

Compensation to Directors and Management Executives

1. Compensation to directors

Unit: NT\$

Title		Chairman	Vice Chairman	Director	Director	Director	Independent Directors					
Name		Fu-Chi Investment Co., Ltd.	Fu-Chi Investment Co., Ltd.	Fu-Chi Investment Co., Ltd.	TCC Investment Co., Ltd.	TCC Investment Co., Ltd.	Jack J.T. Huang	Tsung-Ming Chung	Hsueh-Jen Sung	Guu-Chang Yang		
Representative		Richard M. Tsai (1)	Daniel M. Tsai (1)	San-Cheng Chang (2)	Howard Lin	James Jeng						
Director's compensation	Cash compensation (A)	Stand-alone					48,099,858					
		Consolidated					53,227,738					
	Pension (B)	Stand-alone					—					
		Consolidated					—					
	Director's remuneration (C)	Stand-alone					46,806,324					
		Consolidated					46,806,324					
	Professional fee (D)	Stand-alone					2,090,000					
		Consolidated					2,978,000					
A+B+C+D as a % of net profit		Stand-alone					0.6331%					
		Consolidated					0.6724%					
Compensation as an employee	Performance-based salary (E)	Stand-alone					16,142,808					
		Consolidated					16,142,808					
	Retirement pay of employees (F)	Stand-alone					108,000					
		Consolidated					108,000					
	Earnings paid as bonus to employees (G)	Stand-alone	Cash bonus					6,492,428				
			Stock bonus					—				
		Consolidated	Cash bonus					6,492,428				
			Stock bonus					—				
A+B+C+D+E+F+G as a % of net profit		Stand-alone					0.7816%					
		Consolidated					0.8208%					
Compensation from investees other than subsidiaries						—						

1: Messrs. Richard M. Tsai and Daniel M. Tsai resigned as Chairman and Vice Chairman, respectively, on Oct. 12, 2016. Messrs. Daniel M. Tsai and Richard M. Tsai were elected as Chairman and Vice Chairman, respectively, by the board on the same day.

2: Fu Chi Investment Co., Ltd. appointed San-Cheng Chang as its representative, taking over Vivien Hsu's duties on October 11, 2016. The stated professional fee covers payment to Chang and Hsu.

3: Figures do not include the compensation paid to Company drivers which totaled NT\$1,067,338.

4: Remuneration paid to directors for their services to all consolidated entities totaled NT\$7,500,008.

2. Range of compensation to directors

Range of compensation to directors	Name of directors			
	Director's compensation		Director's compensation + Compensation as an employee	
	On a stand-alone basis	On a consolidated basis	On a stand-alone basis	On a consolidated basis
NT\$0~NT\$1,999,999	San-Cheng Chang, Howard Lin, James Jeng, Vivien Hsu	San-Cheng Chang, James Jeng, Vivien Hsu	San-Cheng Chang, Howard Lin, Vivien Hsu	San-Cheng Chang, Vivien Hsu
NT\$2,000,000~NT\$4,999,999	—	—	—	—
NT\$5,000,000~NT\$9,999,999	TCC Investment Co., Ltd., Jack J.T. Huang, Tsung-Ming Chung, Hsueh-Jen Sung, Guu-Chang Yang	TCC Investment Co., Ltd., Jack J.T. Huang, Tsung-Ming Chung, Hsueh-Jen Sung, Guu-Chang Yang, Howard Lin	TCC Investment Co., Ltd., Jack J.T. Huang, Tsung-Ming Chung, Hsueh-Jen Sung, Guu-Chang Yang	TCC Investment Co., Ltd., Jack J.T. Huang, Tsung-Ming Chung, Hsueh-Jen Sung, Guu-Chang Yang, Howard Lin
NT\$10,000,000~NT\$14,999,999	—	—	—	—
NT\$15,000,000~NT\$29,999,999	Fu-Chi Investment Co., Ltd., Daniel M. Tsai, Richard M. Tsai	Fu-Chi Investment Co., Ltd., Daniel M. Tsai, Richard M. Tsai	Fu-Chi Investment Co., Ltd., Daniel M. Tsai, Richard M. Tsai, James Jeng	Fu-Chi Investment Co., Ltd., Daniel M. Tsai, Richard M. Tsai, James Jeng
NT\$30,000,000~NT\$49,999,999	—	—	—	—
NT\$50,000,000~NT\$99,999,999	—	—	—	—
NT\$100,000,000 and above	—	—	—	—
Total	12	12	12	12

