolved on Dec. 24, 2016 to revise the company's "practical guidelines for corporate governance," in line with the instruction of Taiwan Stock Exchange (letter No. 1050018981, Sept. 30, 2016) and in reference to G20/OECD principles on corporate governance, published in 2015.
- ii. In line with policy of the Financial Supervisory Commission mandating certain enterprises to compile corporate social responsibility report and the requirement of the criteria for the second corporate-governance evaluation, the board of directors resolved to formulate the company's "Corporate Social Responsibilities Best Practice Principles" on March 20, 2015, in reference to the revised exemplary "Corporate Social Responsibilities Best Practice Principles" publicized by Taiwan Stock Exchange on November 7, 2014. The board of directors resolved on Dec. 24, 2016 to revise the company's "practical guidelines for corporate social responsibility," in line with the instruction of Taiwan Stock Exchange (letter No. 1050014103, July 28, 2016) and in reference to revision of 2015 edition of principles on corporate governance, passed by OECD meeting in Ankara, Turkey, in Sept. 2015.
- iii. The board of directors resolved on Dec. 24, 2016 to formulate the company's "operational procedure for applying to suspend and resume stock trading," in line with revised "handling procedure for verification and publication of major messages of listed companies" (Taiwan Stock Exchange letter No. 1041803064, July 13, 2015), on top of revising the company's "internal control system" accordingly. The board of directors resolved on Dec. 24, 2016 to revise the company's "operational procedure for applying to suspend and resume stock trading," in line with the instruction of Taiwan Stock Exchange (letter No. 1050016280, Aug. 19, 2016 and letter No. 1050004677, March 25, 2016). The revision calls for the company to post major messages "two hours before the starting of next trading session" and adjustment of the time for applying to suspend stock trading.
- iv. The board of directors resolved on Aug. 14, 2014 to formulate "guidelines for integrity-oriented management," in order to build a corporate culture based on integrity-oriented management and strengthen corporate governance, according to corporate-governance norms and the instruction of Taiwan Stock Exchange (letter No. 0990026534). The board of directors resolved on Dec. 24, 2016 to revise the "guidelines for integrity-oriented management," calling for formulation of the company's policy, as well as precautionary program, in pushing integrity-oriented management and designation of specialized unit for supervision and execution, on top of formulating "measures for handling reports on illegal, unethical, and dishonest behaviors." The move was in line with the effort of the Financial Supervisory Commission in pushing blueprint of corporate governance, which called for the establishment of a specialized unit, overseen by the board of directors directly, to formulate integrity-oriented management policy and precautionary program, in addition to the supervision of execution, as shown in the notification of Taiwan Stock Exchange (letter No. 1030022825, Nov. 7, 2014).
- v. According to the norms for corporate governance, the board of directors approved on Dec. 22, 2014 the company's "measures for the selection and evaluation of certified public accounts," according to which review of the independence and performance of CPAs must be carried out regularly, in order to strengthen corporate governance.

(2) Directors' obligation and duty for faithful attention

- i. In order to materialize corporate governance, set specific performance goal for enhancing the functions and operating efficiency of the board of directors. In line with article 37 of the "practical guidelines for corporate governance of listed companies on the centralized and OTC markets," the board of directors resolved on Nov. 13, 2015 to formulate the company's "measures for evaluating the performance of the board of directors." Accordingly, at the end of a fiscal year, the secretariat of the board of directors would collect information on the

- activities of the board of directors, issue questionnaires for self evaluation to be filled by directors, and record the results for submission to the board of directors for review and improvement. In fiscal 2015 and 2016, under the arrangement of the secretariat, "self evaluation of the performance of the board of directors" was completed. Evaluation items of the "self evaluation questionnaire of the board of directors" include 48 evaluation indicators in five major aspects, namely extent of participation in the company's operation, upgrading of the quality of the decision making of the board of directors, makeup and structure of the board of directors, selection and continuing study of directors, and internal control. The results, which were reported to the board of directors on March 21, 2016 and March 16, 2017, respectively, ascertained the good operating performance of the board of directors in fiscal 2015 and 2016, as they reached the evaluation standards for various evaluation items.
- ii. To ensure compliance of the behaviors of directors and managerial staffers with ethical standards, strengthen corporate governance, and abide with the stipulation of the "Personal Information Protection Act" calling for legal compliance in the publication of personal information, as well as the regulation of the "Securities and Exchange Act" regarding the independence of directors and supervisors, in reference to the exemplary contents of the revised "formulation of guidelines for ethical behaviors by listed companies on the centralized and the OTC markets," publicized by the Taiwan Stock Exchange on Jan. 28, 2015, the board of directors resolved on March 20, 2015 to revise the company's "guidelines for the ethical behaviors of directors and managerial staffers."
 - iii. Every year, the company arranges courses for study by directors regulators, helping them access related information, so as to uphold their core value and professional edge and capability. In fiscal 2016, all directors (including independent directors) completed sufficient hours of study, according to "key points for pushing study by directors and supervisors of companies listed on the centralized and the OTC markets."
 - iv. According to article 39 of the "practical guidelines for corporate governance," take out liabilities insurance for directors covering their obligation for compensations associated with the execution of their duties during their term, so as to lower and diversify risk of major loss for the company and shareholders arising from mistakes or negligence of directors. Major contents of the liabilities insurance for directors, including insured amount, coverage, and premium, were reported to the board of directors on March 16, 2017.
- (3) The composition of board members is full of diversification
- i. The board of directors resolved on April 24, 2014 to revise the company's "corporate charter" and "measures for the election of directors," calling for the nomination of candidates for directors (including independent directors), in line with article 192-1 of the "Company Act," which was approved by the 2014 shareholders' meeting. With the end of the term of the 23rd board of directors in 2015, the company first screened the qualifications and education/experience, as well as conditions regarding article 30 of the "Company Act," of the candidates recommended by shareholders and directors before the board of directors approved on April 28, 2015 "case regarding the screening of the qualifications of candidates for 24th directors and independent directors." The company publicized the screening results as reference for shareholders before the shareholders meeting on June 16, 2015 elected qualified directors.

3.3.2 Audit Committee

The Company set up "Audit Committee" on June 15, 2012 to replace the original supervisor system. The committee consists of independent directors (three seats), who select one among them as the convener and chairman of its meeting, and functions according to the company's "organizational charter of audit committee," with the scope of its auditing covering the company's financial statement, the company's auditing and accounting policy and procedure, the company's internal-control system, major transactions in assets or derivatives, raising or issuance of securities, appointment and dismissal of, along with compensations for, certified public accountant(s), and appointment and dismissal of financial, accounting, and internal-auditing managers.

A total of 9 meetings of the Audit Committee were held in 2016, and the Audit Committee attendance was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Convener & Chairman	Ting-Wong, Cheng	4	0	100%	Newly Elected (re-elected on 2016.6.16) Should attend 4 times
Member	Jing-Shown, Wu	9	0	100 %	
Member	Chien-Yuan, Lin	9	0	100%	
Member	Tian-Jy Chen	4	0	100 %	Resigned (resigned on 2016.5.12) Should attend 4 times
Other mentionable items:					
1. If there is the following situation referred to the operation of Audit Committee, the date of Audit Committee meeting, period, contents of the case, opinion of all members, and company's respond toward Audit Committee members should be narrated					
i. Items specified in article 14-5 of Securities and Exchange Act: Please see the following charts					
ii. Other items resolved by the audit committee member with support of two thirds of directors but without approval of the auditing committee.: None					

