



Holy Stone Enterprise Co., Ltd.

Proposal for Exchange of Share Certificates

1. This proposal is written based on the Company's *Articles of Association* and *Taiwan Stock Exchange Corporation Procedures for the Exchange of Securities Certificates by TWSE Listed Companies*.
2. Share certificates in this exchange comprise of all 320,217,454 listed common shares issued (including treasury stock of 863,000 shares), a total of NT\$3,202,174,540 with par value of NT\$10.00 per share.
3. The amount of capital reduced is NT\$960,652,360 with a total of 96,065,236 shares to be cancelled in the aim to place funds into more efficient use, raise shareholders return on equity and the Company's earnings per share. According to Article 168 of the Company Act, the proportion of capital reduction should match those of the shares held by shareholders. The level of capital reduction is 30%.
4. The number of exchanged shares after the reduction is 224,152,218. With par value of NT\$10.00 per share, capital after reduction will total NT\$2,241,522,180.
5. This capital reduction and issuance of new replacement shares (scripless issuance) is calculated by shares held by each shareholder according to the Register of shareholders on the "Record Date of Capital Reduction and Issuance of New Replacement Shares". 700 shares are issued in place of 1,000 shares (300 shares less every 1,000 shares); for the odd lots, shareholders can apply to combine those shares into a full share at the Company's Shareholder Services Agent within 5 days after the book closure date. When there are still an odd lot after combining, the dollar amount is paid (remainder after the dollar is eliminated) in cash, which is calculated proportionally based on the last trading day's closing price of the Company's stock on the centralized stock exchange market before the record date of capital reduction and issuance of new replacement shares. All common shares with an odd lot will be acquired by a designated person authorized by the Chairman.



6. Schedule for capital reduction and issuance of new replacement shares:

- (1.) Record date of capital reduction and issuance of new replacement shares is 2013/10/26. And starting from 2013/11/01, new replacement shares will be issued (scripless issuance).
- (2.) Last day to trade old shares is 2013/10/17
- (3.) Old shares will be suspended to trade on the market from 2013/10/18
- (4.) Transfer procedure for the old shares is suspended from 2013/10/22 to 2013/10/31. The last day to transfer is 2013/10/21.
- (5.) Listing date for the new shares (delisting date for old shares) is 2013/11/01. And starting from the listing date for the new shares, the originally listed old shares shall not be traded.
- (6.) The rights and obligations of new shares after the capital reduction shall be identical to those of the originally issued shares.
- (7.) Distribution date for cash refund of capital reduction is 2013/11/01.

7. Procedures for replacing shares:

- (1.) The Company has adopted scripless issuance of securities and will no longer issue physical shares. Therefore, the shareholders who have not yet opened an account for central custody and book-entry settlement of securities at the securities firm shall go to their securities firm to open the account at the shareholders' earliest convenience to facilitate the shares replacement.
- (2.) Replacement of transferred old shares: After 2013/11/01, shareholders shall follow the procedures to replace shares at the Company's Shareholder Services Agent – Agency Department of Chinatrust Commercial Bank by bringing with them the old shares and the original seal used.
- (3.) Replacement of old shares not yet transferred: After the replacement date of new shares (2013/11/01), shareholders shall follow the procedures to replace shares at the Company's Shareholder Services Agent – Agency



Department of Chinatrust Commercial Bank by bringing with them relevant proof documents such as the old shares, application to transfer, acquisition report or securities transaction tax return, and reclamation list of stock numbers, in addition to copy of identification card (both front and back), shareholders' signature card and seal.

- (4.) Shares already placed in a Securities Firm's account for central custody and book-entry settlement of securities will be replaced with new scripless shares by the Taiwan Depository & Clearing Corporation on the listing date of the new shares. No transfer-related procedure is required.
 - (5.) Replacement location: 5F, No.83, Section 1, Chongqing South Road, Zhongzheng District, Taipei City 100, Taiwan R.O.C. Telephone: +886-2-2181-1911, Agency Department of Chinatrust Commercial Bank.
8. Other matters not covered within this proposal shall be conducted in accordance with the Company Act and other relevant legislation.
 9. After the Taiwan Stock Exchange Corporation approves of the proposal, detailed procedures of the Company's replacement share proposal will be posted on the Market Observation Post System and shareholders will be notified through partition before the replacement date.