



創見資訊股份有限公司
Transcend Information, Inc.

Handbook
for the 2014 Annual Regular Shareholders'
Meeting

**This English version is a translation based on the original Chinese version.
Where any discrepancy arises between the two versions, the Chinese version shall prevail.**

Transcend Information, Inc.
Handbook for the 2014 Annual Regular Shareholders' Meeting
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Transcend Information, Inc.

2014 ANNUAL REGULAR SHAREHOLDERS' MEETING PROCEDURE

1. Call the Meeting to Order
2. Chairman's Remarks
3. Report Items
4. Proposed Items
5. Discussion Items
6. Special Motions
7. Meeting Adjourned

Transcend Information, Inc.

2014 ANNUAL REGULAR SHAREHOLDERS' MEETING AGENDA
(Translation)

Time: 9:00 a.m., June 12, 2014

Place: Transcend Information, Inc. (No. 70, XingZhong Rd., NeiHu Dist., Taipei 114, Taiwan)

Chairman's Remarks

I. Report Items

- (1) The business conditions of 2013
- (2) Audit Committee's review report
- (3) The status of endorsements and guarantees
- (4) The making of the "Ethical Corporate Management Best Practice Principles"

II. Proposed Items

- (1) Adoption of 2013 Business Report and Financial Statements
- (2) Adoption of the proposal for distribution of 2013 earnings

III. Discussion Items

- (1) Proposal to release the Directors from non-competition restrictions
- (2) Approval of the Amendment to "Procedures for Acquisition or Disposal of Assets"
- (3) Approval of the Amendment to "Articles of Incorporation"
- (4) Approval of the Amendment to "Procedures for Election of Directors"

IV. Special Motions

V. Meeting Adjourned

I. Report Items

(1) The business conditions of 2013

Explanatory Notes: Please refer to page 8 to 9 for Attachment I.

(2) Audit Committee's review report

Explanatory Notes: Please refer to page 10 for Attachment II.

(3) The status of endorsements and guarantees

Explanatory Notes:

The Company provided a guarantee for Transcend Japan Inc. to apply for the credit limit on bank financing of JPY 1,000,000 thousand and 500,000 thousand on May 1, 2013 and September 13, 2013 respectively, pursuant to the Company's "Procedures for Endorsement and Guarantee", the highest amount of guarantee was TWD 7,929,684 thousand.

(4) The making of the "Ethical Corporate Management Best Practice Principles"

Explanatory Notes:

- a. In order to foster the corporate culture of ethical management and sound development, the Company set up "Ethical Corporate Management Best Practice Principles" in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and the Company's practical operation.
- b. Please refer to page 11 to 14 for Attachment III: the content of the "Ethical Corporate Management Best Practice Principles".

II. Proposed Items

(1) Adoption of 2013 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanatory Notes:

- a. The separate financial statement and consolidated financial statement of the Company for the year of 2013 have been audited by independent auditors, Huei-Shyang Wang and Mr. Chien- Hung Chou, of the Pricewaterhouse Coopers. The Business Report, Independent Auditors' Report and Financial Statements are hereby also attached. (Please refer to page 9 to 10 for Attachment I, and page 15 to 28 for Attachment IV and V)
- b. It is submitted for ratification.

Resolution:

(2) Adoption of the proposal for distribution of 2013 earnings (Proposed by the Board of Directors)

Explanatory Notes:

- a. For appropriations of 2013 earnings, the Company will distribute cash dividend of NTD 2,886,103,223 from the available retained earnings of 2013 after setting aside legal reserve and distributing employees' profit sharing.
- b. Please refer to page 5 for the 2013 estimated earnings distribution table.
- c. Cash dividends will be distributed proportionately according to shareholders' shares ownership registered in the Common Stockholders' Roster as of the date of record.
- d. To avoid the change in the total amount of common shares outstanding resulting from buyback of company shares, or transfer or cancellation of treasury stock, it is proposed that the Chairman of the Board be authorized to adjust the cash to be distributed to each common share.
- e. It is submitted for ratification.

Resolution:

Transcend Information, Inc.
The Chart of 2013 Earnings Distribution
For the year ended December 31, 2013
(Expresses in thousands of New Taiwan dollars)

Item	Amount	Remarks
Unappropriated retained earnings at beginning	4,690,448,698	
Add: Reconciliation of adopting IFRSs for the first-time	80,254,325	
Adjusted unappropriated retained earnings at beginning	4,770,703,023	
Add: Adjustment on unappropriated earnings for 2013	5,387,815	
Adjusted unappropriated retained earnings	4,776,090,838	
Add: Net income for 2013	3,198,955,983	
Less: Legal reserve (10%)	319,895,598	
Retained earnings available for appropriation as of December 31, 2013	7,655,151,223	
Less: Items of distribution - Cash dividend to shareholders	2,886,103,223	Cash dividend (NT \$6.7 per share)
Unappropriated retained earnings at end	4,769,048,000	
Note		
Directors' and supervisors' remuneration	5,192,385	
Employees' bonus	25,961,917	

Note: Regarding the abovementioned amount of profits resolved to be distributed, there is no material difference between the resolved employees' bonus and the estimated figures for 2013. The remuneration for directors and supervisors would be NTD 5,192,385 calculated in accordance with "Articles of Incorporation", but was not recognized in 2013 financial statements. After the actual distributed amounts being resolved by the shareholders' meeting, the difference between the resolved amounts and the 2013 estimates will be recognized in the statement of income in 2014.

Director: Shu, Chung-won

Manager: Shu, Chung-cheng

Accounting: Lu, Chihyuan

III. Discussion Items

Discussion Item (1)

Subject: Proposal to release the Directors from non-competition restrictions. (Proposed by the Board of Directors)

Explanatory Notes:

- a. Because the director(s) of the Company may involve in investment or operation of other companies with the same or similar business scope and assume the office of director(s), the Company, pursuant to Article 209 of Company Act, proposes to release the Directors from non-competition restrictions under the premise that no harm to the Company's interest.
- b. The proposed list:
Director: Shu, Chung-cheng to be the representative of a juristic-person director of Taiwan IC Packaging Corporation.
- c. It is submitted for approval.

Resolution:

Discussion Item (2)

Subject: Approval of the Amendment to “Procedures for Acquisition or Disposal of Assets” (Proposed by the Board of Directors)

Explanatory Notes:

- a. The Company proposes to amend the “Procedures for Acquisition or Disposal of Assets” to comply with amendment to “Regulations Governing Acquisition or Disposal of Assets by Public Companies”, and to fit with IFRSs and the Company’s practical operation.
- b. Please refer to page 29 to 35 for Attachment VI: the comparison table for the “Procedures for Acquisition or Disposal of Assets” before and after revision.
- c. It is submitted for approval.

Resolution:

Discussion Item (3)

Subject: Approval of the Amendment to “Articles of Incorporation” (Proposed by the Board of Directors)

Explanatory Notes:

- a. To improve corporation government and to carry out Shareholder Activism, the Company proposes to amend the “Articles of Incorporation” to adopt candidate nomination system for the election of directors pursuant to Article 192-1 of the Company Act, and to include the use of an electronic voting system by shareholders pursuant to Article 177-1 of the Company Act.
- b. Please refer to page 36 for Attachment VII: the comparison table for “Articles of Incorporation” before and after revision.
- c. It is submitted for approval.

Resolution:

Discussion Item (4)

Subject: Approval of the Amendment to “Procedures for Election of Directors” (Proposed by the Board of Directors)

Explanatory Notes:

- a. The Company proposes to amend the “Procedures for Election of Directors” to comply with amendment to “Articles of Incorporation” regarding the adoption of a candidate nomination system for the election of directors.
- b. Please refer to page 37 for Attachment VIII: the comparison table for the “Procedures for Election of Directors” before and after revision.
- c. It is submitted for approval.

Resolution:

IV. Special Motions

V. Meeting Adjourned

**TRANSCEND INFORMATION INC.
BUSINESS REPORT**

While economics of Europe, Japan and USA became better in 2013, IT industry in Taiwan was facing a growth crisis due to currency appreciation and decreased demand for PCs, which were gradually replaced with mobile devices. Flash and DRAM markets also acted differently. While an accidental fire at SK Hynix' plant in China pushed up DRAM prices, NAND flash faced price decrease since the demand was far lower than supply. In order to avoid being affected by price changes of raw materials, Transcend chose to put emphasis on production efficiency, inventory management, long-term branding management, and customer services.

In 2013, Transcend successfully sustained growth in the shrinking PC market with 8.5% growth in net margin. Consolidated revenue totaled NT\$26.12 billion. Consolidated gross profit totaled NT\$4.92 billion. Gross profit rate is 18.8 percent. Operating income totaled 3.35 billion. Income before tax totaled 3.74 billion. Net income totaled 3.2 billion. Earnings per share (EPS) is NT\$ 7.43 calculated at the weighted average of outstanding share capital amounting to 4.3 billion.

To expand our market share and strengthen our brand penetration, we kept developing more innovative products in consumer electronics and industrial applications. Last year, we expanded our product lineup to car video recorders. With confidence in industrial markets, we expanded our industrial R&D and sales teams, and participated in at least ten international industrial exhibitions to get a better understanding of the global industrial markets. We believe that SSD market is poised for strong growth in 2014, thus we will build up a more complete SSD product lineup and develop diverse models to meet our customers' needs.

For 7th consecutive year, Transcend was honored with Interbrand's Best Taiwan Global Brands. Known as a fair company with reasonable pay and a good work/life balance, Transcend triumphed over 34 competitors to win the award for Best Companies to Work For last year, which was held by the Department of Labor of the Taipei City Government. Transcend sees itself as a company that has a responsibility to the public, its shareholders and the world it trades in. Therefore, we have sponsored young athletes in high schools and colleges for three years. By sponsoring basketball games, volleyball games, cheerleading tournaments, football games, etc., we aim to provide the youth with a better environment where they can pursue their dreams and future careers.

Lastly, I sincerely thank all of our shareholders, customers, suppliers and employees, for your continued support and for the confidence that you have placed in us.