Board Meeting	Contents of the case and follow-up	Article 14-5 of Securities and Exchange Act	Other items resolved by the audit committee member with support of two thirds of directors but without approval of the auditing committee
24-7 Board Meeting 2016.3.16	Discussion about business report, individual financial statements and consolidated financial statements	v	
	Discussion about disposition of net income	v	
	Internal audit report and self assesment of internal control	v	
	Case of 2016 Due Date Quota of Financial Institution	v	
	The Resolution of Audit Committee (2016.3.16): Passed by all members		
	How the company handle opinion of Audit Committee: Passed by all attendee directors		
24-8 Board Meeting 2016.4.12	Plan to solicit strategic shareholders via release of equity stakes of Qingdao TECO Century and acknowledgement of capital increment	v	
	Plan to supply Motovario S.p.A with endorsement guarantee	v	
	Plan to keep supplying subsidiaries and overseas affiliates with endorsement guarantee	v	
	Lending of Capital of the company and affiliates	v	
	The Resolution of Audit Committee (2016.1.18, 3.16, and 4.12): Passed by all members		
	How the company handle opinion of Audit Committee: Passed by all attendee directors		
24-11 Board Meeting 2016.6.16	Plan to take part in capital increased by cash of TG TECO Vacuum Insulated Glass Corporation	v	
	The Resolution of Audit Committee (2016.6.13): Passed by all members		
	How the company handle opinion of Audit Committee: Passed by all attendee directors		
24-12 Board Meeting 2016.8.12	Plan to divest long term shareholding of the company	v	
	Plan to adjust credit line between financial institution	v	
	Discussion about lending of capital with the affiliates	v	
	Discussion about capital increased by cash of construction in Binh Dong Province Vietnam and TECO Technology (Vietnam) Co., Ltd.	v	
	The Resolution of Audit Committee (2016.8.8): Passed by all members		
	How the company handle opinion of Audit Committee: Passed by all attendee directors		
24-13 Boarding Meeting 2016.11.14	Discussion about CPA's independence and performance	v	
	Plan to supply TG TECO Vacuum Insulated Glass Corporation with endorsement guarantee	v	
	Plan to do equity disposal of Hangzhou XIZI-IUK Parking System Co., Ltd	v	
	Discussion about investment of solar equipment installment on the roof	v	
	The Resolution of Audit Committee (2016.11.8): Passed by all members		
	How the company handle opinion of Audit Committee: Passed by all attendee directors		

Board Meeting	Contents of the case and follow-up	Article 14-5 of Securities and Exchange Act	Other items resolved by the audit committee member with support of two thirds of directors but without approval of the auditing committee
24-14 Boarding Meeting 2016.12.23	Discussion of divest equity of Template:O-bank	v	
	Plan to suggest Tong-An Investment divest equity of Straits Construction Investment	v	
	Internal audit report and audit plan for 2017	v	
	Discussion amendment to “ Procedure of application about stop and reinstate trading”	v	
	Discussion amendment to “Corporate Social Responsibility Best Practice Principles”	v	
	Discussion amendment to “Articles of Incorporation”	v	
	Discussion amendment to “Ethical Corporate Management Best Practice Principles”	v	
	Discussion about adjustment of employees who are in charge of derivative and stock trading	v	
	The Resolution of Audit Committee (2016.12.16): Passed by all members		
How the company handle opinion of Audit Committee: Passed by all attendee directors			
2.The avoidance of Independent Director due to interest conflict 24-12 Board Meeting: 2016.8.12 Director’s Name: Ting-Wong Cheng (Independent Director) Contents of the case: Plan to divest long term shareholding of the company Reason for avoidance of conflict of interest and participation in voting: Ting-Wong Cheng is independent director of Asia Pacific Telecom. The above directors were abstained from the discussion and voting for the case based upon interest conflict.			
3. The communication between independent director, internal audit chief and CPA (1) Communications method of independent directors with internal auditing chief and certified public accountants: The company has put in place direct contact channel for independent directors to communicate with internal auditing chief and certified public accounts. In line with the regulation of the regulator, the company audits its finance and business status regularly and communicates directly with administrative unit and governing unit. i. The company's internal auditing chief delivers internal auditing report at the quarterly meeting of the auditing committee, covering status of the execution of auditing operation and improvement and tracking, as well as effect, of the audited defects. In addition to delivery of written auditing report to independent directors monthly, internal auditing chief also makes specific business reports on the suggestion of any independent director. ii. After completing the auditing of the semiannual and annual financial statements, the company's contracted certified public account reports the result of the auditing or checking of the financial statements of the company and its subsidiaries, both domestic and overseas ones, at the auditing committee, as well as other legally required communications items. (2) Independent Director and internal audit chief have good communication, and independent directors have no suggestions. Communication issues are showed as follows.			
Audit Committee	Issue		
2-7 2016.3.16	Report for 2015 Internal Audit		
	2015 Internal Audit Self Evaluation (Announcement of Internal Control)		
2-9 2016.5.5	Report for 2016 1Q Internal Audit		
2-12 2016.8.8	Report for 2016 2Q Internal Audit		
2-14 2016.12.16	Report for 2016 3Q Internal Audit		
(3) Independent Director and CPA have good communication, and independent directors have no suggestions. Summary of communication issues are showed as follows.			
Audit Committee	Issue		
2-7 2016.3.16	Report for 2015 consolidate and individual financial statements and audit result of internal control		
	The effect resulted from updated IFRS, regulations and tax law		

Board Meeting	Contents of the case and follow-up	Article 14-5 of Securities and Exchange Act	Other items resolved by the audit committee member with support of two thirds of directors but without approval of the auditing committee
2-12 2016.8.8	Report for 2016 1H consolidate financial statement and suggestion toward internal control Suggestion toward internal control, and the effect resulted from important accounting estimate and updated tax law		

3.3.3 Corporate Governance Execution Status and Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”

Items	Implementation status			Discrepancy with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies “ and reasons
	Yes	No	Summaried Explanation	
A. Whether the company has formulated and publicized “Corporate Governance Best Practice Principles”, according to “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies”	V		The company’s 21th board of directors already approved the company’s “Corporate Governance Best Practice Principles” at its 13th meeting (March 25, 2008) and also made four amendments by Boeard of directos from 2013 to 2016, which has been posted on the Market Observation Post System and the company’s website.	Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies “
B. The company’s shareholding structure and shareholders’ equity a. Whether the company has formulated and implemented internal procedure for handling suggestions, questions, disputes, and litigation of shareholders. b. Whether the company has got hold of the list of major shareholders and their ultimate controllers. c. Whether the company has established and implemented risk-management and firewall mechanism pertaining to affiliates. d. Whether the company has formulated internal norms forbidding the company’s insiders to take advantage of unpublicized information in trading in securities.	V		a. The company has installed stock-affairs unit, which handles shareholders’ suggestions or disputes, among others. b. The company has got hold of the list of major shareholders and their ultimate controllers, which is updated regularly. c. The company has distinct relationship of rights and obligations with affiliates, in terms of personnel, assets, and financial management, and regularly audits the accounting and internal control system of affiliates, on top of putting in place adequate risk-management mechanism and firewall. d. The company has formulated internal norms forbidding insiders to take advantage of unpublicized information in trading in securities.	a. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”. b. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”. c. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”. d. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”.
C. Composition and duties of the board of directors a. Whether the board of directors has formulated and achieved diversification for the composition of its membership.	V		a. In line with the policy of membership diversification for the board of directors, as stipulated in the "practical guidelines for corporate governance." Include but not restrict the following 2 standards: i. Basic condition: sex, age, nationality and culture	a. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”

Items	Implementation status			Discrepancy with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies “ and reasons
	Yes	No	Summaried Explanation	
<p>b. Whether the company has installed on its own various functional committees other than the compensations committee and the auditing committee.</p> <p>c. Whether the company has formulated measures and methods for the evaluation of the performance of the board of directors and carryout regular performance evaluation every year.</p> <p>d. Whether the company has regularly evaluated the independence of certified public accountants.</p>			<p>ii. Professional knowledge and skill: professional background (such as law, accounting, industry, finance, marketing and technology), professional skill and industrial experience. There is one female director and two Japanese director sitting on the company's 24th board of directors, which has 15 seats (including three for independent directors), with a three-year term, which can be continued via reelection. Members of the board of directors are all outstanding figures in industry and academia, with abundant experience in corporate governance and industrial technologies, as well as expertise in money, finance, accounting, and law.</p> <p>b. The company already approved the institution of the “compensations committee” at the 13th meeting of the 22th board of directors (Aug. 22, 2011) and the “audit committee” at the first meeting of the 23th board of directors (June 15, 2012), but has yet to institute other functional committees.</p> <p>c. According to its organizational charter, the company's salary and compensations committee convenes regularly to evaluate the performance of the board of directors every year. In order to materialize corporate governance and clearly delineate performance objective, for enhancing the function and operating efficiency of the board of directors, the board of directors resolved to formulate the company's "measures for evaluating the performance of the board of directors" on November 13, 2015, in line with the stipulation of article 37 of "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" At the end of every year, the secretariat of the board of directors would collect information on the activities of the board of directors and issue questionnaires for self evaluation before recording the evaluation results and reporting them to the board of directors for review and improvement. 2015 Evaluation Report was submitted in BOD meeting on March 21 2016. All items are well performed and the company's BOD operated well in 2015 and 2016.</p> <p>d. The 23rd board of directors also approved at its 19th meeting Dec. 22, 2014) the company's “measures for the selection and</p>	<p>b. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”</p> <p>c. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”</p> <p>d. Compliance with “Corporate Governance Best-Practice Principles</p>