3. Compensation to management executives

Unit: NT\$

Title and name	President, James Jeng; Executive Vice President and Chief Financial Officer, Rosie Yu; Senior Vice President and Chief Technology Officer, C.H. Jih; Senior Vice President and Chief Business Officer, Jeff Ku; Vice President and General Counsel, Ariel Hwang; Vice President and Chief Information Officer, James Chang; Vice President, Jay Hong; Vice President, Iris Liu; Vice President, Naomi Lee; President, C.H. Wu; Vice President, Egon Chen; Vice President, Chien Chen; Vice President, Tom Koh; Vice President, Steve Chou ; Vice President, Daphne Lee; Vice President, David Lin <u>Resigned managers:</u> Vice President, Sean Hsieh; Vice President, Paul Huang	Total	
Salary (A)	Stand-alone	74,871,701	
	Consolidated	75,231,701	
Pension (B) *	Stand-alone	1,620,900	
	Consolidated	1,620,900	
Performance-based salary (C)	Stand-alone	39,279,967	
	Consolidated	39,279,967	
Earnings paid as bonus to employees (D)	Stand-alone	Cash	38,546,506
		Stock	—
	Consolidated	Cash	38,546,506
		Stock	—
A+B+C+D as a % of net profit	Stand-alone	1.0073%	
	Consolidated	1.0096%	
Compensation from investees other than subsidiaries		25,000	

* The Company's contribution to employee's pension account, not actual amount paid.

Note: Figures do not include the compensation paid to Company drivers which totaled NT\$3,252,596.

4. Range of compensation to management executives

Range of compensation to management executives	Name of management executives	
	On a stand-alone basis	On a consolidated basis
NT\$0~NT\$1,999,999	Sean Hsieh, Paul Huang	Sean Hsieh, Paul Huang
NT\$2,000,000~NT\$4,999,999	C.H. Wu, David Lin	C.H. Wu, David Lin
NT\$5,000,000~NT\$9,999,999	Ariel Hwang, Jay Hong, Iris Liu, Naomi Lee, Egon Chen, Chien Chen, Tom Koh, Steve Chou, Daphne Lee	Ariel Hwang, Jay Hong, Iris Liu, Naomi Lee, Egon Chen, Chien Chen, Tom Koh, Steve Chou, Daphne Lee
NT\$10,000,000~NT\$14,999,999	C.H. Jih, Jeff Ku, James Chang	C.H. Jih, Jeff Ku, James Chang
NT\$15,000,000~NT\$29,999,999	James Jeng, Rosie Yu	James Jeng, Rosie Yu
NT\$30,000,000~NT\$49,999,999	—	—
NT\$50,000,000~NT\$99,999,999	—	—
NT\$100,000,000 and above	—	—
Total	18	18

Note: Compensation paid to managers in the above table was based on tenure. Compensation paid to managers who also served as directors is detailed in the "Compensation to directors" table.

5. Compensation mix of management executives

Title and name of managers	Salary and pension	Performance-based salary	Earnings paid as bonus to employees
President, James Jeng	44.8%	26.6%	28.6%
Executive Vice President and Chief Financial Officer, Rosie Yu	46.2%	25.6%	28.2%
Senior Vice President and Chief Technology Officer, C.H. Jih	46.2%	27.0%	26.8%
Senior Vice President and Chief Business Officer, Jeff Ku	46.9%	25.8%	27.3%
Vice President and General Counsel, Ariel Hwang	48.8%	25.1%	26.1%
Vice President and Chief Information Officer, James Chang	47.1%	27.9%	25.0%
Vice President, Jay Hong	50.3%	23.1%	26.6%
Vice President, Iris Liu	46.9%	28.3%	24.8%
Vice President, Naomi Lee	49.9%	25.6%	24.5%
Vice President, C.H. Wu	51.4%	29.3%	19.3%
Vice President, Egon Chen	53.9%	26.0%	20.1%
Vice President, Chien Chen	54.7%	24.7%	20.6%
Vice President, Tom Koh	49.7%	23.9%	26.4%
Vice President, Steve Chou	49.3%	24.3%	26.4%
Vice President, Daphne Lee	53.9%	27.4%	18.7%
Vice President, David Lin	47.4%	29.6%	23.0%
Vice President, Sean Hsieh*	99.9%	0.1%	0.0%
Vice President, Paul Huang*	99.9%	0.1%	0.0%

* Resigned manager

6. Managers and employee bonuses

Unit: NT\$
As of February 27, 2017

Title and name of managers	Stock bonus	Cash bonus	Total	As a % of net profit
President, James Jeng Executive Vice President and Chief Financial Officer, Rosie Yu Senior Vice President and Chief Technology Officer, C.H. Jih Senior Vice President and Chief Business Officer, Jeff Ku Vice President and General Counsel, Ariel Hwang Vice President and Chief Information Officer, James Chang Vice President, Jay Hong Vice President, Iris Liu Vice President, Naomi Lee Vice President, C.H. Wu Vice President, Egon Chen Vice President, Chien Chen Vice President, Tom Koh Vice President, Steve Chou Vice President, Daphne Lee Vice President, David Lin Vice President, Michael Teng Vice President, Eddie Chan	—	41,797,802	41,797,802	0.2728%

