

Implementation of Corporate Governance

Performance of Audit Committee

During period of January 1, 2019 to March31, 2019, the board of directors of the Company convened a total of two(2) meetings, and all the director participate the board meeting personally.

In Year 2018, the board of directors of the Company convened a total of nine (9) meetings; at least two independent directors would participate in every meeting, where the directors showed attendance in the following status:

Title	Name	Times of Attendance in Person	Times of Attendance by Proxy	Actual Attendance Ratio (%)	Remarks
Committee member(Convener)	Yen Lou-Yu	9	-	100%	The indepent director was elected as convener on 2018/7/30.
Committee member	Liu Shuen-Zen	5	1	83%	The original converer, his attendance shall be 6 times. 04/30/2018 entrusted the other Independent Director to attend the meeting. Independent Director Liu Shuen-Zen resigned on 2018/7/31 for being the dean of the Department of Accounting at National Taiwan University ("NTU") on 2018/8/1 in accordance with the regulations of NTU. The company has not made a by-election for this seat.
Committee member	Hong San-Xiong	8	1	89%	07/30/2018 entrusted the other Committee member to attend the meeting.
Committee member	Jhan Hong-Chih	8	1	89%	05/31/2018 entrusted the other Committee member to attend the meeting.

Other remarks as required:

- I. If there are the circumstances as below, the dates of meetings, sessions, contents of motions, resolutions of Audit Committee and the Company's response to Audit Committee's opinion should be specified:
 - (1) matters referred to in Article 14-5 of the Securities and Exchange Act:
 - (2) resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all directors:
As to the description of the two items above, please refer to the details of the Audit Committee's opinions to the material motions of the board of directors and the Company's response to independent directors' opinion stated on page 2-21.
- II. If there is independent directors' avoidance of motions in conflict of interest, the independent directors' names, contents of motions, causes for avoidance and voting should be specified: There were no 2018 Audit Committee's motions in conflict of interest with the independent directors.
- III. Communications by and between independent directors and the Auditor-General and the Certified Public Accountants: The Company's Auditor-General reports to the Audit Committee (independent directors) about the audit plans for the ensuing year and, quarterly at least report to them regarding the implementation of the audit on the internal control system. In case of an extraordinary event, the Auditor-General would report to the Audit Committee forthwith. The Audit Committee may directly inquire with the Auditor-General or the Certified Public Accountant. The Certified Public Accountants may, as well, directly report without being accompanied by the management, to the Audit Committee about the audit or recheck findings and suggestions. They have been in very intimate communications and interactions. Communications in 2018 between the independent directors, the Company's Auditor-General and the Certified Public Accountants were as follows:

Date	Mode	Object	Issues to communicate	Comment from the independent directors
01/25/2018	Audit Committee	Auditor-General	Report the results of audit work fourth quarter of 2017.	The internal audit team would provide the amended control procedure and present again at next meeting.