Director: Shu Chongwan

Manager : Shu Chongzheng

Chief of Accounting : Lu, Chihyuan

Audit Report of Audit Committee

The Board of Directors has prepared the Company's 2013 Business Report, Financial Statements and Earnings Distribution Proposal. Transcend Corporation's Financial Statements have been audited and certified by Mr. Huei-Shyang Wang and Mr. Chien- Hung Chou, the CPA of the Pricewaterhouse Coopers. The Business Report, Financial Statements and Earnings Distribution Proposal have been reviewed and considered to be complied with relevant rules by the undersigned, the audit committee of Transcend Corporation. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

The audit Committee of Transcend Corporation

Independent Director: Wang, Yi-Shin

Independent Director: Chen, Le-Min

Independent Director: Chen, Yi-Liang

March 19, 2014

TRANSCEND INFORMATION INC.

ETHICAL CORPORATE MANAGEMENT BEST PRACTICE PRINCIPLES

Article 1

To foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices, Transcend Information Inc. (the "Company") promulgated The Ethical Corporate Management Best Practice Principles ("Principles").

In accordance with the Principles, ethical corporate management best practice principles applicable to the Company's business groups and subsidiaries.

Article 2

When engaging in commercial activities, directors, audit committee, managers or employees of the Company shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other interested parties.

Article 3

"Benefits" in the Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4

The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM-listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 5

The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control

and management mechanism so as to create an operational environment for sustainable development.

Article 6

The Company are advised to, in accordance with the operational philosophies and policies prescribed in the preceding article, establish in this ethical corporate management best practice principle comprehensive programs to forestall unethical conduct ("prevention program"), including operational procedures, guidelines, and training.

When establishing the prevention program, the Company shall comply with relevant laws and regulations of the territory where the companies and their business group are operating.

Article 7

The prevention program established by the Company shall at least include preventive measures against the following:

- A. Offering and acceptance of bribes.
- B. Illegal political donations.
- C. Improper charitable donations or sponsorship.
- D. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.

Article 8

The Company and respective business group shall clearly specify ethical corporate management policies in their external documents. The board of directors and the management level shall undertake to rigorously and thoroughly enforce such policies for internal management and external commercial activities.

Article 9

The Company shall engage in commercial activities in a fair and transparent manner.

Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients or other trading counterparties, and their records of unethical conduct, if any.

It is advisable not to have any dealings with persons who have any records of unethical conduct.

When entering into contracts with other parties, the Company shall include in such contracts provisions demanding ethical corporate management policy compliance and that in the event the trading counterparties are suspected of engaging in unethical conduct, the Company may at any time terminate or cancel the contracts.

Article 10

When conducting business, the Company and their directors, audit committee, managers and employees, shall not directly or indirectly offer, promise to offer, request or accept any improper

benefits, unless the laws of the territories where the companies operate permit so.

Article 11

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and their directors, audit committee, managers and employees, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12

When making or offering donations and sponsorship, the Company and their directors, audit committee, managers and employees shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13

The Company and their directors, audit committee, managers and employees shall not directly or indirectly offer or accept any improper benefits to establish business relationship or influence commercial transactions.

Article 14

The board of directors of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the Company are advised to form a dedicated unit to be in charge of establishing and enforcing the ethical corporate management policies and prevention program and reporting to the board of directors on a regular basis.

Article 15

The Company and their directors, audit committee, managers and employees shall comply with laws and regulations and the prevention program when conducting business.

Article 16

For preventing conflicts of interests, the Company's directors shall exercise a high degree of self-discipline, a director may present his opinion and answer relevant questions but is prohibited from participating in discussion of or voting on any proposal where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests

of the company; neither shall a director vote on such proposal as a proxy of another director in such circumstances. The directors shall practice self-discipline and must not support one another in improper dealings.

The Company's directors, audit committee and managers shall not take advantage of their positions in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 17

To lower the risk of being involved in an unethical conduct for business activities, the Company shall establish effective accounting systems and internal control systems, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

Internal auditors of the Company shall periodically examine the company's compliance with the foregoing and prepare audit reports and submit the same to the board of directors.

Article 18

The Company shall have in place a formal channel for receiving reports on unethical conduct and keep the reporter's identity and content of the report confidential.

Article 19

The Company shall disclose the status of the enforcement of their own ethical corporate management best practice principles on their company websites, annual reports and prospectuses.

Article 20

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management, and encourage directors, audit committee, managers and employees to make suggestions so as to review and improve their ethical corporate management best practice principles and achieve better results from implementing the principles.

Article 21

The ethical corporate management best practice principles of the company shall be implemented after the board of directors grants the approval, and shall be sent to the audit committee and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.

Attachment IV

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Transcend Information, Inc.

We have audited the accompanying separate balance sheets of Transcend Information, Inc. as of December 31, 2013, December 31, 2012, and January 1, 2012 and the related separate statements of comprehensive income, of changes in equity, and of cash flows for the years ended December 31, 2013 and 2012. These separate financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these separate financial statements based on our audits. The financial statements of equity investments accounted for under the equity method, Transcend Information Inc. and Transcend Information Trading GmbH, Hamburg, and the associate, Taiwan IC Packaging Corp., were audit by other auditors, whose reports thereon were furnished to us. Our opinion, insofar as it relates to the amounts of investment income/loss and the information of investee company as disclosed in Note 13, were solely based on the reports of other auditors. The share of profit or loss of associates and equity investments accounted for under equity method solely based on the reports of other auditors were (NT\$8,128) thousand and NT\$29,633 for the year ended December 31, 2013 and 2012, constituting 0.2% and 1% of the respective income before income tax. The equity investments accounted for under the equity method in above companies were NT\$412,683 thousands, NT\$ 161,999 thousands and NT\$137,022 thousands, constituting 1.7 percent, 0.7 percent, and 0.6 percent of total assets.

We conducted our audits in accordance with the "Rules Governing the Examination of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards and rules require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the separate financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Transcend Information, Inc. as of December 31, 2013, December 31, 2012, and January 1, 2012, and the results of their operations and their cash flows for the years ended December 31, 2013 and 2012 in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers".

March 19, 2014

Taipei, Taiwan

Republic of China

The accompanying separate financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying separate financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
SEPARATE BALANCE SHEETS
(Expressed in thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2013		December 31, 2012		January 1, 2012		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 10,988,389	44	\$ 9,096,189	38	\$ 8,936,277	40
1147	Current bond investment	6(2)						
	without active market		74,513	-	-	-	-	-
1150	Notes receivable, net		4,158	-	9,987	-	7,780	-
1170	Accounts receivable, net	6(3)	1,330,522	5	1,353,882	6	1,311,199	6
1180	Accounts receivable due from	7(1)						
	related parties, net		1,427,950	6	1,754,028	7	2,065,030	3
1200	Other receivables		237,508	1	253,596	1	328,047	2
130X	Inventory, net	6(4)	4,713,168	19	5,620,642	24	3,896,571	17
1470	Other current assets		13,127	-	36,314	-	23,442	-
11XX	Current Assets		<u>18,789,335</u>	<u>75</u>	<u>18,124,638</u>	<u>76</u>	<u>16,568,346</u>	<u>74</u>
Non-current assets								
1523	Non-current available-for-sale	6(5)						
	financial assets		264,422	1	417,317	2	457,748	2
1550	Investments accounted for	6(6)						
	using equity method		3,747,410	15	3,217,680	13	3,071,327	14
1600	Property, plant and equipment	6(7),7						
		and 8	1,838,184	8	1,919,956	8	1,932,607	9
1760	Investment property, net	6(8)	217,580	1	220,573	1	223,736	1
1840	Deferred tax assets	6(20)	58,347	-	59,702	-	55,256	-
1900	Other non-current assets	8	37,980	-	21,281	-	42,133	-
15XX	Non-current assets		<u>6,163,923</u>	<u>25</u>	<u>5,856,509</u>	<u>19</u>	<u>5,782,807</u>	<u>26</u>
1XXX	Total assets		<u>\$ 24,953,258</u>	<u>100</u>	<u>\$ 23,981,147</u>	<u>100</u>	<u>\$ 22,351,153</u>	<u>100</u>

(Continued)

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
SEPARATE BALANCE SHEETS
(Expressed in thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2013		December 31, 2012		January 1, 2012		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term loans	6(9)	\$ 295,140	2	\$ -	-	\$ -	-
2150	Notes payable		1,215	-	3,607	-	167	-
2170	Accounts payable		2,571,3024	10	3,162,845	13	1,476,701	6
2180	Accounts payable to related parties	7(1)	1,334,222	6	637,908	3	871,209	4
2200	Other payables		283,266	1	325,962	1	424,329	2
2230	Current tax liabilities	6(20)	218,886	1	197,010	1	415,170	2
2300	Other current liabilities		4,615	-	1,977	-	4,210	-
21XX	Current Liabilities		<u>4,708,646</u>	<u>19</u>	<u>4,329,309</u>	<u>18</u>	<u>3,191,786</u>	<u>14</u>
Non-current liabilities								
2570	Deferred tax liabilities	6(20)	395,256	2	326,411	2	304,878	2
2600	Other non-current liabilities	6(10)	25,147	-	31,008	-	52,552	-
25XX	Non-current liabilities		<u>420,403</u>	<u>2</u>	<u>386,278</u>	<u>1</u>	<u>388,678</u>	<u>2</u>
2XXX	Total Liabilities		<u>5,129,049</u>	<u>21</u>	<u>4,686,728</u>	<u>20</u>	<u>3,549,216</u>	<u>16</u>
Share capital								
		6(11)						
3110	Common stock		4,307,617	17	4,307,617	18	4,307,617	19
Capital surplus								
		6(12)						
3200	Capital surplus		4,799,075	19	5,014,456	21	5,014,456	22
Retained earnings								
		6(13)						
3310	Legal reserve		2,733,339	11	2,448,801	10	2,162,186	10
3350	Unappropriated retained earnings		7,975,047	32	7,639,812	32	7,327,965	33
Other equity interest								
		6(15)						
3400	Other equity interest		9,131	-	(116,267)	-	(10,287)	-
3XXX	Total equity		<u>19,824,209</u>	<u>79</u>	<u>19,294,419</u>	<u>80</u>	<u>18,801,937</u>	<u>84</u>
Significant contingent liabilities and unrecongnised contract commitments								
Significant events after the balance sheet date								
	Total liabilities and equity		<u>\$ 24,953,258</u>	<u>100</u>	<u>\$ 23,981,147</u>	<u>100</u>	<u>\$ 22,351,153</u>	<u>100</u>

The accompanying notes are an integral part of these separate financial statements.
See report of independent accountants dated March 19, 2014.