Compensation to directors and management executives as a percentage of net income over the past two years and guiding principles

1. Compensation to directors

Unit: NT\$

Type	Year	Compensation to directors	Net income	As a % of net income
On a stand-alone basis	2015	112,419,418	15,686,186,313	0.7167%
	2016	119,739,418	15,320,187,297	0.7816%
On a consolidated basis	2015	124,742,268	15,686,186,313	0.7952%
	2016	125,755,298	15,320,187,297	0.8208%

Guiding principles for compensation to directors

Remuneration policies, standards and package

- (1) Directors' (including independent directors') remuneration and compensation are paid according to the Company's Articles of Incorporation and "Rules for Setting Director's Remuneration" as approved by the board. Remuneration or other equivalent allowance for directors is based on their involvement in the Company's operations, contribution to the Company, and industry norms. Compensation for directors is pursuant to the ratio specified in the Company's Articles of Incorporation, when the company makes a profit.
- (2) Transportation allowances are paid based on attendance in board meetings and for services rendered as the chairman of or a member of the Audit Committee or Compensation Committee.

Procedure for setting remuneration

- (1) In accordance with the Company's Articles of Incorporation, compensation for directors shall not exceed 0.3% of the Company's annual profit after deducting losses from previous years.
- (2) Directors' remuneration and transportation allowances are determined in accordance with the "Rules for Setting Director's Remuneration."

Performance factor

According to the Company's Articles of Incorporation, remuneration to directors shall be based on the Company's operating profit. Remuneration to each director is assessed based on his/her contribution to the operations of the Company and the board. The Compensation Committee reviews the compensation mechanism periodically, taking future operating risks, environmental conservation and corporate social responsibility into consideration.

2. Compensation to management executives

Unit: NT\$

Type	Year	Compensation to management executives	Net profit	As a % of net profit
On a stand-alone basis	2015	152,467,747	15,686,186,313	0.9720%
	2016	154,319,074	15,320,187,297	1.0073%
On a consolidated basis	2015	152,900,747	15,686,186,313	0.9747%
	2016	154,704,074	15,320,187,297	1.0098%

Guiding principles for compensation to management executives

Remuneration policies, standards and package

- (1) Compensation to the president and vice presidents comprises a fixed monthly salary and performance bonus.
- (2) Performance bonuses are determined based on the president's or the vice president's contribution to the Company and the results of an annual performance appraisal. The above-mentioned bonuses have been proposed by the Compensation Committee for approval at the board meeting.

Procedure for setting performance bonus

- (1) In accordance with the Company's Articles of Incorporation, employee profit sharing shall come from the pool of 1% to 3% of the Company's annual net income after deducting losses from previous years.
- (2) Year-end bonuses are set based on the Company's performance and the annual budget approved by the board and the chairman.

Performance factor

- (1) Variable compensations in the form of employee profit sharing and performance-based bonuses account for approximately 50% of the remuneration and are determined based on the president's or vice president's contribution to the Company's operations. The Company shall review the compensation mechanism periodically, taking future operating risks, environmental conservation and corporate social responsibility into consideration.
- (2) The Human Resources Division is tasked with preparing the annual compensation for the president and vice presidents, and submitting a report to the Compensation Committee.

Corporate Governance

Board of Directors attendance

1. The Board of Directors convened six meetings in 2016

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Chairman	Fu Chi Investment Co., Ltd. Representative: Daniel M. Tsai	6	0	100%	Messrs. Richard M. Tsai and Daniel M. Tsai resigned as Chairman and Vice Chairman, respectively, on Oct. 12, 2016. Messrs. Daniel M. Tsai and Richard M. Tsai were elected Chairman and Vice Chairman, respectively, by the board on the same day.
Vice Chairman	Fu Chi Investment Co., Ltd. Representative: Richard M. Tsai	6	0	100%	
Director	Fu Chi Investment Co., Ltd. Representative: San-Cheng Chang	2	0	100%	Fu Chi Investment Co., Ltd. appointed San-Cheng Chang as its representative, taking over Vivien Hsu's duties on October 11, 2016.
	Fu Chi Investment Co., Ltd. Representative: Vivien Hsu	4	0	100%	
Director	TCC Investment Co., Ltd. Representative: Howard Lin	6	0	100%	None
Director	TCC Investment Co., Ltd. Representative: James Jeng	6	0	100%	None
Independent Director	Jack J.T. Huang	5	1	83%	None
Independent Director	Tsung-Ming Chung	6	0	100%	None
Independent Director	Hsueh-Jen Sung	5	0	83%	None
Independent Director	Guu-Chang Yang	6	0	100%	None