	Audit Committee	Auditor-General	Discussion on representation of internal control system for 2017.	Approved as proposed by all members present at the audit committee meeting and submitted to the Board for resolution.
		CPA	Report on audit of 2017 financial statements.	Noted.
04/30/2018	Audit Committee	Auditor-General	Report the results of audit work first quarter of 2018.	Noted
		CPA	Report on review of financial statements for the 1st quarter ended March 31, 2019.	Approved as proposed by all members present at the audit committee meeting and submitted to the Board for resolution.
07/30/2018	Audit Committee	Auditor-General	Report the results of audit work second quarter of 2018.	Mr. Yen Lou-Yu, the committee recommended the Company should improve the classification of risk management frame work according to the group's current operation. Mr. Liu Shuen-Zen, the chair of the audit committee suggested that the internal audit team may discuss with the other team in the Group and make our colleague aware of the risk conscious and knowledge. Mr. Liu Shuen-Zen, also quired regarding the internal audit schedule of Malaysia subsidiaries, and the general audit reply that the internal audit will be conducted in 2019.
		CPA	Report on review of financial statements for the 2nd quarter ended June 30, 2017.	The CPA explained the reason of decrease in the operating expense and changes in gain/loss on foreign currency as required by the independent director.
10/29/2018	Forum	Auditor-General and CPA	The draft plan of internal audit for 2019	Mr. Liu Shuen-Zen, the chair of the audit committee suggested the internal audit team should coach each business team to have better idea on the risk and completed method to identify the risk at each level. Especially the Company should pay more attention on the risk arisen from the new business type and new geographic segmentation.
	Audit Committee	Auditor-General	Report the results of audit work third quarter of 2018.	Mr. Liu Shuen-Zen, the chair of the audit committee suggested the internal auditor to manage the uncertain item to reduce the risk and also encourage the internal audit team to provide a precise report.
		CPA	Report on review of financial statements for the 3rd quarter ended September 30, 2018.	Mr. Liu Shuen-Zen, the chair of the audit committee quires the CPA if any material matters come to your attention. The CPA response. Mr. Liu Shuen-Zen, the chair of the audit committee expected the CPA may provide active comment on risk management and assistance with necessity.
12/20/2018	Audit Committee	Auditor-General	Discussion on internal audit plan for 2019.	The independent director suggested that the internal auditor should focus on the extent of the audit process instead of the number of the audit sample and should allocate the existing resource to current work. Mr. Liu Shuen-Zen, the chair of the audit committee suggests to seeking CPA and third-party consulting firm's evaluation to avoid the blind point.

The comment from the Audit committee

Board of Directors Meeting – Session and the Date	Content of the proposals and the following handling	Article 14-5 of Securities and Exchange Act	Resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all directors
Session 12-18 th January 25, 2018	1. Approved the modification of the limit of endorsement and endorses guarantee for the subsidiary.	✓	
	Audit Committee's comment: (01/25): 1. All the proposals were approved as proposed by all Committee members present at the Audit Committee meeting with the suggestions above and submitted to the Board for resolution.		
	The response to the Audit Committee's suggestion by the Company: The proposals above were approved by all board members present at the Board meeting.		
Session 12-19 th February 26, 2018	1. Approved 2017 finance individual statement and Consolidated statement.	✓	
	2. Approved 2018 engagement of CPAs and the audit fee.	✓	
	3. Approved 2017 business report.	✓	
	4. Approved distribution of 2017 profits.	✓	
	5. Approved 2017 capital increase by retained earnings and to issue new shares.	✓	
	6. Completed 2017 internal control statement.	✓	
	Audit Committee's comment: (02/26): 1. Regarding proposal No.1, Mr. Yen Lou-Yu, the independent director, said that the bonus amount shall not become an issue for the company as the calculation of the bonus payable belongs to routine work and the employee cares for the accuracy of bonus. In this regards, it is suggested that the CPA may consider whether include the bonus payable as one of the key audit risk item. Also, Mr. Yen Lou-Yu, suggested that the difference analysis of the financial statement should be reported by the Finance Department instead of the CPA. 2. Except for the above comments, all the proposals were approved as proposed by all Committee members present at the Audit Committee meeting with the suggestions above and submitted to the Board for resolution. The response to the Audit Committee's suggestion by the Company: The proposals above were approved by all board members present at the Board meeting.		
Session 12-20 th March 29,2018	1. Approved the case of lending of capital between group subsidiaries.	✓	
	Audit Committee's comment: (03/29): Mr. Yen Lou-Yu, the independent director, asked whether the proposed budget is sufficient for any incidental cost for the construction Project Wuxi, and convener Mr. Liu Shuen-Zen, also indicated that the practical experience would be different from the explanation of the regulation and it is better to reserve enough buffers for any potential needs. Therefore, Mr. Chen Chih-Huan, Senior Manager of Finance Department, suggested to raise the budget of the from CNY22,000 thousand to CNY 25,000 thousand, the amended proposals were approved as proposed by all Committee members present at the Audit Committee meeting with the suggestions above and submitted to the Board for resolution.		
	The response to the Audit Committee's suggestion by the Company: The proposals were approved by all board members present at the Board meeting as proposal of a general shareholder meeting.		