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(Expressed in thousands of New Taiwan Dollars, except earnings per share amount)

Items	Notes	Year ended December 31			
		2013		2012	
		AMOUNT	%	AMOUNT	%
4000 Operating Revenue	6(16) and 7	\$ 25,087,848	100	\$ 25,382,153	100
5000 Operating Costs	6(4) and 7	(21,072,049)	(84)	(21,502,817)	(85)
5900 Gross Profit		<u>4,015,799</u>	<u>19</u>	<u>3,879,336</u>	<u>15</u>
Unrealized gain from intercompany transaction		(87,889)	-	(73,138)	-
Realized gain from intercompany transaction		<u>73,138</u>	<u>-</u>	<u>90,833</u>	<u>-</u>
Gross Profit, net		<u>4,001,048</u>	<u>16</u>	<u>3,897,031</u>	<u>15</u>
Operating Expenses	6(19)				
6100 Sales and marketing expenses		(483,665)	(2)	(413,681)	(2)
6200 General and administrative expenses		(204,448)	(1)	(207,636)	(1)
6300 Research and development expenses		(156,948)	-	(145,155)	-
6000 Total operating expenses		(845,061)	(3)	(766,472)	(3)
6900 Operating Income		<u>3,155,987</u>	<u>13</u>	<u>3,130,559</u>	<u>12</u>
Non-operating Income and Expenses					
7010 Other income	6(17) and 7	109,250	-	96,178	-
7020 Other gains and losses	6(18)	242,556	1	(110,447)	-
7050 Finance costs		(1,003)	-	(13)	-
7060 Share of profit or loss of associates and joint ventures accounted for using equity method	6(6)	<u>154,029</u>	<u>1</u>	<u>241,922</u>	<u>1</u>
7000 Total non-operating income and expenses		<u>504,832</u>	<u>2</u>	<u>227,640</u>	<u>1</u>
7900 Income before income tax		<u>3,660,819</u>	<u>15</u>	<u>3,358,199</u>	<u>13</u>
7950 Income tax expense	6(20)	(461,862)	(2)	(409,864)	(2)
8200 Net income		<u>\$ 3,198,957</u>	<u>12</u>	<u>\$ 2,948,335</u>	<u>11</u>
Other comprehensive income					
8310 Foreign exchange translation differences for foreign operations		\$ 148,571	-	(\$ 115,143)	-
8325 Unrealized gain (loss) on available-for-sale financial assets	6(5)	2,085	-	(10,431)	-
8360 Actuarial gain on defined benefit plan	6(10)	5,387	-	19,317	-
8399 Income tax on other comprehensive income	6(20)	(25,258)	-	19,594	-
8500 Total comprehensive income		<u>\$ 3,329,742</u>	<u>13</u>	<u>\$ 2,861,672</u>	<u>11</u>
Net income attributable to:					
Basic earnings per share	6(21)				
9750 Basic earnings per share		\$	7.43	\$	6.84
9850 Diluted earnings per share		\$	7.41	\$	6.83

The accompanying notes are an integral part of these separate financial statements.
See report of independent accountants dated March 19, 2014.

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Expressed in thousands of New Taiwan Dollars)

	Equity attributable to owners of the parent								
	Capital Reserves			Retained Earnings		Other equity interest			
	Common stock	Additional paid-in capital	Capital surplus from donated assets	Capital surplus from merger	Legal reserve	Unappropriated earnings	Foreign exchange translation differences for foreign operations	Unrealized gain or loss on available-for-sale financial assets	Total equity
<u>For the year ended December 31, 2012</u>									
Balance at January 1, 2012	\$ 4,307,617	\$ 4,975,222	\$ 4,106	\$ 35,128	\$ 2,162,186	\$ 7,327,965	\$ -	(\$ 10,287)	\$ 18,801,937
Appropriations of 2011 earnings									
Legal reserve	-	-	-	-	286,615	(286,615)	-	-	-
Cash dividends	-	-	-	-	-	(2,369,190)	-	-	(2,369,190)
Net income for the year	-	-	-	-	-	2,948,335	-	-	2,948,335
Other comprehensive income for the year	-	-	-	-	-	19,317	(95,549)	(10,431)	(86,663)
Balance at December 31, 2012	<u>\$ 4,307,617</u>	<u>\$ 4,975,222</u>	<u>\$ 4,106</u>	<u>\$ 35,128</u>	<u>\$ 2,448,801</u>	<u>\$ 7,639,812</u>	<u>(\$ 95,549)</u>	<u>(\$ 20,718)</u>	<u>\$ 19,294,419</u>
<u>For the year ended December 31, 2013</u>									
Balance at January 1, 2013	\$ 4,307,617	\$ 4,975,222	\$ 4,106	\$ 35,128	\$ 2,448,801	\$ 7,639,812	(\$ 95,549)	(\$ 20,718)	\$ 19,294,419
Appropriations of 2012 earnings									
Legal reserve	-	-	-	-	284,538	(284,538)	-	-	-
Cash dividends	-	-	-	-	-	(2,584,571)	-	-	(2,584,571)
Change in capital reserve									
Cash distribution of capital reserve	-	(215,381)	-	-	-	-	-	-	(215,381)
Net income for the year	-	-	-	-	-	3,198,957	-	-	3,198,957
Other comprehensive income for the year	-	-	-	-	-	5,387	123,313	2,085	130,785
Balance at December 31, 2013	<u>\$ 4,307,617</u>	<u>\$ 4,759,841</u>	<u>\$ 4,106</u>	<u>\$ 35,128</u>	<u>\$ 2,733,339</u>	<u>\$ 7,975,047</u>	<u>\$ 27,764</u>	<u>(\$ 18,633)</u>	<u>\$ 19,824,209</u>

The accompanying notes are an integral part of these separate financial statements.
See report of independent accountants dated March 19, 2014.

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan Dollars)

	2013	2012
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax for the year	\$ 3,660,819	\$ 3,358,199
Adjustments to reconcile income before tax to net cash provided by operating activities:		
Income and expenses having no effect on cash flows		
Unrealized gain from intercompany transaction	87,889	73,138
Realized gain from intercompany transaction	(73,138)	(90,833)
Net gains on valuation of financial assets at fair value through profit or loss	(29,979)	-
Gain on disposal of financial assets	(97,125)	-
Loss on disposal of equity investment accounted for using equity method	323	-
Share of loss of associates and joint ventures accounted for using equity method	(154,029)	(241,922)
Provision for (Reversal of) bad debt expense	13,325	(981)
Loss (gain) on market price decline (recovery) of inventory	(9,673)	16,403
Depreciation expense	120,042	117,109
Interest income	(100,837)	(87,767)
Dividend income	(15,074)	(24,584)
Impairment loss on financial assets	-	30,000
Gains on disposal of property, plant, and equipment	(1,974)	(156)
Changes in assets/liabilities relating to operating activities		
Net changes in assets relating to operating activities		
Net gain on financial assets at fair value through profit	29,979	-
Notes and accounts receivable	341,942)	267,093
Other receivables	20,366	85,750
Inventories	917,147	(1,740,474)
Other current assets	2,308	(12,872)
Net changes in liabilities relating to operating activities		
Notes and accounts payable	102,379)	1,456,283
Other payables	(36,305)	(75,040)
Other current liabilities	2,638	(2,233)
Other non-current liabilities	(1,670)	(23,423)
Cash generated from operations	4,779,353	3,103,690
Cash dividend received	15,074	24,584
Interest received	96,559	76,468
Interest paid	(1,004)	(13)
Income tax paid	(395,044)	(595,341)
Net cash provided by operating activities	4,494,938	2,609,388
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Increase in bond investments without active markets	(74,066)	-
Disposal of equity investment accounted for using equity method	5,263	-
Acquisition of property, plant, and equipment	(32,612)	(73,715)
Disposal of property, plant, and equipment	2,438	353
Decrease (increase) in other non-current assets	1,051	(6,924)
Net cash used in investing activities	(97,926)	(80,286)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Short-term loans	295,140	-
Payment of cash dividends (including cash distribution of capital reserve)	(2,799,952)	(2,369,190)
Net cash used in financing activities	(2,504,812)	(2,369,190)
Increase in cash and cash equivalents	1,892,200	159,912
Cash and cash equivalents at beginning of year	9,096,189	8,936,277
Cash and cash equivalents at end of year	\$ 10,988,389	\$ 9,096,189

The accompanying notes are an integral part of these separate financial statements.
See report of independent accountants dated March 19, 2014.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR13000270

To the Board of Directors and Stockholders of Transcend Information, Inc.

We have audited the accompanying consolidated balance sheets of Transcend Information, Inc. and its subsidiaries as of December 31, 2013, December 31, 2012, and January 1, 2012 and the related consolidated statements of comprehensive income, of changes in equity, and of cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. As disclosed in Note 4(3)B, we did not audit the financial statements of certain subsidiaries, which statements reflect total assets of NT\$547,456 thousand, NT\$636,489 thousand, and NT\$684,112 thousand, constituting 2 percent, 3 percent, and 3 percent of the consolidated total assets, as of December 31, 2013, December 31, 2012, and January 1, 2012, respectively, and total revenues of NT\$2,748,290 thousand and NT\$2,958,740 thousand, both constituting 11 percent of the consolidated total operating revenue, for the years ended December 31, 2013 and 2012, respectively. Furthermore, we did not audit the financial statements of equity investments accounted for under the equity method. The investment loss from these equity investments amounting to NT\$30,403 thousand for the year ended December 31, 2013, and the information of investee company as disclosed in Note 13 were solely based on the reports of other auditors. As of December 31, 2013, the equity investment accounted for under the equity method was NT\$221,255 thousand.

We conducted our audits in accordance with the "Rules Governing the Examination of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards and rules require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Transcend Information, Inc. and its subsidiaries as of December 31, 2013, December 31, 2012, and January 1, 2012, and the results of their operations and their cash flows for the years ended December 31, 2013 and 2012 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and "International Financial Reporting Standards", "International Accounting Standards", "International Financial Reporting Interpretations Committee", and "Standing Interpretations Committee" as endorsed by the Financial Supervisory Commission.

We have also audited the separate financial statements of Transcend Information, Inc. as of and for the years ended December 31, 2013 and 2012, and have issued a modified unqualified opinion.