Items	Implementation status			Discrepancy with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies “ and reasons for TWSE/GTSM Listed Companies”
	Yes	No	Summaried Explanation	
			evaluation of certified public accounts,” calling for regular review of the independence and adequacy of certified public accountants. The company's financial and accounting units evaluated CPAs Chang Min-hui and Tseng Hui-chin of PwC Taiwan according to the CPA evaluation scale (note 2) and ascertained their conformance to the company's evaluation standards, in terms of independence and suitability, proving their qualification to become the company's contracted CPA, finding which was approved by the 24th board of directors at the fifth meeting (Nov. 13, 2015) and the 13th meeting (Nov. 14, 2016)	
D. Does the listed company assign a department for corporate governance or a staff in charge of related issues (include but not restrict providing directors and supervisors with information to conduct business, holding board meeting, AGM, registration and updated registration for the company, composing meeting minutes for board meeting and AGM based upon the regulation	V		In line with article 3-1 of "practical guidelines for corporate governance," the company set up "corporate governance center" in July 2015, with major responsibilities including: <ul style="list-style-type: none"> i. Arrangement of the meetings of the board of directors according to law/regulation: Notify all directors seven days in advance and provide related data, to facilitate their understanding of items on the agenda; remind directors avoiding interest of conflict, should the items be related to their interests or the interests of legal entities they represent; distribute minutes for the meeting within 20 days. ii. Arrangement of shareholders' meeting according to law/regulation: Register date for shareholders' meeting by legal deadline, produce and submit notice, manual, and minutes of the meeting by deadline, and change corporate registration after revision of corporate charter or election of directors and supervisors. iii. Every year, the secretariat of the board of directors arranges "performance evaluation of the board of directors," via "self evaluation of the board of directors," and has commissioned outside independent institutions or experts/scholars to carry out the evaluation at least once every three years starting 2015. iv. Oversee the establishment of "administrative platform for corporate governance," in order to integrate and track various corporate-governance indicators and have a firm grip of the progress of corporate governance. Starting from the company's vision for 	Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies “

Items	Implementation status			Discrepancy with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies “ and reasons
	Yes	No	Summaried Explanation	
			<p>corporate governance and based on the evaluation indicators of the "corporate governance evaluation," drafted by the Taiwan Stock Exchange, the platform reviews regularly, alongside various related units, various corporate-governance items, sets various corporate-governance goals, and tracks the execution, as well as results, of various corporate-governance items by units in charge, so as to sustain performance.</p> <p>v. Handle related issue about investor relations: investor relations team provides AGM information, material information announcement, financial statements, presentation material about finance and operation, information about domestic and overseas conferences.</p>	
E. Whether the company has established communications channel for stakeholders (include but not restrict shareholders, employees, customers and suppliers) and dedicated sector for stakeholders on its website, in addition to responding properly to key issues on corporate social responsibility concerned by stakeholders.	V		The company has kept a good and smooth communications channel for corresponding banks and other creditors, staffers, consumers, suppliers, communities, and other stakeholders, in order to respect and uphold their legal interests.	Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies “
F. Whether the company has entrusted professional stock-affairs agent to handle shareholder’ meeting.	V		The company has entrusted professional stock-affairs agent to handle shareholders’ meeting.	Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies“
G. Information publication a. Whether the company has installed website for publication of information on finance, business, and corporate governance. b. Whether the company has publicized information via other methods (such as installation of English-language website, designations of persons in charge of collection and publication of company information, materialization of the system of spokesman, and posting of the process of investors’ conference on the company website).	V		<p>a. The company institutes website for disclosing the status of finance and corporate governance. The address of the corporate website: www.teco.com.tw</p> <p>b. The company institutes English-language website (http://www.teco.com.tw/en_version/index.asp), designates specific persons for the collection and disclosure of corporate information, and implements spokesperson’s system.</p>	<p>a. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies“</p> <p>b. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies“</p>

Items	Implementation status			Discrepancy with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies “ and reasons
	Yes	No	Summaried Explanation	
H. Whether the company has other information conducive to understanding the status of corporate governance (including, but not limited to, staffers’ interests, concern for staffers, investor relationship, supplier relationship, stakeholders’ rights, advanced study of directors and supervisors, execution of risk-management policy and criteria for risk assessment, execution of customer policy, and taking out of liabilities insurance for directors, and supervisors.	V		<p>a. The company has formed labor union, which convenes regulation and communication with the management, so as to uphold the interest of employees. Regarding investor relationship, the company has established a specialized unit for regular disclosure of the company’s key business information, thereby enhancing transparency of corporate information, as well as feedback mechanism allowing investors to express their opinions on corporate development. The company also actively takes part in investors’ conference, informing investors of the company’s current operational status and development plan.</p> <p>b. Attendance of directors in the meetings of board of directors is good and the percentage of attendance on person is about 90.63% in 2016.</p> <p>c. In 2016, the company’s directors undertook 102 hours of advanced study, and managerial staffers 48 hours.</p> <p>d. The company has taken out liabilities insurance for directors and supervisors since 1999 to decrease and diversify the risk resulted from wrong decision or remissness of the board. The insurance amount (US\$10 millions), range (whole board members), net premium rates and insurance period were reported in 24-15 Board meeting on March 24 2017.</p>	Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies“
I. Please illustrate the improvement based upon Corporate Governance Evaluation Result released by Taiwan Stock Exchange.	V		<p>1. The company was granted top 5% evaluation in corporate-governance evaluation for two years running in fiscal 2015 and 2016.</p> <p>2. Regarding Procedure for Acquisition or Disposal of Assets, the company has stipulated standard procedure and improving project to regulate subsidiaries, because of difference between domestic and overseas regulation.</p>	Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”

3.3.4 Compensations Committee

(1) Information on Members of Compensations Committee

Status	Name	Whether or not possess over five years of working experience and following professional qualifications			Conformance to independency (note 2)								Number of part-time positions on the compensations committees of other companies	Note	
		Instructors or higher position in the fields of commerce, law, finance, accounting or other related departments at universities	Judges, prosecutors, lawyers, certified public accountants, or other related professionals or technicians with government licenses	Working experience in commerce, law, finance, accounting, or other related fields	1	2	3	4	5	6	7	8			
Original Independent Director	Tian-Jy, Chen	v			v	v	v	v	v	v	v	v	v	1	Resigned on 2016.5.12
Independent Director	Chien-Yuan, Lin	v			v	v	v	v	v	v	v	v	v	2	
New Independent Director	Ting-Wong, Cheng	v	v	v	v	v	v	v	v	v	v	v	v	1	Newly Elected 2016.6.16
Other	Charles Kau			v	v	v	v	v	v	v	v	v	v	0	

Note 1: Status would be filled as Director, Independent Director or Other..

