

LuxNet Corporation
Handbook for
2015 Annual Shareholders' Meeting
(Translation)

Meeting time : 9:00 a.m., May 27, 2015

Place : Hotel Kuva Chateau(3F)
No. 398 Minguan Road, Zhongli District,
Taoyuan City, Taiwan

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

TABLE OF CONTENTS

I. Meeting Procedure	3
II. Meeting Agenda	4
1. Report items	
2. Adoption Matters	
3. Discussion and Election Matters	
4. Questions and Motions	
5. Meeting Adjourned	
III. Attachment	10
1. 2014 Business Report	
2. Audit Committee' s Review Report	
3. Independent Auditors' Report and 2014 Consolidated Financial Statements	
4. 2014 Profit Allocation Proposal	
5. Comparison Table for the Articles of Incorporations	
6. List of Independent Director Candidates	
IV. Appendix	
1. Articles of Incorporation	
2. Rules and Procedures of Shareholders' Meeting	
3. Election of Directors Guidelines	
4. Directors' Compensation and Employees' Profit Sharing	
5. The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate	
6. Shareholdings of All Directors	

LuxNet Corporation

2015 Annual Shareholders' Meeting Procedure

I. Call Meeting to Order

II. Meeting Agenda

LuxNet Corporation

2015 Annual Shareholders' Meeting Agenda

(Translation)

Meeting time : 9:00 a.m., May 27, 2015

Place : Hotel Kuva Chateau (3F)

No. 398 Minguang Road, Zhongli District, Taoyuan City, Taiwan

Attendants : All shareholders or their Proxy holders

Chairman : Dr. Hsing Kung, Chairman of the Board of Directors

1. Call the meeting to order.
2. Chairman' s Address.
3. Report Items :
 - (1) The 2014 Business Report.
 - (2) The 2014 Audit Committee Report.
4. Adoption Matters :
 - (1) To accept the 2014 Business Report and Financial Statements.
 - (2) To approve the proposal for the distribution of the 2014 retained earnings.
5. Discussion and Election Matters :
 - (1) To approve revisions to the Articles of Incorporations.
 - (2) To approve the proposal for a new share issue through capitalization of earnings.
 - (3) Discussion on the proposal of new restricted employee shares.
 - (4) To elect the Board of Directors (including Independent Directors) for the fifth term.
 - (5)To approve the release of the non-competition restrictions on the Board of Directors elected in the shareholders' meeting.
6. Questions and Motions :
7. Meeting Adjourned

Report Items

1. To report the Business of 2014

Explanatory Notes : Please refer to Attachment I.

2. Audit Committee's review report

Explanatory Notes : Please refer to Attachment II.

Adoption Matters

1. To accept the 2014 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanatory Notes :

(1)LuxNet's 2014 financial statement and comprehensive financial statements (which includes balance sheets, income statements, statement of changes in shareholders' equity, cash flow statement) have been audited by Mr. Cheng-Chian Chen and Ms. May Huang from KPMG, and an unqualified opinion has been issued. The report was passed by the Board on March 4, 2015 and has undergone review by the Audit Committee.

(2)Please see "Attachments 1" for the 2014 Business Report, please see "Attachments 3" for the audit report and financial statement.

2. To approve the proposal for the distribution of the 2014 retained earnings(Proposed by the Board of Directors)

Explanatory Notes :

(1)LuxNet's net income after the 2014 audit is NT\$216,875,686. Please see "Attachment 4" for the company's profit distribution table for profit distribution according to the company's policy on distributing profits and dividends after filing income tax and special reserves.

(2)Distributing cash dividends employs the method of "rounding down to the nearest NT dollar." Amounts that are smaller than NT\$1 will be left to the full discretion of an individual appointed by the Chairman.

(3)Subsequently, if the total number of outstanding shares is affected due to repurchase of restricted stock for employees or other decrees and any shareholder needs to adjust allocation of shares and interests, the shareholders authorize the Board to handle the matter.

(4)After this item has been approved by the shareholders, the Board will decide on dividend dates and other relevant matters.

Discussion and Election Matters

1. To approve revisions to the Articles of Incorporations (Proposed by the Board of Directors)

Explanatory Notes : In compliance with The R.O.C. rule, the company's articles of Incorporations should be amended. Please see "Appendix 1" for the amended version of the clauses.

2. To approve the proposal for a new share issue through capitalization of earnings (Proposed by the Board of Directors)

Explanatory Notes :

- (1) In order to maintain capital for operation purposes, we propose to allocate NT\$67,246,880 from 2014 shareholder dividends to issue 6,724,688 new shares. Par value is NT\$10.
- (2) Shareholder dividends will be allocated according to shareholding ratio as recorded in the shareholder register on the date of benchmark allotment. Every thousand shares will be allocated 100 shares free of charge. Allocated shares that are less than one share can be combined into one share by the shareholder within five days after share transfers have stopped. The Board authorizes the Chairman to purchase combined share that do not equal a full share at face value.
- (3) Subsequently, if the total number of outstanding shares is affected due to repurchase of restricted stock for employees or other decrees and any shareholder needs to adjust allocation of shares, the shareholders authorize the Board to handle the matter.
- (4) Rights and obligations attaching to the new shares are the same as original ordinary shares. The record date for capital increase will be decided at a Board meeting once it has been passed by the shareholders and reported to and approved by the authorities. The Board has authorization to handle any necessary changes to the above details due to necessary regulations or approval by authorities.