March 19, 2014

Taipei, Taiwan

Republic of China

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2013		December 31, 2012		January 1, 2012		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 11,639,505	48	\$ 9,872,243	41	\$ 9,708,263	44
1147	Current bond investment	6(2)						
	without active market		123,698	1	470,064	2	96,140	-
1150	Notes receivable, net		4,158	-	9,987	-	7,780	-
1170	Accounts receivable, net	6(3)	2,732,001	11	2,418,600	10	2,430,418	11
1180	Accounts receivable due from	7(1)						
	related parties, net		-	-	162,247	1	108,774	1
1200	Other receivables		254,528	1	278,281	1	331,478	2
130X	Inventory, net	6(4)	5,075,939	21	6,222,330	26	4,502,324	20
1470	Other current assets		36,311	-	58,898	-	47,386	-
11XX	Current Assets		<u>19,866,140</u>	<u>82</u>	<u>19,492,650</u>	<u>81</u>	<u>17,232,563</u>	<u>78</u>
Non-current assets								
1523	Non-current available-for-sale	6(5)						
	financial assets		264,422	1	417,317	2	457,748	2
1550	Investments accounted for	6(6)						
	using equity method		221,255	1	-	-	-	-
1600	Property, plant and equipment	6(7) and 8	3,330,875	14	3,473,891	15	3,708,190	17
1760	Investment property, net	6(8)	303,232	1	306,272	1	316,818	2
1840	Deferred tax assets	6(21)	78,915	-	84,314	-	76,064	-
1900	Other non-current assets	6(9) and 8	183,691	1	157,966	1	188,862	1
15XX	Non-current assets		<u>4,382,390</u>	<u>18</u>	<u>4,439,760</u>	<u>19</u>	<u>4,747,682</u>	<u>22</u>
1XXX	Total assets		<u>\$ 24,248,530</u>	<u>100</u>	<u>\$ 23,932,410</u>	<u>100</u>	<u>\$ 21,980,245</u>	<u>100</u>

(Continued)

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan Dollars)

Liabilities and Equity		Notes	December 31, 2013		December 31, 2012		January 1, 2012	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term loans	6(10)	\$ 579,040	2	\$ 168,200	1	\$ -	-
2150	Notes payable		1,215	-	3,608	-	167	-
2170	Accounts payable		2,669,584	11	3,323,331	14	1,713,204	8
2180	Accounts payable to related parties	7(1)	45,801	-	-	-	-	-
2200	Other payables		393,810	2	468,202	2	589,310	2
2230	Current tax liabilities	6(21)	239,967	1	248,795	1	427,409	2
2300	Other current liabilities		50,013	-	39,577	-	59,540	-
21XX	Current Liabilities		<u>3,979,430</u>	<u>16</u>	<u>4,251,713</u>	<u>18</u>	<u>2,789,630</u>	<u>12</u>
Non-current liabilities								
2570	Deferred tax liabilities	6(21)	395,542	2	326,411	1	304,878	2
2600	Other non-current liabilities	6(11)	49,349	-	59,867	-	83,800	-
25XX	Non-current liabilities		<u>444,891</u>	<u>2</u>	<u>386,278</u>	<u>1</u>	<u>388,678</u>	<u>2</u>
2XXX	Total Liabilities		<u>4,424,321</u>	<u>18</u>	<u>4,637,991</u>	<u>19</u>	<u>3,178,308</u>	<u>14</u>
Share capital								
		6(12)						
3110	Common stock		4,307,617	18	4,307,617	18	4,307,617	20
Capital surplus								
		6(13)						
3200	Capital surplus		4,799,075	20	5,014,456	21	5,014,456	23
Retained earnings								
		6(14)						
3310	Legal reserve		2,733,339	11	2,448,801	10	2,162,186	10
3350	Unappropriated retained earnings		7,975,047	33	7,639,812	32	7,327,965	33
Other equity interest								
		6(16)						
3400	Other equity interest		9,131	-	(116,267)	-	(10,287)	-
31XX	Total equity attributable to owners of parent		<u>19,824,209</u>	<u>82</u>	<u>19,294,419</u>	<u>81</u>	<u>18,801,937</u>	<u>86</u>
3XXX	Total equity		<u>19,824,209</u>	<u>82</u>	<u>19,294,419</u>	<u>81</u>	<u>18,801,937</u>	<u>86</u>
Significant contingent liabilities and unrecongnised contract commitments								
Significant events after the balance sheet date								
Total liabilities and equity			<u>\$ 24,248,530</u>	<u>100</u>	<u>\$ 23,932,410</u>	<u>100</u>	<u>\$ 21,980,245</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 19, 2014.

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(Expressed in thousands of New Taiwan Dollars, except earnings per share amount)

Items	Notes	Year ended December 31			
		2013		2012	
		AMOUNT	%	AMOUNT	%
4000 Operating Revenue	6(17) and 7	\$ 26,122,390	100	\$ 26,215,961	100
5000 Operating Costs	6(4) and 7	(21,201,143)	(81)	(21,268,979)	(81)
5900 Gross Profit		<u>4,921,247</u>	<u>19</u>	<u>4,946,982</u>	<u>19</u>
Operating Expenses	6(20)				
6100 Sales and marketing expenses		(1,020,315)	(4)	(982,033)	(4)
6200 General and administrative expenses		(392,338)	(1)	(399,418)	(1)
6300 Research and development expenses		(157,028)	(1)	(145,155)	(1)
6000 Total operating expenses		<u>(1,569,681)</u>	<u>(6)</u>	<u>(1,526,606)</u>	<u>(6)</u>
6900 Operating Income		<u>3,351,566</u>	<u>13</u>	<u>3,420,376</u>	<u>13</u>
Non-operating Income and Expenses					
7010 Other income	6(18)	130,645	-	109,938	-
7020 Other gains and losses	6(19)	292,236	1	(78,559)	-
7050 Finance costs		(5,900)	-	(1,581)	-
7060 Share of profit or loss of associates and joint ventures accounted for using equity method	6(6)	(30,403)	-	-	-
7000 Total non-operating income and expenses		<u>386,578</u>	<u>1</u>	<u>29,798</u>	<u>-</u>
7900 Income before income tax		<u>3,738,144</u>	<u>14</u>	<u>3,450,174</u>	<u>13</u>
7950 Income tax expense	6(21)	(539,187)	(2)	(501,839)	(2)
8200 Net income		<u>\$ 3,198,957</u>	<u>12</u>	<u>\$ 2,948,335</u>	<u>11</u>
Other comprehensive income					
8310 Foreign exchange translation differences for foreign operations		\$ 148,571	1	(\$ 115,143)	-
8325 Unrealized gain (loss) on available-for-sale financial assets	6(5)	2,085	-	(10,431)	-
8360 Actuarial gain on defined benefit plan	6(11)	5,387	-	19,317	-
8399 Income tax on other comprehensive income	6(21)	(25,258)	-	19,594	-
8500 Total comprehensive income		<u>\$ 3,329,742</u>	<u>13</u>	<u>\$ 2,861,672</u>	<u>11</u>
Net income attributable to:					
8610 Owners of parent		<u>\$ 3,198,957</u>	<u>12</u>	<u>\$ 2,948,335</u>	<u>11</u>
Comprehensive income attributable to:					
8710 Owners of parent		<u>\$ 3,329,742</u>	<u>13</u>	<u>\$ 2,861,672</u>	<u>11</u>
Basic earnings per share	6(22)				
9750 Basic earnings per share		<u>\$</u>	<u>7.43</u>	<u>\$</u>	<u>6.84</u>
9850 Diluted earnings per share		<u>\$</u>	<u>7.41</u>	<u>\$</u>	<u>6.83</u>

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 19, 2014.

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Expressed in thousands of New Taiwan Dollars)

	Equity attributable to owners of the parent								
	Capital Reserves				Retained Earnings		Other equity interest		Total equity
	Common stock	Additional paid-in capital	Capital surplus from donated assets	Capital surplus from merger	Legal reserve	Unappropriated earnings	Foreign exchange translation differences for foreign operations	Unrealized gain or loss on available-for-sale financial assets	
<u>For the year ended December 31, 2012</u>									
Balance at January 1, 2012	\$ 4,307,617	\$ 4,975,222	\$ 4,106	\$ 35,128	\$ 2,162,186	\$ 7,327,965	\$ -	(\$ 10,287)	\$ 18,801,937
Appropriations of 2011 earnings									
Legal reserve	-	-	-	-	286,615	(286,615)	-	-	-
Cash dividends	-	-	-	-	-	(2,369,190)	-	-	(2,369,190)
Net income for the year	-	-	-	-	-	2,948,335	-	-	2,948,335
Other comprehensive income for the year	-	-	-	-	-	19,317	(95,549)	(10,431)	(86,663)
Balance at December 31, 2012	<u>\$ 4,307,617</u>	<u>\$ 4,975,222</u>	<u>\$ 4,106</u>	<u>\$ 35,128</u>	<u>\$ 2,448,801</u>	<u>\$ 7,639,812</u>	<u>(\$ 95,549)</u>	<u>(\$ 20,718)</u>	<u>\$ 19,294,419</u>
<u>For the year ended December 31, 2013</u>									
Balance at January 1, 2013	\$ 4,307,617	\$ 4,975,222	\$ 4,106	\$ 35,128	\$ 2,448,801	\$ 7,639,812	(\$ 95,549)	(\$ 20,718)	\$ 19,294,419
Appropriations of 2012 earnings									
Legal reserve	-	-	-	-	284,538	(284,538)	-	-	-
Cash dividends	-	-	-	-	-	(2,584,571)	-	-	(2,584,571)
Change in capital reserve									
Cash distribution of capital reserve	-	(215,381)	-	-	-	-	-	-	(215,381)
Net income for the year	-	-	-	-	-	3,198,957	-	-	3,198,957
Other comprehensive income for the year	-	-	-	-	-	5,387	123,313	2,085	130,785
Balance at December 31, 2013	<u>\$ 4,307,617</u>	<u>\$ 4,759,841</u>	<u>\$ 4,106</u>	<u>\$ 35,128</u>	<u>\$ 2,733,339</u>	<u>\$ 7,975,047</u>	<u>\$ 27,764</u>	<u>(\$ 18,633)</u>	<u>\$ 19,824,209</u>

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 19, 2014.