Note 2: For members conforming the following conditions during the two years before the appointment or the term of the position, please give a check mark "✓" in the black space under the code of various conditions:

- (1) Not an employee of the company or its affiliates
- (2) Not a director or supervisor of the company or its affiliates, excluding independent director set up by the parent company and subsidiary based upon Company Law or local regulations.
- (3) Not a shareholder owning over 1% stake in the company, in the names of himself/herself, the spouse, offspring before the age of majority, or others, or not one of the top-10 natural-person shareholders
- (4) Not spouse or relatives within second kinship or relatives of direct lineage within third kinship of the aforementioned three kinds of persons
- (5) Not director, supervisor, or employee of institutional shareholder owning over 5% stake in the company directly, or director, supervisor, or employee of the top-five institutional shareholders
- (6) Not director, supervisor, manager, or shareholder with over 5% stake of specific company or institution with financial or business dealing with the company
- (7) Not professionals providing commercial, legal, financial, and accounting services or consulting to the company or its affiliates; not owner, partner, director, manager, or spouse of such person of firms of sole proprietorship or partnership, companies, or institutions providing aforementioned services or consulting to the company and its affiliates.
- (8) Without cases mentioned in various clauses of Article 30 of Company Law

(2) Information on Members of Compensations Committee

A. There are three members in Compensations Committee

B. The term of the current committee: June 11, 2015 to June 10, 2018. The committee has met three times (A) in the recent year. The attendance and qualifications of committee members follow:

Title	Name	Number of attendance (B)	Number of attendance via proxy	Actual attendance rate (%) (B/A) (note)	Note
Original Chairman	Tian-Jy, Chen	1	0	100%	Resigned (2016.5.12)
New Chairman	Chien-Yuan, Lin	3	0	100%	Newly Elected as a chairman (2015.6.16)
Member	Ting- Wong, Cheng	2	0	100%	Newly Elected (2016.6.16)
Member	Charles Kau	2	1	66.7%	
Other items needing registration:					
1. In case the board of directors declines or modifies the suggestions of the compensations committee, specify the date, number, contents, and resolutions of the meeting of the board and its handling of the opinions of the compensations committee: None.					
2. If a member opposes or has reservation, on record or in written form, about the resolutions of the compensations committee: None					

3.3.5 Social Responsibility

Fulfillment of social responsibility: The company’s system, measures, and fulfillment for events related to social responsibility, including environmental protection, communal participation, social contribution, social services, public benefits, consumer rights, human rights, and security and hygienic.

Items	Implement Status			Difference with “ Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Company”and reasons
	Yes	No	Summaried Explanation	
<p>A. Implementation of corporate governance</p> <p>a. Whether the company has formulated social responsibility policy or system and reviewed the implementation result.</p> <p>b. Whether the company has held education and training on social responsibility regularly.</p> <p>c. Whether the company has instituted unit for pushing fulfillment of corporate social responsibility, either on full- or part-time basis, in addition to having the board of directors authorize ranking management to handle the issue before reporting the outcome to the board of directors.</p> <p>d. Whether the company has formulated sound compensations policy and integrated the evaluation system for staffer performance and corporate social responsibility policy, in addition to putting in place a clear and effective system of incentives and penalties.</p>	V		<p>a. The company has stipulated "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Company," and reviews and improved its CSR performance in various aspects when compiling its CSR report. In addition, performance in key talent cultivation and training and development of green products was reviewed quarterly.</p> <p>b. The company constantly gets hold of information on courses on corporate social responsibility and conducts training on environment, vocational safety and related laws/regulations every year, in addition to providing timely related training for members of the corporate responsibility committee and panel, in order to achieve consensus among staffers and the vision of corporate sustainability.</p> <p>c. The company has instituted corporate social responsibility committee. President is the chairman, assistant vice presidents are members, directly subordinated by CSR working group. Corporate social responsibility committee is chaired by chairman, which oversees a panel responsible for handling CSR-related affairs, including performance evaluation, compilation and publication of annual CSR report, and irregular reporting to the board of directors on the execution and tracking of corporate social responsibility.</p> <p>d. In order to provide protection of reasonable compensations to staffers, the company’s compensations policy calls for provision of reasonable and competitive compensations, not below minimum wage regulated by the Authority and linkage of staffer performance with incentives, as stipulated in the “performance-evaluation measures” and “measures for management and assistance of staffer performance.” To materialize linkage between performance evaluation and corporate social responsibility, the company has formulated “measures or implementation of goal management,” which list talent and system and forward-looking deployment as key performance-evaluation criteria, in line with the mission of upholding human value and achieving corporate sustainability.</p>	No difference
<p>B.Environment for sustainable development</p> <p>a. Status for the dedication of the company to enhancing the utilization efficiency of</p>	V		<p>a. Develop IE3/IE4 high-efficiency motor and air conditioners and home appliances with first-grade energy performance, and achieve energy conservation in production process via adoption of high-efficiency motor and</p>	No difference

Items	Implement Status			Difference with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Company”and reasons
	Yes	No	Summaried Explanation	
<p>various resources and utilizing recycled materials in lowering the impact on the environment;</p> <p>b. Status of the company in establishing proper environmental-management system according to its industrial features;</p> <p>c. Whether the company has noticed the effect of climate change on its business activities, conducted check on greenhouse gases, and formulated strategy on energy conservation and carbon/greenhouse gases abatement.</p> <p>d. Status of the company in formulating carbon-abatement and greenhouse-gases reduction strategy, in line with its concern for climatic change on its operation.</p>			<p>energy-saving lighting. Recycle and melt scissels of silicon-steel plants for motor for casting of motor housings. Use environmental protection coolant, material and recyclable containers.</p> <p>b. Set up Environment management system based on ISO 14001 and passed the certification.</p> <p>c. On the issue of climate change, in adherence to the vision of “TECO GO ECO,” the company has been developing wind-mill products and high energy-efficient products, in the hope of maximizing its contribution to energy conservation and carbon abatement. Various factories have also been improving their manufacturing process, taking into account energy conservation and carbon abatement.</p> <p>d. In addition, the company started to have external party check its greenhouse-gases emission in 2012, to assure the accuracy of data, as the basis for the effort of energy conservation and carbon abatement, whose outcome is disclosed in the annual CSR report.</p>	
<p>C. Upholding of public benefits</p> <p>a. Whether the company has formulated relevant management policy and procedure, according to related laws/regulations and international convention on human rights.</p> <p>b. Whether the company has instituted mechanism and channel for complaints by staffers and handled the complaints properly.</p>	V		<p>a. Posting of employee work rules, performance evaluation measures, rules for employee leave on corporate poster. To demonstrate its emphasis on and executive power for human right, formulate “Declaration of TECO Corp. on Human-Right Policy” and post it on the company’s website. In addition, require suppliers to sign “commitment to human right and environmental sustainability,” along with contracts, to contribute to the cause of human right jointly.</p> <p>b. The company has set up an “opinion mailbox” for employees to communicate directly with the management and obtain rapid services from the company. As for employee reward and discipline, formulate procedure on the handling of employee reward and discipline, mandating objective investigation and fact finding before any discipline and the setup of personnel evaluation committee to assist in cases of major disciplines. Moreover, establish dedicated e-mail (HRI@teco.com.tw) as a channel for filing complaints, to ward off irregularities or unfair treatments at workplace, and dedicated e-mail (HRP@teco.com.tw) as a channel for consulting and reporting of workplace violence, to prevent such violence and illegal damage. Formulate “measures on reporting and handling of sexual harassments,” to handle complaints of sexual harassments at workplace filed by staffers, so as to uphold a safe and friendly working environment.</p>	No Difference