3. To approve the proposal of new restricted employee shares (Proposed by the Board of Directors)

Explanatory Notes :

Executed according to Article 267 of Company Law and 「 Issuer Guidelines to Collecting and Issuing Securities 」 .

- I. Total shares issued: Total value NT\$3,730,000. Par value is NT\$10. Total number of shares issued is 373,000.
- II. Conditions for issuance:
 - (1) Price of issuance: Shares will be issued at a charge. Issuance price is NT\$20 per share.
 - (2) Vesting conditions: From the day employees are allocated restrictive stock; if they are still employed at the times listed below and have not violated their labor contract, employee management regulations, or work regulations, etc., they are eligible for the shares ration listed below:
 - Worked for 1 year after shares are allocated: receive 50% of allocated shares.
 - Worked for 2 years after shares are allocated: receive 50% of allocated shares.
 - (3) Type of share to be issued: new ordinary shares.

(3) Type of share to be issued: new ordinary shares.

(4) What to do if employees do not meet vesting conditions:

Before meeting vesting conditions, apart from inheritance, employees may not sell, pledge, transfer, gift, set up, or dispose of in any other manner, the restrictive new stock they have been allocated according to company regulations. Rights attached to these shares, such as attending shareholder meetings, submitting proposals, speaking up, voting, participating in elections, are the same rights attached to the company's ordinary shares. And these rights will be executed according to the trust deed. Rights attached to distribution of other profits, (including but not limited to: dividends, bonuses, and capital reserve allocation rights) and share options for capital increases are the same as the rights attached to ordinary shares. And these rights will be executed according to the trust deed. If employees who receive restrictive stock do not meet vesting conditions, then the shares they have already purchased will be repurchased by the company with the original purchase price of NT\$20, or at the lowest price at the which the market closed that day. The employee's cash dividends, dividends, and allocated capital reserve (shares) will be canceled. Unless there are other stipulations in these Guidelines, the cash will be revoked and the shares will be canceled by the company.

III. Qualifications and number of allocated shares:

(1) Employee qualifications: Full-time employees who have already reported for duty on the day of new restrictive stock allocation; or any actions to be taken after the regulations have been amended or as required by the authorities. Actual allocation is dependent on the number of eligible employees and the number of new restrictive stocks. Number of years at the company, rank, performance, overall contribution, special achievements and other factors will be taken into consideration. The company's operation needs and business development strategic needs will also be considered. Allocation numbers will be submitted to the Board after the Chairman's approval. Employees with manager status or Directors who are also employees should notify the Compensation Committee and receive approve from the Board before issuance of stocks.

(2) Number of allocated shares: the sum of a single employee's accumulated restrictive stocks and the number of subscription shares from employee stock options that were available to them as required in Article 56 Section 1 of the "Issuer Guidelines to Collecting and Issuing Securities" cannot surpass 0.3% of total shares issued by the company. Total number of subscription shares from employee stock options that were available to them as required in Article 56 Section 1 of the "Issuer Guidelines to Collecting and Issuing Securities" cannot surpass 1% of total shares issued by the company. Number of a single employee's accumulated restrictive stocks, mentioned above, will follow new regulations if there are any changes to said regulations.

IV. Reasons for implementing new restrictive stocks for employees

In order to attract and keep the necessary professionals for the company's needs, we have to increase the company's solidarity and sense of belonging, in order to create profits for the company and its shareholders.

and shareholders' interests: Restrictive stock to be issued at NT\$20 per share is estimated to be 0.55% of total shares (67,246,875 shares as of March 4, 2015) issued by the company. If we use the weighted average value on March 3, 2014 of NT\$54.80 per share, possible expenditure for each share is around NT\$34.80. If we calculate the vesting period of two years and the total number of shares in circulation, expenditure of the two year period is estimated to be NT\$12,980,000. Yearly expenditure for diluted profits per share would be an estimated NT\$0.096; this would not be too detrimental to shareholders' interests.

VI. In the event that regulations are amended or changes are approved by authorities, the chairman has authorization to handle the matter. Once this item is approved by the shareholders, it will be submitted to the authorities for approval. Shareholders authorize the Board to then set another date for issuance.

4. To elect the Board of Directors (including Independent Directors) for the fifth term(Proposed by the Board of Directors)

Explanation Notes :

- (1).The tenure of all LuxNet Directors (including independent directors) expired on July 15, 2015. The Board of Directors resolved that nine Directors (including three independent directors) will be elected at this Annual General Shareholders' Meeting. The tenure of newly elected directors shall commence on July 16, 2015 and expire on July 15, 2018.
- (2).Candidates for independent Directors are submitted for elections. Their eligibility has been ascertained by the Board on April 15, 2015. The list of candidates for independent Directors: Please refer to Attachment 6.
- (3).This election will be conducted according to the company's「 Election of Directors Guidelines 」.
- (4). Please elect the new directors and supervisors.

Voting by Poll

5. To approve the release of the non-competition restrictions from new Directors. (Proposed by the Board of Directors)

Explanation Notes :

- (1). According to company regulation Article 209, if the actions of a director or representative fall within the scope of the company's operations, they would be required to explain to shareholders and obtain permission before conducting business activities for themselves or for others that would be considered competitive to the company.
- (2). In order to utilize the skills and experience of each Director, we ask the shareholders to agree to lift any non-competition restrictions for the Directors.

Questions and Motions

Meeting Adjourned

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