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan Dollars)

	2013	2012
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Consolidated profit before tax for the year	\$ 3,738,144	\$ 3,450,174
Adjustments to reconcile income before tax to net cash provided by operating activities:		
Income and expenses having no effect on cash flows		
Net gains on valuation of financial assets at fair value through profit or loss	(29,979)	-
Gain on disposal of financial assets	(112,397)	(27,973)
Share of loss of associates and joint ventures accounted for using equity method	30,403	-
Provision for bad debt expense	14,900	10,673
Loss (gain) on market price decline (recovery) of inventory	(9,668)	16,395
Depreciation expense	238,147	237,463
Amortization expense	2,238	2,956
Interest income	(115,182)	(95,494)
Impairment loss on financial assets	-	30,000
Gains on disposal of property, plant, and equipment	(1,916)	(746)
Dividend income	(15,074)	(24,584)
Changes in assets/liabilities relating to operating activities		
Net changes in assets relating to operating activities		
Net gain on financial assets at fair value through profit	29,979	-
Notes and accounts receivable	(160,225)	(54,535)
Other receivables	39,086	66,651
Inventories	1,156,059	(1,736,401)
Other current assets	1,708	(11,512)
Net changes in liabilities relating to operating activities		
Notes and accounts payable	(610,339)	1,613,568
Other payables	(67,664)	(120,355)
Other current liabilities	10,436	(19,963)
Other non-current liabilities	(5,131)	(4,616)
Cash generated from operations	4,133,525	3,331,701
Cash dividend received	15,074	24,584
Interest received	99,849	82,040
Interest paid	(6,728)	(753)
Income tax paid	(498,742)	(653,223)
Net cash provided by operating activities	3,742,978	2,784,349
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Decrease (increase) in bond investments without active markets	388,276	(350,943)
Acquisition of property, plant, and equipment	(54,858)	(48,915)
Disposal of property, plant, and equipment	7,780	3,579
Decrease (increase) in other non-current assets	(8,640)	(990)
Net cash provided by (used in) investing activities	332,558	(397,269)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Short-term loans	447,390	168,200
Payment of cash dividends (including cash distribution of capital reserve)	(2,799,952)	(2,369,190)
Net cash used in financing activities	(2,352,562)	(2,200,990)
Effect of foreign exchange rate changes	44,288	(22,110)
Increase in cash and cash equivalents	1,767,262	163,980
Cash and cash equivalents at beginning of year	9,872,243	9,708,263
Cash and cash equivalents at end of year	\$ 11,639,505	\$ 9,872,243

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 19, 2014.

TRANSCEND INFORMATION INC.

COMPARISON TABLE FOR THE “PROCEDURES FOR ACQUISITION OR DISPOSAL OF ASSETS

After the revision	Before the revision	Explanation
<p>Article 3 : Scope of assets (omitting)</p> <p>2. Real property (including <u>land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.</u> (omitting)</p>	<p>Article 3 : Scope of assets (omitting)</p> <p>2. Real property (including <u>construction enterprise inventory) and other fixed assets.</u> (omitting)</p>	<p>The Company proposes to amend the “Procedures for Acquisition or Disposal of Assets” to comply with amendment to “Regulations Governing Acquisition or Disposal of Assets by Public Companies”, and to fit with IFRSs and the Company’s practical operation.</p>
<p>Article 4 : Definitions of Term (omitting)</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration thereof (hereinafter "transfer of shares") under Article 156, paragraph 6 of the Company Act.</p> <p>3. Related party <u>and Subsidiary</u>: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or <u>equipment.</u></p>	<p>Article 4 : Definitions of Term (omitting)</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration thereof (hereinafter "transfer of shares") under Article 156, paragraph 6 of the Company Act.</p> <p>3. Related party: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. <u>Subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p>	<p>The Company proposes to amend the “Procedures for Acquisition or Disposal of Assets” to comply with amendment to “Regulations Governing Acquisition or Disposal of Assets by Public Companies”, and to fit with IFRSs and the Company’s practical operation.</p>

<p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	<p>5. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or <u>other fixed assets</u>.</p> <p>6. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>7. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	
<p>Article 10 : In acquiring or disposing of real property or <u>equipment</u> where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of</p>	<p>Article 10 : In acquiring or disposing of real property or <u>other fixed assets</u> where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of</p>	<p>The Company proposes to amend the “Procedures for Acquisition or Disposal of Assets” to comply with amendment to “Regulations Governing Acquisition or Disposal of Assets by Public Companies”, and to fit with IFRSs and the Company’s practical operation.</p>

<p>the event from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> 1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. 2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by <u>the ROC Accounting Research and Development Foundation (ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: <ol style="list-style-type: none"> A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. 	<p>occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> 1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. 2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by <u>the Accounting Research and Development Foundation</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: <ol style="list-style-type: none"> A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the 	
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<p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	
<p>Article 12 : The procedures for Related Party Transactions (omitting)</p> <p>2. The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs based the related requirement. When the following conditions happens, the company shall additionally engage a certified public accountant to review the reasonableness and to provide an opinion:</p> <p>A. The related party acquired the real property through inheritance or as a gift.</p> <p>B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>C. The real property is acquired through signing of a joint development contract with the</p>	<p>Article 12 : The procedures for Related Party Transactions (omitting)</p> <p>2. The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs based the related requirement. When the following conditions happens, the company shall additionally engage a certified public accountant to review the reasonableness and to provide an opinion:</p> <p>A. The related party acquired the real property through inheritance or as a gift.</p> <p>B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>C. The real property is acquired through signing of a joint</p>	<p>The Company proposes to amend the “Procedures for Acquisition or Disposal of Assets” to comply with amendment to “Regulations Governing Acquisition or Disposal of Assets by Public Companies”, and to fit with IFRSs and the Company’s practical operation.</p>

<p>related party, or through engaging the related party to develop the real property, either on the Company's own land or on rented land.</p> <p>3. Appraisal and Operating procedures When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, <u>except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds,</u> the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors: (omitting) For acquisition or disposition of <u>equipment</u> between the Company and its subsidiaries, it is permissible to be approved first with specific limitation by the chairman and then ratified at the next board of directors meeting by submitting the proposal. (omitting)</p>	<p>development contract with the related party.</p> <p>3. Appraisal and Operating procedures When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors: (omitting) For acquisition or disposition of <u>machinery equipment</u> between the Company and its subsidiaries, it is permissible to be approved first with specific limitation by the chairman and then ratified at the next board of directors meeting by submitting the proposal. (omitting)</p>	
<p>Article 13 : The procedures for acquisition or disposition of memberships and intangible assets Where the Company acquires or disposes of memberships or intangible assets and the</p>	<p>Article 13 : The procedures for acquisition or disposition of memberships and intangible assets Where the Company acquires or disposes of memberships or intangible assets and</p>	<p>The Company proposes to amend the "Procedures for Acquisition or Disposal of Assets" to comply with amendment to "Regulations Governing Acquisition or Disposal of Assets by Public</p>

<p>transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, <u>except in transactions with a government agency</u>, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>Companies”, and to fit with IFRSs and the Company’s practical operation.</p>
<p>Article 15 : The procedures for acquisition or disposition of Derivatives (omitting) 6. Internal Control G. A company shall report to the <u>latest</u> meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with this procedures for engaging in derivatives trading.</p>	<p>Article 15 : The procedures for acquisition or disposition of Derivatives (omitting) 6. Internal Control G. A company shall report to the meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with this procedures for engaging in derivatives trading.</p>	<p>The Company proposes to amend the “Procedures for Acquisition or Disposal of Assets” to comply with amendment to “Regulations Governing Acquisition or Disposal of Assets by Public Companies”, and to fit with IFRSs and the Company’s practical operation.</p>
<p>Article 19 : Information Disclosure Procedures 1. Projects that shall be declared or Report Standard A. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of</p>	<p>Article 19 : Information Disclosure Procedures 1. Projects that shall be declared or Report Standard A. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to</p>	<p>The Company proposes to amend the “Procedures for Acquisition or Disposal of Assets” to comply with amendment to “Regulations Governing Acquisition or Disposal of Assets by Public Companies”, and to fit with IFRSs and the Company’s practical operation.</p>

<p><u>government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.</u></p> <p>(omitting)</p> <p>D. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of government bonds.</p> <p>(2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, <u>or subscription of securities by a securities firm, either in the primary market in accordance with relevant regulations.</u></p> <p>(3) <u>Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.</u></p> <p>(4) Where the type of asset acquired or disposed is <u>equipment</u> for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>(omitting)</p>	<p>trading of <u>government bonds or bonds under repurchase and resale agreements.</u></p> <p>(omitting)</p> <p>D. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of government bonds.</p> <p>(2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets.</p> <p>(3) <u>Trading of bonds under repurchase/resale agreements.</u></p> <p>(4) Where the type of asset acquired or disposed is <u>machinery equipment</u> for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>(omitting)</p>	
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TRANSCEND INFORMATION INC.

COMPARISON TABLE FOR THE “ARTICLES OF INCORPORATION

After the revision	Before the revision	Explanation
<p>Section III - Shareholders’ meetings Article 12 :</p> <p>Except as provided in the Company Law of the Republic of China, shareholders’ meetings may be held if attended by shareholders more than one half of the total issued and outstanding capital stock of the Corporation, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting.</p> <p><u>Pursuant to Article 177-1 of the Company Act, the shareholders may vote via written form or an electronic voting system, and the manner or voting shall be clearly stated in each meeting notice.</u></p>	<p>Section III - Shareholders’ meetings Article 12 :</p> <p>Except as provided in the Company Law of the Republic of China, shareholders’ meetings may be held if attended by shareholders more than one half of the total issued and outstanding capital stock of the Corporation, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting.</p>	<p>To carry out Shareholder Activism, the Company proposes to amend the “Articles of Incorporation” to include the use of an electronic voting system by shareholders pursuant to Article 177-1 of the Company Act.</p>
<p>Article 13-1 :</p> <p>To harmonize with Article 14-2 of the Securities and Exchange Act, there shall be at least three independent directors among the Company's directors. <u>A candidate nomination system shall be adopted, and the shareholders meeting shall elect all directors (including independent directors) from among the those listed on the slate of director candidates.</u> The relevant regulations of the competent securities authority shall be followed regarding the professional qualifications, shareholding, moonlighting restrictions, nomination and election, and other compliance requirements regarding independent directors.</p>	<p>Article 13-1 :</p> <p>To harmonize with Article 14-2 of the Securities and Exchange Act, there shall be at least three independent directors among the Company's directors. <u>A candidate nomination system shall be adopted, and the shareholders meeting shall elect independent directors from among the those listed on the slate of independent director candidates.</u> The relevant regulations of the competent securities authority shall be followed regarding the professional qualifications, shareholding, moonlighting restrictions, nomination and election, and other compliance requirements regarding independent directors.</p>	<p>To improve corporation government, the Company proposed to amend the “Articles of Incorporation” to adopt a candidate nomination system for the election of directors pursuant to Article 192-1 of the Company Act.</p>

TRANSCEND INFORMATION INC.