Items	Implement Status		Summaried Explanation	Difference with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Company”and reasons
	Yes	No		
<p>c. Whether the company has provided staffers safe and healthy working environment and held regular safety and health education for staffers.</p> <p>d. Whether the company has established mechanism for regular communications with staffers and inform, in a reasonable manner, staffers possible material influence which may be caused by changes in its operation.</p> <p>e. Whether the company has established effective cultivation plan for staffers in developing capabilities essential for their career.</p> <p>f. Whether the company has formulated consumer-right protection policy and complaint procedure on the flow of R&D, procurement, production, operation, and service.</p>			<p>c. In compliance with the requirement of laws/regulations related to vocational hygiene and safety, carry out safety and hygiene education, disaster-prevention training, and health management, needed by employees in their works. In addition, conduct safety protection of equipment and install personal-safety gear according to standard norm, on top of safety inspection and supervision by managerial staffers in charge, to safeguard safety of employees at workplace.</p> <p>d. In accordance with the measures for labor-management meeting, the company holds labor-management meeting regularly to exchange opinions and solve problems via consultation. For listening to the opinions of staffers, the chairman and managerial staffers at various levels hold seminars irregularly to understand the work status of staffers and learn their suggestions for the company. As for the company's business performance, the headquarters convene quarterly meeting, wherein the chairman would explain the company's business performance in the quarter and the management policy. In addition, the chairman would meet with cadres of the labor union twice a year, to exchange opinions for achieving a win-win outcome for management and labor.</p> <p>e. Cultivate the expertise of staffers along the dual lines of professional jobs and management jobs and combine the training with staffers' individual development plan (IDP) for follow-up tracking and confirmation. Provide complete and plural training to staffers to improve their expertise and expand their knowledge and experience. Carry out performance evaluation every half year, when staffers and their direct superiors would talk for full communication on their personal career development plan. In addition, the company will continue the endeavor for institutionalizing the promotional channel and the system of job rotation, so as to augment and diversify staffers' capabilities and putting in place a complete career development channel. In addition, it embraces institutionalized promotion channel and the system of job rotation, to help staffers develop plural capabilities. The institution of a complete career development route is an objective of the company.</p> <p>f. The company adheres to ISO 9001/ISO/TS 16949 in various work flows, on a process-oriented basis, in contrast to the customer orientation for marketing, including presales, sales management, and after-sales service, which, along with payback to customers, constitutes a cyclic system, materializing a complete customer service system.</p>	

Items	Implement Status			Difference with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Company” and reasons
	Yes	No	Summaried Explanation	
<p>g. Whether the company has complied with related laws/regulations and international norms in the marketing and labeling of products and services.</p> <p>h. Whether the company has checked the track record of prospective suppliers on anti-environment and –society behaviors.</p> <p>i. Whether the contracts between the company and major suppliers include a clause empowering the company to terminate or revoke the contracts, in case the suppliers involve in behaviors which run counter to the company’s CSR policy and have marked adverse influence on environment and society.</p>			<p>g. The company acquires certification of products’ safety, reliability, and functionality according to the following standards: CE, IEEE, CNS, CQC., etc. Product fact conform with related regulation.</p> <p>h. The company demands suppliers to fill in the questionnaire produced by the company, which includes their practice in the human rights and environment.</p> <p>i. i. Note 41 in “Basic Engagement of Transaction with Supplier”</p>	
D. Whether the company has disclosed essential and reliable CSR-related information on its website and the Market Observation Post System.	V		The company has instituted “CSR section” on its website for disclosure of related information and has third party certify its 2012-2014 CSR report.	No difference
E. Describe the operation of company’s Corporate Social Responsibility Best Practice Principles, should it exist, and its difference with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies.” No difference				
F. Other key information conducive to the understanding of the company’s CSR-related affairs: (1) Via the function of the TECO Technology Foundation, the company supports the humanistic aspect of Taiwan with its technological expertise, encourages sci-tech innovation, and holds “Green Tech” international contest, to highlight the “TECO GO ECO” spirit and encourages young students to engage in sci-tech R&D on energy conservation and carbon abatement. During 23 consecutive, TECO Award (1994-2016), there are 119 winners from Electric Machinery/ Information/ Communication, Machinery/ Energy/ Environment, Chemical/ Material, Biology/ Medical professionals/ Agriculture, four “science “category and one “human culture”. In order to consolidate the humanistic power of Taiwan, the company pushes “creativity education,” to innovate and update teaching model of schools’ teaches, also provide school children in remote area with high quality learning opportunities resources. The “heritage education” rallies various parties to make contributions for the expense of the event, with the aim of recruiting teachers for the program as TECO’s staffers and helping tribal children learn related technologies. 1,500 aboriginal teachers and students from 11 tribes benefited from the program. (2) Other related information is contained in the CSR report, which has been posted on TECO’s website. http://tecocr.com.tw/				
G. In case the company’s report on products or corporate social responsibility has passed the certification of related certification bodies, describe the inspection standards: The company’s 2015 CSR report was certified by PricewaterhouseCoopers according to ISAE 3000 and GRI G4 guideline on global sustainability report.				

Note 1: Whether check "yes" or "no," explain the reason in the brief explanation section

Note 2: Companies which have compiled CSR report can substitute explanation of method for checking CSR report and its index page for brief explanation.

3.3.6 Adherence to the Ethical Corporate Management and Measures

The company executes ethical corporate management based on “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies”

Items	Implementation Status			Difference with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies”
	Yes	No	Summaried Explanation	
<p>A. Formulate policy and program for ethical corporate management</p> <p>a. Whether the company has explicitly express the policy and methods of ethical corporate management in its charter and outbound documents and whether the board of directors and management have fulfilled the commitment to the policy of ethical corporate management</p> <p>b. Whether the company has program preventing unethic behaviors with the principle of ethical corporate management, in addition to specifying and executing operating procedure, behavioral guidelines, penalties for violation of regulations and complaint system.</p> <p>c. Whether the company has adopted precautionary measures against business activities with higher risk of violating the principle of ethical corporate management, as specified in item 2 of article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies”</p>	V		<p>a. The company has yet to formulate “Ethical Corporate Management Best Practice Principles” on August 14 in 2014, announced and carried out “The Principle of Antitrust” on October 1 in 2015, amended “Rules of Ethical Conduct to Directors and Managers” on March 20 in 2015. The company’s directors and management have been cautiously fulfilling their duties in compliance with the obligation of attention of a prudent administrator.</p> <p>b. The company has formulated “behavioral guidelines,” strictly forbidding staffers to accept without permission of superiors gifts worth more than NT\$3,000 from other firms or individuals with business dealings with the company. They can also pass the gifts to the general-affairs unit for keeping before donating them for charity under the Company’s name.</p> <p>c. The company’s legal division screens contracts and prevents violation of law in signing contracts, while the audit office irregularly checks and continuously tracks status of improvement.</p>	No major difference
<p>B. Materialize ethical corporate management</p> <p>a. Whether the company has evaluated the track record on the integrity of business partners and whether the contracts with business partners include an article on behavioral integrity.</p> <p>b. Whether the company has instituted unit pushing ethical corporate management, either on a full-time or part-time basis, which is under the jurisdiction of the board of directors and reports to the latter regularly.</p> <p>c. Whether the company has formulated policy preventing conflict of interest and provided, as well as faithfully executed,</p>			<p>a. The company’s legal division reviews contracts signed by company for outbound business activities, to avoid dealing with those violating the principle of integrity of management on record.</p> <p>b. The company sets up a legal division office, under the direct jurisdiction of the board of directors, in charge of the formulation and implementation of the policy of integrity-oriented management and would be supervised by an auditing unit before being reported to the board of directors regularly. Auditing unit audited related operation in August 2016, and reported to the board on December 23 in 2016.</p> <p>c. The company has formulated “behavioral guidelines,” demanding all staffers not to take benefits and sacrifice the company’s interests for personal</p>	No major difference