Session 12-21 th April 30, 2018	1. Approved the Unaudited Consolidated Financial Statements for the 1st quarter ended March 31, 2018.	✓	
	2. Approved the proposal of issuance of common stock for cash in group subsidiary.	✓	
	Audit Committee's comment: (04/30): All the proposals were approved as proposed by all Committee members present at the Audit Committee meeting with the suggestions above and submitted to the Board for resolution. The response to the Audit Committee's suggestion by the Company: The proposals were approved by all board members present at the Board meeting as proposal of a general shareholder meeting.		
Session 12-22 th May 31, 2018	1. Approved to donate a university.	✓	
	2. Approved the case of acquiring new securities.	✓	
	Audit Committee's comment: (05/31): For the No.2 proposal, Mr. Hong San-Xiong and Mr. Yen Lou-Yu, the independent director, agreed to the merger of the company (i.e., Sinyi Real Estate Consulting Limited) specified providing the realty instruction books for us as one of subsidiary in the Sinyi Group. Therefore, they suggested to review if any similar case as this proposal, and may take the same action for the purpose of saving the Sinyi Group's cost. Except for the above comments, regarding proposal No 2, the remaining proposals were approved as proposed by all Committee members present at the Audit Committee meeting with the suggestions above and submitted to the Board for resolution. The response to the Audit Committee's suggestion by the Company: As per discussion in BOD, the proposals above were approved by all board members present at the Board meeting.		
	The response to the Audit Committee's suggestion by the Company: As per discussion in BOD, the proposals above were approved by all board members present at the Board meeting.		
Session 12-24 th July 30, 2018	1. Adoption of unaudited Consolidated financial statements for the 2nd quarter ended June 31, 2018.	✓	
	Audit Committee's comment: (07/30): All the proposals were approved as proposed by all Committee members present at the Audit Committee meeting with the suggestions above and submitted to the Board for resolution.		
	The response to the Audit Committee's suggestion by the Company: As per discussion in BOD, the proposals above were approved by all board members present at the Board meeting.		
Session 12-25 th August 29, 2018	1. Approved the case of lending of capital between group subsidiaries.	✓	
	Audit Committee's comment: (08/29): Except the comment provided by the convener, Mr. Yen Lou-Yu, that calculation of the interest expense of this related party loan shall be reasonable, the proposals were approved as proposed by all Committee members present at the Audit Committee meeting with the suggestions above and submitted to the Board for resolution.		
	The response to the Audit Committee's suggestion by the Company: As per discussion in BOD, the proposals above were approved by all board members present at the Board meeting.		
Session 12-26 th October 29, 2018	1. Adoption of unaudited Consolidated financial statements for the third quarter ended September 30, 2018.	✓	
	2. Determined the Company's subsidiary's	✓	

	endorsement and guarantees to financial institutions for the hedge facilities.		
	<p>Audit Committee's comment: (10/29): All the proposals were approved as proposed by all Committee members present at the Audit Committee meeting with the suggestions above and submitted to the Board for resolution.</p> <p>The response to the Audit Committee's suggestion by the Company: As per discussion in BOD, the proposals above were approved by all board members present at the Board meeting.</p>		
Session 12-27th December 20, 2018	1. To approve the 2019 Internal Audit Plan.	✓	
	2. Approved the Subsidiary's Capital Injection plan, internal transaction between related parties and the capital lending case.	✓	
	3. Approved the application of investing in real estate development in China to the Investment Commission, MOEA.	✓	
	4. Approved the Company's guarantees for its subsidiary applying to the financial institution for the line of hedging of foreign currency risk.	✓	
	<p>Audit Committee's comment: (12/20): All the proposals were approved as proposed by all Committee members present at the Audit Committee meeting with the suggestions above and submitted to the Board for resolution.</p> <p>The response to the Audit Committee's suggestion by the Company: As per discussion in BOD, the proposals above were approved by all board members present at the Board meeting.</p>		