COMPARISON TABLE FOR THE "PROCEDURES FOR ELECTION OF DIRECTOR

After the revision	Before the revision	Explanation
Article 1 : The directors of this Company shall be elected in accordance with the rules specified herein and <u>all directors (including independent directors)</u> shall be elected by adopting the candidate nomination system specified in Article 192-1 of the Company Act.	Article 1 : The directors of this Company shall be elected in accordance with the rules specified herein. This Company' s <u>independent directors</u> shall be elected by adopting the candidate nomination system specified in Article 192-1 of the Company Act.	The Company proposes to amend the "Procedures for Election of Directors" to comply with amendment to "Articles of Incorporation".

TRANSCEND INFORMATION INC.
RULES AND PROCEDURES OF SHAREHOLDERS' MEETING

Article 1 : Except for the regulation, regular Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures.

Article 2 : An attendance book shall be prepared for signing in of the attended shareholders in the Shareholders' Meeting, or attended shareholders shall submit the attendance card for the purpose of signing in. The number of shares represented by attended shareholders shall be calculated in accordance with the attendance book signing by the shareholders and the attendance cards submitted by the shareholders.

Article 3 : The attendance and voting of Shareholders' Meeting shall be calculated based on the shares.

Article 4 : The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.

Article 5 : The Chairman of the Board of Directors shall be the chairman presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. If, for any reason, the Chairman of the Board of Directors cannot preside at the Meeting, the Vice Chairman of the Board of Directors shall preside at the Meeting. If, no Vice Chairman or for any reason, the Vice Chairman of the Board of Directors cannot preside at the Meeting, the chairman may designate one managing director to do so on the chairman's behalf. If there is no managing director, the chairman may designate one director to preside at the Meeting. If the chairman does not designate a representative, the managing directors or directors shall mutually select a chair from among themselves..

If the Meeting is convened by any other person entitled to convene the Meeting, such person shall be the chairman to preside at the Meeting. When two or more parties meet this description, they shall mutually select a chair from among themselves.

Article 6 : The Company may appoint designated counsel, CPA or other related persons to attend the Meeting. Persons handling affairs of the Meeting shall wear identification cards or badges.

Article 7 : The process of the Meeting shall be taperecorded or videotaped and these tapes shall be preserved for at least one year.

Article 8 : Chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Law of the Republic of China.

If during the process of the Meeting the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Law of the Republic of China.

Article 9 : The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda.

The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting.

Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved.

The shareholders cannot designate any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned. However, in the event that the Chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by attended shareholders, one person as chairman to continue the Meeting.

Article 10 : When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairman.

If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail.

Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.

Article 11 : Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than two times (each time not exceeding 5 minutes). In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder.

Article 12 : Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting.

If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.

Article 13 : After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.

Article 14 : The chairman may announce to end the discussion of any resolution and go into voting if the Chairman deems it

appropriate.

Article 15 : The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s).

The result of voting shall be announced at the Meeting and placed on record.

Article 16 : During the Meeting, the chairman may, at his discretion, set time for intermission.

Article 17 : Except otherwise specified in the Company Law or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the chairman.

Article 18 : If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

Article 19 : The chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges marked "Disciplinary Officers" for identification purpose.

Article 20 : These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

TRANSCEND INFORMATION INC.
ARTICLES OF INCORPORATION

Section I - General Provisions

Article 1 : The Corporation shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be 創見資訊股份有限公司 in the Chinese language, and Transcend Information, Inc. in the English language.

Article 2 : The scope of business of the Corporation shall be as follows:

1. CC01110 Computers and Computing Peripheral Equipments Manufacturing
2. CC01120 Data Storage Media Manufacturing and Duplicating
3. F113050 Wholesale of Computing and Business Machinery Equipment
4. F118010 Wholesale of Computer Software
5. F119010 Wholesale of Electronic Materials
6. F401010 International Trade
7. I301010 Software Design Services
8. CC01080 Electronic Parts and Components Manufacturing
9. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
10. CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
11. ZZ99999 In addition to licensing business, business law may prohibit or restrict non-business.

Article 3 : The Corporation shall have its head office in Taipei City, Taiwan, Republic of China, and shall be free, upon the resolutions of Board of Directors to set up branch offices in Republic of China and abroad wherever and whenever the Corporation deems it necessary or advisable to carry out any or all of its activities.

Article 4 : The total amount of the Corporation' s reinvestment shall not be subject to the restriction of not more than forty percent of the Corporation' s paid-up capital as provided in the Company Law but shall not be more than the Corporation' s paid-up capital. The Corporation may provide endorsement and guarantee and act as a guarantor. Any matters regarding the reinvestment shall be resolved in accordance with the resolutions of the Board of Directors.

Article 5 : Public announcements of the Corporation shall be made in accordance with the Article 28 of the Company Act.

Section II - Capital Stock

Article 6 : The total capital stock of the Corporation shall be in the amount of 5,000,000,000 New Taiwan Dollars, divided into 500,000,000 shares, at ten New Taiwan Dollars each. The Board of directors is authorized to issue the shares in separate installments as required. A total of 25,000,000 shares among the above total capital stock should be reserved for issuing employee stock options. The Board of directors is authorized to issue employee stock options from time to time.

Article 6-1 : If the Corporation issue employee stock options on the exercise price under the market price, it shall be issued after the resolution of the Shareholders' meetings in accordance with relevant rules and regulations of the Republic of China.

Article 6-2 : The Corporation may issue shares without printing share certificate(s), but shares issued shall be registered with a securities depository enterprise.

Article 7 : All stock transaction conducted by shareholders of the Corporation shall follow the "Guidelines for Stock Operations for Public Companies" .

Article 8 : Registration for transfer of shares shall be suspended 60 days immediately before the date of regular meeting of shareholders, and 30 days immediately before the date of any special meeting of shareholders, or within 5 days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Corporation.

Section III - Shareholders' meetings

Article 9 : Shareholders' meetings of the Corporation are of two types, namely: (1) regular meetings and (2) special meetings.

Regular meetings shall be convened within 6 months after the close of each fiscal year. special meetings may be convened in accordance with applicable laws and regulations whenever necessary. Written notices shall be sent to all shareholders for the convening of shareholders' meetings, at least 30 days in advance, in case of regular meetings; and at least 15 days in advance, in case of special meetings.

Article 10 : If a shareholder is unable to attend a meeting, he/she may appoint a proxy to attend it by using the proxy form issued by the Company and specifying the scope of proxy. Shareholder attendance by proxy shall be subject to the Company Law and also to the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies issued by the competent authority.

Article 11 : Each share of stock shall be entitled to one vote.

Article 12 : Except as provided in the Company Law of the Republic of China, shareholders' meetings may be held if attended by shareholders more than one half of the total issued and outstanding capital stock of the Corporation, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting.

Section IV - Directors

Article 13 : The Corporation shall have seven to eleven Directors. The Board of Directors is authorized to determine the number of Directors, to be elected by the shareholders meeting from among candidates with legal capacity. The term of office for Directors shall be 3 years, and all Directors shall be eligible for re-election. Once the term of office is expired and it can't elect directors immediately, directors can extend and continue the performance of their duties until the election of directors to take office. The aggregate shareholding percentages of the entire bodies of directors shall comply with the regulations prescribed by the securities supervisory authorities. The board of directors is authorized to resolve the

rates of directors' remuneration based on the extent of their participation in the Company's business operations or value of their contribution, at a level consistent with general practices in the industry. The company may acquire liability insurance for all directors within their term of office, and the board of directors is authorized to resolute the scope of insurance.

Article 13-1 : To harmonize with Article 14-2 of the Securities and Exchange Act, there shall be at least three independent directors among the Company's directors. A candidate nomination system shall be adopted, and the shareholders meeting shall elect independent directors from among the those listed on the slate of independent director candidates. The relevant regulations of the competent securities authority shall be followed regarding the professional qualifications, shareholding, moonlighting restrictions, nomination and election, and other compliance requirements regarding independent directors.

Article 13-2 : In compliance with Articles 14-4 of the ROC Securities and Exchange Law, the Corporation shall establish an Audit Committee, which shall consist of all independent directors. The Audit Committee shall exercise their functions in accordance with the ROC Company Law, Securities and Exchange Law, other relevant regulations and the procedure of corporation.

Article 13-3 : (Deleted)

Article 14 : The board of directors shall consist of the directors of the company, and the chairman of the board of directors shall be elected from among the directors by a majority of directors in attendance at a meeting attended by at least two-thirds of the directors. The chairman of the board of directors shall represent the Company in external matters. The board of director may set up any functional committee.

Article 15 : Board of Directors Meetings shall be convened by the Chairman of the Board of Directors. Except as otherwise provided in the Company Law of the Republic of China, a meeting of the Board of Directors may be held if attended by a majority of total Directors and resolutions shall be adopted with the concurrence of the majority of the Directors present at the meeting.

Article 15-1 : Each director shall be given at least 7 days advance notice of the convening of a board of directors meeting of the Corporation. In emergency circumstances, however, a meeting may be convinced on shorter notice. The meeting notice referred to in the preceding paragraph shall specify the reasons for convening the meeting, and shall be made in writing, by e-mail, or by facsimile.

Article 16 : The Chairman of the Board of Directors shall preside over all meetings of the Board of Directors. If the Chairman of the Board of Directors is on leave or cannot exercise powers or perform duties for any reason, an acting chairman shall be designated in accordance with Article 208 of the Company Act. Directors shall attend meetings of the board of directors in person. If a director is unavailable to attend a meeting in person, the director may appoint a proxy for the given meeting specifying the scope of the authorized powers to authorize another director to attend the meeting on the director's behalf, provided that a director may represent only one other director at a meeting.

Article 17 : The Board of the Directors is organized by directors, the duties are as follows:

1. To propose concerning appropriation of net profits or covering of losses.
2. To propose increasing or decreasing capital
3. To establish or dissolve branches
4. To approve budget and final reports
5. Other duties in accordance with Company Act or given by the resolution of shareholders' meeting

Article 18 : (Deleted)

Article 19 : (Deleted)

Section V - Managerial Officers

Article 20 : The Company may have managerial officers, whose appointment, dismissal, and remuneration shall be handled in accordance with Article 29 of the Company Act.