Items	Implementation Status			Difference with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summaried Explanation	
<p>proper channel for complaints.</p> <p>d. Whether the company has instituted effective accounting system and internal control system for the materialization of the policy of ethical corporate management, which is audited regularly by in-house auditing unit or certified public account under its entrustment.</p> <p>e. Whether the company had held internal or external education and training regularly on ethical corporate management.</p>			<p>benefits. When discovering violation of integrity-related regulations, one can make compliant or report, according to the company's "measures for handling reports on illegal, unethical, or dishonest behaviors."</p> <p>d. To assure the materialization of ethical corporate management, the company has instituted effective accounting system and internal-control system, with in-house auditors checking their compliance regularly.</p> <p>e. The company holds education and training on ethical corporate management regularly.</p>	
<p>C. Status of the company’s reporting system:</p> <p>a. Whether the company has formulated concrete reporting and rewarding system, as well as convenient reporting channel, in addition to designation of specific person handling the reporting.</p> <p>b. Whether the company has instituted standard operating procedure for handling reported items and related confidentiality mechanism.</p> <p>c. Whether the company has adopted measures to protect informants from improper treatment.</p>	V		<p>a. As part of the company’s reporting system, the company has formulated “behavioral guidelines,” containing ethical norms for staffers, and has instituted reporting e-mail address HRI@teco.com.tw, with the human-resources center responsible for handling reported items, in conjunction with the audit division and the legal division office.</p> <p>b. The “behavioral guidelines” specify, in article 17, reporting methods and flow, and in article 16, confidentiality mechanism for informants.</p> <p>c. The guidelines also specify, in article 16, protection mechanism for informants.</p>	No major difference
<p>D. Intensifying information disclosure</p> <p>a. Whether the company has disclosed its “Ethical Corporate Management Best Practices Principles” on its website and the implementation effect.</p>	V		<p>a. The company has disclosed information related to “Ethical Corporate Management Best Practice Principles” on website, and disclosed the operation situation in year book and CSR Report.</p>	No major difference
<p>E. Should the company formulate own ethical corporate management principles according to “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Company,” specify its execution and difference with the principles: The company has already formulated its own ethical corporate management principles and disclosed on the Company’s website. There is no major difference between its execution and principles.</p>				
<p>F. Other key information conducive to the understanding of the company’s ethical corporate management (such as review and revision to the company’s ethical corporate management): The company materializes ethical corporate management via compliance with Company Law, Securities Exchange Act, and regulations and laws governing listed firms, in addition to forbidding unethical behaviors in business dealings.</p>				

3.3.7 Corporate Governance Guidelines and Regulations

The company has instituted “Corporate Governance Best Practice Principles”. The document could be accessed “Corporate Governance” on Market Observation Post System (<http://mops.twse.com.tw>) conforming to related regulations.

3.3.8 Other Important Information Regarding Corporate Governance

A. The important information regarding corporate governance has been disclosed on Market Observation Post System (<http://newmops.twse.com.tw>) conforming to related regulations.

B. Advanced studies for directors and independent directors in 2016:

Title	Name	Date	Organizer	Training Course	Time
Chairman	Tung Kuang Investment Co., Ltd. Representative : Chwen-Jy, Chiu	2016.8.12	Chunghwa Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3 hrs
		2016.12.23	Chunghwa Corporate Governance Association	How the board director and supervisor assist in handling risk and crisis	3 hrs
Managing Director	Tong Kuang Investment Co., Ltd Representative : Chao-Kai, Liu	2016.8.12	Chunghwa Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3 hrs
		2016.12.23	Chunghwa Corporate Governance Association	How the board director and supervisor assist in handling risk and crisis	3 hrs
Managing Director	Cheng-Tsung, Huang	2016.8.12	Chunghwa Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3 hrs
		2016.12.23	Chunghwa Corporate Governance Association	How the board director and supervisor assist in handling risk and crisis conduct good tax-affairs management, in response to changes in taxation environment?	3 hrs
Managing Director	Creative Sensor Inc. Representative: Yu-Ren, Huang	2016.12.23	Chunghwa Corporate Governance Association	How the board director and supervisor assist in handling risk and crisis	3 hrs
		2016.12.29	Chunghwa Corporate Governance Association	How to build to last in the era of black swan	3 hrs
Managing & Independent Director	Chien-Yuan, Lin	2016.7.20	Securities & Futures Institute	Legal responsibility of board directors and supervisors in M&A issue	3 hrs
		2016.8.12	Chunghwa Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3 hrs
		2016.11.15	Chunghwa Corporate Governance Association	Anti tax evasion law, adaptive strategy and updated tax law	3 hrs

Title	Name	Date	Organizer	Training Course	Time
Independent Director	Jing-Shown, Wu	2016.8.12	Chunghwa Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3 hrs
		2016.10.20	Financial Supervisory Committee	11 th Corporate Governance Forum in Taipei	3 hrs
		2016.12.23	Chunghwa Corporate Governance Association	How the board director and supervisor assist in handling risk and crisis	3 hrs
Independent Director	Ting-Wong, Cheng	2016.8.12	Chunghwa Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3 hrs
		2016.12.23	Chunghwa Corporate Governance Association	How the board director and supervisor assist in handling risk and crisis	3 hrs
Director	Mao-Hsiung, Huang	2016.6.16	Securities & Futures Institute	Awarding ceremony and forum of 2 nd corporate governance evaluation	3 hrs
		2016.8.12	Chunghwa Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3hrs
		2016.12.23	Chunghwa Corporate Governance Association	How the board director and supervisor assist in handling risk and crisis	3 hrs
Director	Po-Chih, Huang	2016.8.12	Chunghwa Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3 hrs
		2016.12.23	Chunghwa Corporate Governance Association	How the board director and supervisor assist in handling risk and crisis market	3 hrs
Director	Hisen- Sheng, Kuo	2016.8.12	Chunghwa Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3 hrs
		2016.9.2	Securities & Futures Institute	Forum of ethical Corporate Management and corporate social responsibility	3 hrs
Director	Yaskawa Electric Corporation Representative : Ogi Hiroyuki	2016.8.12	Chunghwa Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3 hrs
		2016.12.27	Chunghwa Corporate Governance Association	How the board director and supervisor assist in handling risk and crisis market	3 hrs
Director	Kuang Yuan Industrial Co., Ltd. Representative: Shih-Chien, Yang	2016.8.12	Chunghwa Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3 hrs
		2016.12.27	Chunghwa Corporate Governance Association	How the board director and supervisor assist in handling risk and crisis market	3 hrs

Title	Name	Date	Organizer	Training Course	Time
Director	Tung Kuang Investment Co., Ltd. Representative : Hong-Hsiang, Lin	2016.8.12	Chunghwa Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3 hrs
		2016.12.27	Chunghwa Corporate Governance Association	How the board director and supervisor assist in handling risk and crisis market	3 hrs
Director	Lien Chang Electronic Co., Ltd. Representative: Ming-Feng, Yeh	2016.3.24	Chinese National Association of Industry and Commerce , Taiwan	The annual amendment to regulation and notice for AGM	3 hrs
		2016.3.31	Chinese National Association of Industry and Commerce , Taiwan	Cornerstone of corporate operation and sustainability/ Inheritance and sustainability of family-owned business	3hrs
		2016.12.23	Chunghwa Corporate Governance Association	How the board director and supervisor assist in handling risk and crisis market	3hrs
Director	Mao Yang Co., Ltd. Representative: Yung-Hsiang, Chang	2016.8.12	Chunghwa Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3 hrs
		2016.12.23	Chunghwa Corporate Governance Association	How the board director and supervisor assist in handling risk and crisis market	3 hrs

C. Advanced studies for managing staffers in 2016:

Title	Name	Date	Organizer	Traning course	Time
President	Chwen-Jy, Chiu	2016.8.12	Chunghwa Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3 hrs
		2016.12.23	Chunghwa Corporate Governance Association	How the board director and supervisor assist in handling risk and crisis	3 hrs
Vice President	George Lien	2016.8.12	Chunghwa Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3 hrs
		2016.12.23	Chunghwa Corporate Governance Association	How the board director and supervisor assist in handling risk and crisis	3 hrs
Executive Consultant	Hong-Hsiang, Lin	2016.8.12	Chunghwa Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3 hrs
		2016.12.23	Chunghwa Corporate Governance Association	How the board director and supervisor assist in handling risk and crisis	3 hrs

Title	Name	Date	Organizer	Traning course	Time
Assistant Vice President	S. C. Lin	2016.8.12	Chunghwa Corpporate Governance Association	Corporate social responsibility and sustainable competitiveness	3 hrs
		2016.12.23	Chunghwa Corpporate Governance Association	How the board director and supervisor assist in handling risk and crisis	3 hrs
Assistant Vice President	Steven Chiang	2016.8.12	Chunghwa Corpporate Governance Association	Corporate social responsibility and sustainable competitiveness	3 hrs
		2016.12.23	Chunghwa Corpporate Governance Association	How the board director and supervisor assist in handling risk and crisis	3 hrs
Assistant Vice President	Pin Chang	2016.8.12	Chunghwa Corpporate Governance Association	Corporate social responsibility and sustainable competitiveness	3 hrs
		2016.12.23	Chunghwa Corpporate Governance Association	How the board director and supervisor assist in handling risk and crisis	3 hrs
Assistant Vice President	K.R. Chen	2016.8.12	Chunghwa Corpporate Governance Association	Corporate social responsibility and sustainable competitiveness	3 hrs
		2016.12.23	Chunghwa Corpporate Governance Association	How the board director and supervisor assist in handling risk and crisis	3 hrs
Assistant Vice President	Kevin Yeh	2016.8.12	Chunghwa Corpporate Governance Association	Corporate social responsibility and sustainable competitiveness	3 hrs
		2016.12.23	Chunghwa Corpporate Governance Association	How the board director and supervisor assist in handling risk and crisis	3 hrs

D. The situation of resignation in the Company: None

3.3.9 Internal Control System

Please refer to page 52 of the Chinese annual report.

3.3.10 In the recent year and up to the publication of the annual report, legal penalties for the company and internal staffers, penalties of internal staffers by the company for violation of internal control system and regulation, major defects and improvement status

None

3.3.11 Major Resolutions of Shareholders' Meeting and Board Meetings

A. Major Resolutions of Shareholders' Meeting and Board Meetings in the recent two years

2016/03/21	(1)The board of directors resolved to convene 2016 shareholders' meeting on June 16, 2016. (2)The Board of Directors resolved 2015 financial statements with consolidated sales revenue NT\$48,598,573 thousand, EPS 1.6, and plans to pay cash dividend NT\$0.8 per share with the total amount NT\$ 1,602,154 thousand. The related financial reports material would be submitted to 2016 shareholders' meeting. (3) The board of directors approved employees' compensation of NT\$ 257,361 thousand and directors' remuneration of NT\$114,382 thousand in 2015. The above amount will be distributed through cash. There is no difference from the expense amounts in 2015 recognized by the board of directors.
2016/04/12	(1)The Board of Directors resolved the agenda of 2016 AGM , by-election for Independent Director and removing the restrictions of newly elected Independent Director's non-competition clauses. (2)The Board of Director approved an additional endorsement and guarantees of NT\$2,993,820 thousand to the subsidiary, Motovario.
2016/05/11	The board of directors acknowledged the financial statement for the first three months of 2016, showing consolidated sales revenue of NT\$11,678,422 thousand and after-tax net profit of NT\$0.34 per share.
2016/06/16	Important resolutions in Annual Shareholders' Meeting (1) Acknowledged 2015 business report and financial statement. (2) Acknowledged 2015 earnings allocation, amounting to NT\$0.8 per share for cash dividend payment. (3) Approve Articles of Incorporation (4) Finish re-election for independent directors. New independent director: Ting-Wong Cheng (5) Approved to remove the restrictions on the newly elected independent director's non-competition clauses
2016/06/16	The board of directors set the "ex-dividend base date" on July 11, 2015, paying out cash dividend of NT\$1,602,154 thousand, or NT\$0.8 per share, and setting the dividend payout date on July 29, 2016.
2016/08/12	The board of directors acknowledged the financial statement for the first half of 2016, showing consolidated sales revenue of NT\$24,492,501 thousand and after-tax net profit of NT\$0.87 per share.
2016/11/14	The board of directors acknowledged the financial statement for the first nine months of 2016, showing consolidated sales revenue of NT\$36,496,207 thousand and after-tax net profit of NT\$1.32 per share.
2017/3/24	(1)The board of directors resolved to convene 2017 shareholders' meeting on June 16, 2017. (2)The Board of Directors resolved 2016 financial statements with consolidated sales revenue NT\$49,923,836 thousand, EPS 1.76, and plans to pay cash dividend NT\$0.88 per share with the total amount NT\$ 1,762,370 thousand. The related financial reports material would be submitted to 2017 shareholders' meeting. (3) The board of directors approved employees' compensation of NT\$ 283,999 thousand and directors' remuneration of NT\$125,333 thousand in 2016. The above amount will be distributed through cash. There is no difference from the expense amounts in 2016 recognized by the board of directors. (4) Board of Directors resolved to terminate the GDRs program, and authorize chairman to deal with the related issues about GDRs and deposit contracts.

B. Implementation of Resolutions made in Annual Shareholders' Meeting on June 16, 2016.

Number	Resolution	Implementation
1	Approve Amendment to Articles of Incorporation	1. The proposal was approved by the participating Shareholders with 85.60% approved percentage. 2. Amendment based upon the letter No. 10501218360, 2016.9.6, Ministry of Economic Affairs.
2	Acknowledged of the 2015 Business Report and Financial Statements	※ The proposal was approved by the participating Shareholders with 85.04% approved percentage.
3	Acknowledged of cash dividend payout of NT\$0.8 per share for the distribution of 2015 profits.	1. The proposal was approved by the participating Shareholders with 85.56% approved percentage. 2. Ex-Dividend Trading Date: 2016/07/11. Cash Dividend Payout date: 2016/07/29.
4	By-election of one independent director	Cheng, Ting-Wong was elected. Newly elected Directors were registered in line with the letter of Ministry of Economic Affairs No.10401123040.
5	Approval of the proposal for removal of restrictions on non-competition clauses for the company's 24th term newly elected Directors	※ The proposal was approved by the participating Shareholders with 83.68% approved percentage.

3.3.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors

None

3.3.13 Resignation or Dismissal of Personnel Involved in Preparation of Financial Reports

None

3.4 Information on CPA fee

3.4.1 Accountant Information

Name of accounting firm	CPA names		Auditing period	Note
Pricewaterhouse Coopers, Taiwan	Dexter Chang	Audrey Tseng	2016	

3.4.2 Table of Brackets for CPA Fees

Fee brackets		Fee item	Auditing fee	Non-auditing fee (Note)	Total
1	Lower than NT\$2 M.			V	V
2	NT\$2-4 M.				
3	NT\$4-6 M.				
4	NT\$6-8 M.				
5	NT\$8-10 M.				
6	NT\$10 M. and higher		V		V

Note: NT\$1,350,000 of non-auditing public expense, including certification expense for auditing business income tax return and English-language translation fee for financial report and consolidated financial report.

3.4.3 Non-inspection fees for CPAs, accounting firms, and its affiliates account for over one quarter of inspection fee: Nil

3.4.4 Replacement of accounting firm and auditing fee for the replacement year is lower than amount in the year prior to the replacement: Nil

3.4.5 Auditing fee decreases by over 15% from the previous year: Nil

3.5 Information on replacement of CPA: Not applicable

3.6 Information on service of the company's chairman, president, and financial or accounting managers at the accounting firm or its affiliates: Nil

3.7 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

3.7.1 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Unit: Share

Title	Name	2016		Apr. 30, 2017	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Tong Kuang Investment Co., Ltd. Representative: Chwen-Jy, Chiu	0	(300,000)	0	(1,807,912)
		0	0	0	0
Managing Director	Tong Ho Global Investment Co., Ltd. Representative : Chao-Kai, Liu	0	0	0	0
		0	0	0	0
Managing Director	Cheng-Tsung, Huang	0	0	0	0
Managing Director	Creative Sensor Inc. Representative: Yu-Ren, Huang	0	0	0	0
		0	0	0	0
Managing & Independent Director	Tian-Jy, Chen (Note 3)	0	0	0	0
Managing & Independent Director	Chien-Yuan, Lin (Note 3)	0	0	0	0
Independent Director	Jing-Shown, Wu	0	0	0	0
Independent Director	Ting-Wong, Cheng (Note 3)	0	0	0	0
Director	Mao-Hsiung, Huang	0	0	0	0
Director	Po-Chih, Huang	0	0	0	0
Director	Hisen Sheng, Kuo	0	0	0	0
Director	Yaskawa Electric Corporation Representative : Hiroyuki Ougi	0	0	0	0
		0	0	0	0
Director	Kuang Yuan Industrial Co., Ltd. Representative: Shih-Chien, Yang	0	0	0	(3,960,000)
		0	0	0	0
Director	Tong Kuang Investment Co., Ltd. Representative: Hong-Hsiang, Lin	0	(300,000)	0	(1,807,912)
		(43,000)	0	0	0