Section VI - Accounting

Article 21 : After the close of each fiscal year, the Board of Directors shall prepare 1. Business Report 2. Financial Statements and 3. Proposal Concerning Appropriation of Net Profits or Covering of Losses, and submitted to the regular shareholders' meeting for acceptance:

Article 22 : If the Company has earnings after the annual final accounting, it shall be allocated in the following order:

1. To pay taxes.
2. To cover accumulated losses, if any.
3. To appropriate 10% legal reserve unless the total legal reserve accumulated has already reached the amount of the Company' s authorized capital.
4. To set aside special reserve in accordance with the regulations
5. To reserve certain amount, on the premise that there is no effect on the Company' s normal operations and no violation of regulations, for maintaining stability of dividends.
6. To pay remuneration to directors and supervisors at 0.2% of the balance after withholding the amounts under subparagraphs 1 to 5.
7. To pay bonus to employees at 1% minimum of the balance after withholding the amounts under subparagraphs 1 to 5. (The employees to receive stock bonus may include Transcend' s employees and employees serving with affiliates who meet specific requirements. Such specific requirements shall be prescribed by the board of directors.)
8. For any remainder, the board of directors shall propose allocation ratios and propose them at the shareholders' meeting.

Regarding the special reserve under subparagraphs 4, the Company shall set aside special reserve, equal to the debit balance which happen at the current year on other equity items (including Unrealized loss on financial instrument, cumulative translation adjustment, and unrecognized pension cost, which can be combined if there are unrealized gain.),

from the current earnings after tax and unappropriated retained earnings prior year. If the debit balance is cumulative before, the Company shall set aside special reserve not to distribute it from the unappropriated retained earnings prior year. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

Article 22-1 : The Company distributes dividends taking into consideration the Company's economic environment and growth phases, future demands of funds, long-term financial planning, and the cash flows that the stockholders desire. Cash dividends shall account for at least 5% of the total dividend distributed.

Section VII - Supplementary Provisions

Article 23 : In regard to all matters not provided for in these Articles of Incorporation, the Company Act of the Republic of China shall govern.

Article 24 : These Articles of Incorporation were adopted on August 23, 1989.

The first amendment was made on January 28, 1991.

The second amendment was made on May 25, 1992.

The third amendment was made on September 1, 1992.

The fourth amendment was made on July 30, 1994.

The fifth amendment was made on June 8, 1995.

The sixth amendment was made on July 8, 1997.

The seventh amendment was made on August 15, 1997.

The eighth amendment was made on September 12, 1997.

The ninth amendment was made on June 20, 1998.

The 10th amendment was made on September 15, 1998.

The 11th amendment was made on June 12, 1999.

The 12th amendment was made on April 15, 2000.

The 13th amendment was made on April 9, 2001.

The 14th amendment was made on June 10, 2002.

The 15th amendment was made on June 3, 2003.

The 16th amendment was made on June 11, 2004.

The 17th amendment was made on June 13, 2005.

The 18th amendment was made on June 14, 2006.

The 19th amendment was made on June 11, 2007.

The 20th amendment was made on June 13, 2008.

The 21th amendment was made on June 16, 2009.

The 22th amendment was made on June 17, 2010.

The 23th amendment was made on June 10, 2011.

The 24th amendment was made on January 5, 2012.

The 25th amendment was made on June 13, 2013.

TRANSCEND INFORMATION INC.
PROCEDURES FOR ACQUISITION OR DISPOSAL OF ASSETS (Before amendment)

Article 1 : Objective

For purposes of assets protection and public disclosure of information, the Company set this procedure.

Article 2 : Basis

These Procedures for Acquisition or Disposal of Assets ("Procedures") are adopted in accordance with Article 36-1 of the Securities and Exchange Act and the Regulations Governing the Acquisition or Disposal of Assets by Public Companies issued by the Securities and Futures Bureau of the Financial Supervisory Commission.

Article 3 : Scope of assets

1. Security investments: including Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including construction enterprise inventory) and other fixed assets.
3. Memberships.
4. Intangible assets: including Patents, copyrights, trademarks, and franchise rights.
5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
6. Derivatives.
7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
8. Other major assets.

Article 4 : Definitions of Term

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration thereof (hereinafter "transfer of shares") under Article 156, paragraph 6 of the Company Act.
3. Related party: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

5. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or other fixed assets.
6. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
7. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
8. Latest Financial Statements" used herein should mean the financial statements of this Company audited or examined by certified public accountant which has been published in accordance with applicable regulation before the subject acquisition or disposal of assets.

Article 5 : Limitation of investment amount

The acquisition of real estate by this Company for non-operating purpose should not exceed 30% of this Company's net worth. The total amount of security investments by this Company should not exceed 20% of this Company's net worth. The amount of investment by this Company in each respective security should not exceed 10% of this Company's net worth.

Article 6 : Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the companies with appraisal reports, certified public accountants' opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.

Article 7 : Appraisal procedures

1. For acquisition or disposal of securities not traded on the centralized securities exchange market or an OTC market, the price shall be determined through negotiation after consideration of net worth per share, profitability, and future development potential, taking current market prices as a reference, or by negotiation after reference to current market interest rates, bond coupon rates, and debtor creditworthiness.
2. For acquisition or disposal of securities traded on the centralized securities exchange market or an OTC market, the price shall be determined according to the current trading price.
3. To acquire or dispose of other fixed assets, the Company shall make a price determination through one of three methods, either price enquiry, price comparison, price negotiation, or call for tenders. Prices for the acquisition or disposal of real property shall be determined through negotiation, with reference to the announced current value and assessed value of the property and the actual transaction prices of neighboring real properties. If the transaction amount reaches the amount required to publicly announce in accordance with this procedures, it shall refer to an appraisal report from a professional appraiser

Article 8 : Operating procedures for acquisition or disposal of assets

1. Acquisition or disposition of all assets shall be approved in accordance with the "approval authority table for Purchase Requisition and Procurement". If the asset is real estate or other fixed asset, registration, management and use shall be in accordance with "Guideline for Assets management".
2. For acquisition or disposition of all assets, the host department shall evaluate feasibility based on the reason, subject item, counterparty, transfer price, payment terms and price basis, and send the report to authority unit for approval. The acquisition or disposition of all assets will be implemented by management department after approval. All matter will be in accordance with the rules of company's internal control and this procedure.
3. The executive unit for long/short term security investment is financial department. The executive unit for real estate or other fixed assets is sponsoring or responsibility department. The acquisition or disposition of other assets shall be done after the feasibility evaluation report conducted by the assets sponsoring department.
4. For the acquisition of the real estate, it should immediately apply for insurance.
5. Acquisition or disposition of all assets will be in accordance with the rules of company's internal control. If there is a detection of material violation, the Company will penalize the related personnel based on the situation of violation.

Article 9 : Approval authority

Acquisition or disposition of long/short term security investment shall be approved by General Manager and Chairman. If the single transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the transaction shall be approved by Board of Directors.

Article 10 : In acquiring or disposing of real property or other fixed assets where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

- C. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - D. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 11 : The procedures for acquisition or disposition of long/short term security investment

The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. However, the provisions shall not apply if such securities conform to the following conditions:

1. Securities subscribed in cash on their initial issue or during the underwriting period.
2. Securities issued at par value by target companies for the purpose of cash capital increase according to relevant laws.
3. Securities issued for the purpose of cash capital increase by 100% reinvestment target companies.
4. Listed, OTC-listed, and emerging securities that are traded at Taiwan Stock Exchange or securities firms
5. Securities that belong to government bonds, RP, or RS.
6. Overseas and domestic mutual funds.
7. Stocks of listed or OTC-listed companies acquired or disposed of according to regulations governing securities purchase or auction in Taiwan Stock Exchange or GreTai Securities Market.
8. Securities acquired through participating in public companies' cash capital increase subscription and not through private placement.
9. Mutual funds subscribed prior to the establishment of such funds according to Paragraph 1, Article 11 of Securities Investment Trust and Consulting Act and Letter Jin-Guang_Zheng_Tou_Tzu No.0930005249 issued by the FSC on Nov. 1st, 1994.
10. Domestic private placement fund subscribed or repurchased whose investment strategies have been stated clearly in the trust contracts and whose investment scopes are the same as public offering funds except for margin trading of securities and positions related to held securities that are not offset.

Article 12 : The procedures for Related Party Transactions

1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 10

and this Article. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

2. The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs based the related requirement. When the following conditions happens, the company shall additionally engage a certified public accountant to review the reasonableness and to provide an opinion:
 - A. The related party acquired the real property through inheritance or as a gift.
 - B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
 - C. The real property is acquired through signing of a joint development contract with the related party.

3. Appraisal and Operating procedures

When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:

- A. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- B. The reason for choosing the related party as a trading counterparty.
- C. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 15 and Article 16.
- D. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
- E. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- F. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- G. Restrictive covenants and other important stipulations associated with the transaction.

For acquisition or disposition of machinery equipment between the Company and its subsidiaries, it is permissible to be approved first with specific limitation by the chairman and then ratified at the next board of directors meeting by submitting the proposal.

4. Evaluation on the reasonableness of the transaction cost

Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with the procedures are uniformly lower than the transaction price, the following steps shall be taken:

- A. A special reserve shall be set aside in accordance with the regulations against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under the regulations shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
- B. Audit Committee shall comply with Article 218 of the Company Act.
- C. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the Company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm length transaction.

Article 13 : The procedures for acquisition or disposition of memberships and intangible assets

Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 13-1 : The calculation of the transaction amounts referred to in the preceding four articles shall be done in accordance with Article 19 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 14 : Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 15 : The procedures for acquisition or disposition of Derivatives

1. Category of trade

Derivative products that the Company can buy or sell are referred to in Article 4 of this procedure.

2. Hedging Strategies

The purpose of the Company's derivatives transaction includes hedge purpose and financial purpose as well as non-hedge purpose. The principle that the Company engages in derivatives transactions is to hedge business risk. The choices of derivative instrument is for hedging the risk of foreign exchange revenue, foreign exchange expenditure, assets and liabilities resulted from the Company's operation and capital management. As a result of changes in the objective environment, the Company will engage in non-hedging transaction of derivative instrument at the appropriate timing in order to increase non-operating income or reduce non-operating losses. In addition, transaction counterparties is better to be the Company-designated banks in order to avoid the credit risk. It's necessary and the basis of accounting recording to define the type of transaction which is hedging transaction or financial transaction for generating profit before performing transaction.