Title	Name	2016		Apr. 30, 2017	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Director	Lien Chang Electronic Co., Ltd. Representative: Ming-Feng, Yeh	0	0	0	0
		0	0	0	0
Director	Mao Yang Co., Ltd. Representative: Yung-Hsiang, Chang	0	0	0	0
		0	0	0	0
President	Chwen-Jy, Chiu	0	0	0	0
Vice President	George Lien	0	0	0	0
Executive Consultant	Hong-Hsiang, Lin	(43,000)	0	0	0
Management	Steven Chiang	0	0	0	0
Management	Pin Chang	0	0	(6,000)	0
Management	K.R. Chen (note 4)	0	0	0	0
Management	S. C. Lin (note 4)	N/A	N/A	0	0
Management	Kevin Yeh (note 4)	N/A	N/A	0	0
Management	Albert Peng (note 4)	N/A	N/A	0	0
Management	Fei-Yuan, Kao (note 4)	N/A	N/A	0	0
Major Shareholder	None	0	0	0	0

Note 1: Managing&Independent Director, Tian-Jy, Chen resigned on May 12 2016. By-election for independent director took place on June 16, 2016 during AGM, and Ting-Wong Cheng is the newly elected independent director. By-election for managing director took place on June 16, 2016 during the board meeting, and Chien-Yuan, Lin was elected.

Note 2: Assist Vice President, K.R. Chen was on board on August 12 2016. S.C Lin, Kevin Yeh, Albert Peng and Fei-Yuan, Kao were on board on January 1 2017.

3.7.2 Shares Transfer with Related Parties

Name	Reason of Transfer	Date of Transaction	Transferee	Relationship between Transferee and the Company, Directors, Supervisors and Shareholders with more than 10% shareholding	Shares	Transaction Price (NTD)
Not Applicable						

3.7.3 Shares Pledged with Related Parties

Name	Reason of Pledge	Date of Transaction	Transferee	Relationship between Transferee and the Company, Directors, Supervisors and Shareholders with more than 10% shareholding	Shares	Shares holding %	Shares Pledged %	Pledged Amount
Not Applicable								

3.8 Information Disclosing the Relationship between any of the Company's Top Ten Shareholders

April 30, 2017

Name	Shareholding		Spouse & Minor		Shareholding by Nominee Arrangement		The relationship between any of the Company's Top Ten Share holders		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Silchester International Investors International Value Equity Trust	51,422,000	2.57%	0	-	0	-	None	-	-
WGI Emerging Markets Smaller Companies Fund, LLC	35,135,000	1.91%	0	-	0	-	None	-	-
Vanguard Emerging Market Index Fund	34,230,000	1.71%	0	-	0	-	None	-	-
M&G Global Emerging Markets Fund	32,322,000	1.61%	0	-	0	-	None	-	-
Silchester International Investors Tobacco Free International Value Equity Trust	30,445,000	1.52%	0	-	0	-	None	-	-
Tong Kuang Investment Co., Ltd	30,341,364	1.52%	0	-	0	-	None	-	-
Yaskawa Electric Corporation	29,541,089	1.48%	0	-	0	-	None	-	-
Government of Singapore	28,369,000	1.42%	0	-	0	-	None	-	-
Vanguard Emerging Market Index Fund	28,092,725	1.40%	0	-	0	-	None	-	-
JPMorgan Chase Bank N.A. Taipei Branch in custody for Norges Bank	29,425,725	1.40%	0	-	0	-	None	-	-

3.9 Long-Term Investments Ownership

December 31, 2016

Investee	Ownership by TECO		Direct / Indirect Ownership by Directors, Supervisors and Management		Total Investment	
	Shares	%	Shares	%	Shares	%
Tong Dai Co., Ltd.	5,290,800	92.63%	0	0.00%	5,290,800	92.63%
Teco Nanotech Co., Ltd.	21,502,098	86.01%	205,000	0.82%	21,707,098	86.83%
TECO International Investment Co., Ltd.	52,584,480	100.00%	0	0.00%	52,584,480	100.00%
TECO Holding, USA	1,680	100.00%	0	0.00%	1,680	100.00%
TECO Electric & Machinery Pte Ltd. Singapore	7,200,000	90.00%	800,000	10.00%	8,000,000	100.00%
TECO Electric Europe Ltd.	4,500,000	100.00%	0	0.00%	4,500,000	100.00%
Tong An Assets Management & Development Co., Ltd.	147,323,399	100.00%	0	0.00%	147,323,399	100.00%
Appliance (HK) Ltd.	1,499,999	99.99%	0	0.00%	1,499,999	99.99%
Tong An Investment Co., Ltd.	415,851,528	99.60%	1,630,944	0.40%	417,482,472	100.00%
TECO Electro Devices Co., Ltd.	15,386,949	62.57%	371,324	1.51%	15,758,273	64.08%
Tecnos International Consultant Co., Ltd.	5,034,378	57.52%	1,263,404	16.02%	6,297,782	73.54%
Tong Tai Jung Co., Ltd.	3,960,000	60.00%	0	0.00%	3,960,000	60.00%
UVG Investment Co., Ltd.	195,416,844	100.00%	0	0.00%	195,416,844	100.00%
Information Technology Total Services Co., Ltd.	12,123,248	60.62%	2,135,250	10.68%	14,258,498	71.30%
Tesen Electric & Machinery Co., Ltd.	20,000,000	100.00%	0	0.00%	20,000,000	100.00%
GD TECO Taiwan Co., Ltd.	15,000,000	100.00%	0	0.00%	15,000,000	100.00%
Taitec Technology CO.,LTD.	950,000	95.00%	0	0.00%	950,000	95.00%
Yatec Engineering Corp.	7,799,996	64.95%	0	0.00%	7,799,996	64.95%
Taian (Subic) Electric Co., Inc.	17,131,155	76.70%	0	0.00%	17,131,155	76.70%
Taian (Malaysia) Electric Sdn. Bhd.	13,113,235	66.85%	1,961,934	10.00%	15,075,169	76.85%
An Tai International Investment Co., Ltd.	22,910,337	100.00%	0	0.00%	22,910,337	100.00%
Micropac (BVI)	14,883,591	100.00%	0	0.00%	14,883,591	100.00%
Taian-Etacom Technology Co., Ltd.	7,033,000	84.73%	0	0.00%	7,033,000	84.73%
Taian Electric Co., Ltd.	100,000	100.00%	0	0.00%	100,000	100.00%
Tecom	400,602,050	63.52%	0	0.00%	400,602,050	63.52%
E-Joy International Co., Ltd.	9,500,000	93.60%	400	1.64%	9,500,400	95.24%
A-Ok Technical Co., Ltd.	1,950,000	86.67%	0	0.00%	1,950,000	86.67%
TECO Technology (Vietnam) Co., Ltd.	13,772,799	100.00%	0	0.00%	13,772,799	100.00%
TECO (Philippines) 3C & Appliances, Inc.	2,604,000	60.00%	0	0.00%	2,604,000	60.00%
An-Sheng Travel Co., Ltd.	480,000	16.00%	2,400,000	80.00%	2,880,000	96.00%
Taiwan Pelican Express Co., Ltd.	24,121,700	25.27%	6,570,940	6.88%	30,692,640	32.15%
Kuenling machinery refrigerating Co., LTD.	15,218,642	19.98%			15,218,642	19.98%
YASKAWA TECO MOTOR ENGINEERING CO.	2,800	70.00%	0	0.00%	2,800	70.00%
Eagle Holding Co.	1	100.00%	0	0.00%	1	100.00%
Century Development	87,776,520	28.67%	73,736,289	24.08%	161,512,809	52.75%

3.10 Procedure of Material Information: The company has stipulated Rules of Anti Insider Transaction in internal control system, and announced to the employees.