3. Division of Authority and duties

A. Finance Department: understand the relative law and regulation of derivations transactions, plan the transaction and build up the manager system, collect the market information and perform the transactions, periodically evaluate the holding parts and provide the evaluation report, and public announce and disclosure. Each transaction of derivations shall be performed after getting approval of chief financial officer, chairman

- and general manager. Other personnel of financial department except for trading executive officer is in charge in processing accounting transactions, preparing statements and storing transaction records data.
- B. Audit Department: periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.
 - C. Legal Department: Review the legal article of any derivatives contracts.
4. Performance Evaluation
- A. Hedge purpose: Financial department shall evaluate on the position of derivation instruments at least twice per month and provide the evaluation report to chairman, general manager and chief financial officer for review.
 - B. Financial purpose: Financial department shall evaluate the performance on hedging transaction based on market price per week and periodically propose to chairman, general manager and chief financial officer for improving the hedging strategies.
5. Contract amount and the loss-limit of total and individual derivatives trading
- A. Hedge transactions: The total hedge contract amount of derivatives which the Company is capable to take don't exceed than the net offset amount of accounts receivable and payable or assets and liabilities generated by operating activities. The upper limit of total losses from derivative contracts don't exceed than 20% of such contract amount and this restriction is adopt to all contracts and individual contract.
 - B. Financial transactions: The total contract amount of derivatives which the Company is capable to take don't exceed than the total gross amount of import and export. The upper limit of total losses from derivative contracts is US\$ 10 million. The upper limit of losses for individual derivative contract is 5% of such contract amount.
6. Internal Control
- A. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
 - B. Scope of Risk management:
 - (1) credit risk: dealing with international known banks.
 - (2) market risk: targeting common and global financial products.
 - (3) liquidity risk: choosing banks that have large volume, time-to-market quotation.
 - (4) operational risk: strictly complying with the Procedure to reduce operation risk.
 - (5) legal risk: using standard contracts instead of designated contracts. Any designated contracts shall be inspected by legal department or lawyer.
 - C. Risk measurement, monitoring, and control personnel shall be assigned to a different department that the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.
 - D. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.
 - E. Senior management personnel authorized by the board of directors shall pay continuous attention to monitoring and controlling derivatives trading risk, periodically evaluate whether derivatives trading

performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance, and periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.

- F. When irregular circumstances are found in the course of supervising trading and profit or loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.
- G. A company shall report to the meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with this procedures for engaging in derivatives trading.
- H. The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated in accordance with the regulations shall be recorded in detail in the log book.

7. Internal Audit System

The internal auditor shall regularly informed as to the fairness of the internal controls for derivatives transactions, check all related units' compliance with the procedures of derivatives transactions trading, analyze the trading cycle and prepare audit reports on a monthly basis. If any material violation is discovered, the audit committee shall be notified in writing and the person who undertakes responsibilities in violation of these procedures will be subject to penalty based on his violations.

8. Information Disclosure

Completing the transaction of derivatives and confirming by the person in charge of confirming transaction shall be in accordance with the related regulations. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

Article 16 : The procedures for Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

1. Appraisal and Operating procedures

- A. The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.
- B. The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1, subparagraph 1 of this Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. In addition, where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the

proposal is rejected by the shareholders' meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.

- C. Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

2. Other Matters Requiring Attention

The Company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:

- A. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
- B. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
- C. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.
- D. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.
- E. Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 and 4.

Article 17 : The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

- 1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.

2. An action, such as a disposal of major assets, that affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 18 : Subsidiaries of the Company shall behave according to following regulations:

1. The acquisition or disposition of assets by a subsidiary shall in accordance with the parent's regulations.
2. Information required to be publicly announced and reported in accordance with the provisions of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" on acquisitions and disposals of assets by the subsidiary that is not itself a public company in Taiwan shall be reported by the parent company.
3. The paid-in capital or total assets of the public company shall be the standard for determining whether or not a subsidiary requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.

A subsidiary means an investee with more than 50% voting interest directly held by the Company, an investee with more than 50% voting interest indirectly held by the Company through the use of other subsidiaries or an investee with more than 50% voting interest directly as well as indirectly held by the Company through the use of other subsidiaries.

Article 19 : Information Disclosure Procedures

1. Projects that shall be declared or Report Standard
 - A. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements.
 - B. Merger, demerger, acquisition, or transfer of shares.
 - C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
 - D. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - (1) Trading of government bonds.
 - (2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets.
 - (3) Trading of bonds under repurchase/resale agreements.
 - (4) Where the type of asset acquired or disposed is machinery equipment for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.

- (5) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million.
- E. The amount of transactions in preceding 5 subparagraph shall be calculated as follows. "Within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.
 - (1) The amount of any individual transaction.
 - (2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
 - (3) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
 - (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
2. Time Limit for Announcement and Reporting

The Company shall publicly announce and report the relevant information within 2 days commencing immediately from the date of occurrence of the event if the assets acquired or disposed of by the Company are within the scope stipulated in paragraph 1 of this Article and the transaction amount reaches the announcement standard.
3. Procedures for Announcement
 - A. The Company shall report related information to the designated website by FSC for announcement.
 - B. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
 - C. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.
 - D. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.
 - E. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding paragraph, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days commencing immediately from the date of occurrence of the event:
 - (1) Change, termination, or rescission of a contract signed in regard to the original transaction.
 - (2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - (3) Change to the originally publicly announced and reported information.

Article 20 : Penalty

Any person who undertakes responsibilities for acquisition or disposal of assets in violation of these procedures will be subject to penalty in accordance the Company's regulation.

Article 21 : Implementation and Revision

The proposed "Procedures for Acquisition or Disposal of Assets" shall be approved by Audit Committee and the board of directors, then proposed to the shareholders' meeting for approval; any amendments shall also follow this procedure. When "Procedures for Acquisition or Disposal of Assets" was proposed to the board of directors, opinions from all independent directors shall be fully considered and consenting or objecting opinions and their grounds shall be listed and entered into the meeting minutes.

**TRANSCEND INFORMATION INC.
PROCEDURES FOR ELECTION OF DIRECTOR (Before amendment)**

- Article 1 : The directors of this Company shall be elected in accordance with the rules specified herein. This Company' s independent directors shall be elected by adopting the candidate nomination system specified in Article 192-1 of the Company Act.
- Article 2 : In the election of directors of this Company, each share shall have voting rights equivalent to the number of seats to be elected and such voting rights can be combined to vote for one person or divided to vote for several persons. The election of independent directors and non-independent directors shall be held together; provided, however, that the number of independent directors and non-independent directors elected shall be calculated separately.
- Article 3 : The Board of Directors shall prepare ballots equivalent to the number of seats to be elected and note the number of voting rights to distribute to the attended shareholders.
- Article 4 : Before the election, the Chairman shall appoint several persons each to check and record the ballots to carry out related duties.
- Article 5 : In the election of directors of this Company, the ballot box used for voting shall be prepared by Board of Directors and checked in public by the person to check the ballots before voting.
- Article 6 : If the candidate is a shareholder of this Company, voters shall fill in the "candidate" column the candidate's name and shareholder's number. If the candidate is not a shareholder of this Company, voters shall fill in the "candidate" column the candidate's name and the candidate's ID number. If the candidate is a government agency or a legal entity, the full name of the government agency or the legal entity or the name of their representative shall be filled in the column. When there are several representatives, the name of their representative must be filled in the column, respectively.
- Article 7 : Ballots shall be deemed void under the following conditions:
1. Ballots not prepared in accordance with the rules;
 2. Blank ballots placed in the ballot box;
 3. Illegible writing or altered ballots;
 4. If the candidate is a shareholder of this Company, the name or shareholder's number of the candidate filled in the ballot inconsistent with the shareholders' register. If the candidate is not a shareholder of this Company, the name or ID number of the candidate filled in the ballot is incorrect;
 5. Ballots with other written characters or symbols in addition to candidate's name, shareholder's number (ID number) and the number of votes cast for the candidate;
 6. Ballots not filled in the candidate's name or shareholder's number (ID number);
 7. Two or more candidates filled in one ballot.

Article 8 : In the election of directors equal to the number stated in the Article of Incorporation of this Company, candidates who acquire more votes sequentially should win the seats of directors. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present. If the director elected was checked that his/ her personal information is un-conformed or he/ she is not applied for related regulations, the position left vacant by such decision shall be filled by the candidate with the next highest number of votes in the original election.

Article 9 : The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the Chairman at the meeting.

Article 10 : This Company shall issue notifications to the directors elected.

Article 11 : Matters on which these Bylaws are silent shall be handled in accordance with the Articles of Incorporation of the Corporation, the Company Act, and applicable laws and regulations.

Article 12 : These Rules shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

TRANSCEND INFORMATION INC.
SHAREHOLDINGS OF ALL DIRECTORS

1. Minimum Required Shareholding and Shareholding of all Directors:

Title	Minimum Required Shareholding by all Directors	Current Shareholding (Shares)
Directors	16,000,000	71,365,057

Note 1: The period of Book closure is from April 14, 2014 to June 12, 2014.

Note 2: The Company has three independent directors, and the minimum required shareholding by all Directors except for independent directors is downsized to 80% of the minimum required based on Article 2, paragraph 2 of “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”.

2. Company’s current Directors’ shareholding are as follows on April 14, 2014:

Title	Name	Current Shareholding (Shares)
Chairman	SHU,CHONG-WAN	6,349,139
Director	SHU,CHONG-ZHENG	5,629,229
Director	NI,JI-XI	0
Director	FAN,CHENG-JYU	0
Director	Wan Chuan Investment Inc. Representative : ZENG,ZHONG-HE	29,545,896
Director	Wan Min Investment Inc. Representative : CUEI,LI-JHU	29,711,397
Director	CDIB Private Equity Corp. Representative : YANG,KAI-CHAN	90,933
Director	CHEN,SHI-HONG	38,463
Independent Director	CHEN,YI-LIANG	0
Independent Director	CHEN,LE-MIN	0
Independent Director	WANG,YI-XIN	0
	Total	71,365,057