

ITEQ CORPORATION

Compensation Committee Charter

Article 1 (Purpose and basis for adoption)

In order to improve corporate governance and strengthen the functions of the Board of Directors. The Corporation set up the Compensation Committee (hereinafter, “the Committee”) pursuant to Article 14-6, paragraph 1 of the Stock Exchange Law and the Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter and formulate the Compensation Committee Charter (hereinafter, “this Charter”) of the Committee to compliance.

Article 2 (Scope of application)

Matters concerning the number, term of office, powers, rules of procedure for meetings, and resources to be provided by the Corporation when the Committee exercises its powers shall be handled in accordance with this Charter.

Article 3 Members

The Committee shall consist of not less than three members, whom shall be Independent Directors or independent professional persons, all appointed by resolution of the Board of Directors. A majority members shall be Independent Directors, and the Committee convener and meeting chairperson shall be the independent director members. When there is more than one independent director, one person shall be nominated from each other to serve as the convener.

The term of the Committee members shall be the same as that of the Board of Directors by whom they were appointed. When committee members changes, the term of a new committee member shall extend to the conclusion of the original member’s term.

When a member of the Committee is dismissed for violating of Article 30 of the Company Act or the qualifications required for members, resulting in there being less than three members, a board meeting to make a new appointment shall be held within 3 months from the date of occurrence.

When there is any appointment of, or change in, a member of the Committee, the Corporation shall, within 2 days counting from the date of occurrence of the event, publicly announce and report it on the information reporting website designated by the competent authority.

Within the scope of execution of business, a Committee member shall maintain independence, and may not have any direct or indirect interest relationship with the Corporation. During the 2 years before being appointed or during the term of office, a

Committee member shall not have been or be any of the following:

1. An employee of the Corporation or any of its affiliates.
2. A director or supervisor of the Corporation or any of its affiliates.
3. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under any other's name, in an aggregate amount of 1 percent or more of the total number of issued shares of the Corporation or ranking in the top 10 in shareholding.
4. A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. A director, supervisor, or employee of a juristic person shareholder that directly holds 5 percent or more of the total number of issued shares of the Corporation, or that ranks in the top 5 in shareholding, or that designates its representative to serve as a director or supervisor of the Corporation under Article 27, paragraph 1 or 2 of the Company Act.
6. If a majority of the Corporation's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.
7. If the chairperson, general manager, or person holding an equivalent position of the Corporation and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.
8. A director, supervisor, managerial officer, or shareholder holding 5 percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Corporation.
9. A professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Corporation or any affiliate of the Corporation, or that provides commercial, legal, financial, accounting or related services to the Corporation or any affiliate of the Corporation for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided that this restriction does not apply to a member of the compensation committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

Article 4 (Scope of duties)

The Committee shall exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the Board of Directors:

1. Prescribe and periodically review the performance review and compensation policy, system, standards, and structure for directors and managerial officers.
2. Periodically evaluate and prescribe the compensation of directors and managerial officers.

When performing the official powers of the preceding paragraph, the Committee shall follow the principles listed below:

1. With respect to the performance assessment and compensation of directors and managerial personnel of the Corporation, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between compensation and individual performance, the Corporation's business performance, and future risk exposure.
2. It shall not produce an incentive for the directors or managerial officers to engage in activity to pursue compensation exceeding the risks that the Corporation may tolerate.
3. It shall take into consideration the characteristics of the industry and the nature of the Corporation's business when determining the ratio of bonus payout based on the short-term performance of its directors and senior management and the time for payment of the variable part of compensation.

"Compensation" as used in the preceding two paragraphs includes cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures. Its scope shall be consistent with that of compensation for directors, and managerial officers as set out in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

When deliberating the recommendations of the Committee, the Board of Directors shall give comprehensive consideration to matters including amounts of compensation, payment methods, and the Corporation's future risk.

If the Board of Directors will decline to adopt, or will modify, a recommendation of the Committee, it shall require the consent of a majority of the directors in attendance at a meeting attended by two-thirds or more of the entire board, which in its resolution shall give the comprehensive consideration under the preceding paragraph and shall specifically explain whether the compensation passed by it exceeds in any way the recommendation of the Committee.

If the compensation passed by the Board of Directors exceeds the recommendation of the Committee, the circumstances and cause for the difference shall be specified in the board meeting minutes, and shall be publicly announced and reported on the information

reporting website designated by the competent authority within 2 days counting from the date of passage by the Board of Directors.

If decision-making and handling of any matter relating to the compensation of directors and managerial officers of a subsidiary is delegated to the subsidiary but requires ratification by the Board of Directors of the parent company, the parent company's Compensation Committee shall be asked to make recommendations before the matter is submitted to the Board of Directors for deliberation.

Article 5 (Meetings)

Meetings of the Committee shall be held at least 2 times a year and may be held at any time as necessary.

The convener shall convene the meeting and act as the meeting chairperson. If the convener takes leave or is unable to convene a meeting for any reason, the convener shall appoint another Committee member to act in his or her place. If the convener does not make such an appointment, a member of the Committee shall be elected by and from among the other members on the Committee to serve as convener.

The Committee members shall attend the meeting in person. If a member is unable to attend the meeting in person, the member may appoint another member to attend as his or her proxy. Attending a meeting via videoconferencing will be deemed attendance in person. The proxy above-mentioned may accept a proxy from one person only.

A member of the Committee that appoints another member as proxy to attend a meeting shall in each instance issue a written proxy stating the scope of authorization with respect to the items on the meeting agenda.

In convening a meeting of the Committee, a notice setting forth the subjects to be discussed at the meeting shall be given to each member at least 7 days in advance, excepting for special meetings. A Board meeting shall be held when two thirds or more of the entire members are attended, and resolutions at meetings of the Committee shall be adopted with the consent of one half or more of the entire membership and submit to the Board of Directors. When a matter comes to a vote at a Committee meeting, if upon inquiry by the meeting chairperson no member voices an objection, the matter will be deemed approved, with the same effect as approval by vote. The result of the vote shall be made known immediately and recorded in writing.

When the Committee calls a meeting, it may request Directors, managers of relevant departments, internal audit officers, certified public accountants, attorneys, or other personnel of the Corporation to attend the meeting as non-voting participants and to provide pertinent and necessary information, provided that they shall leave the meeting when deliberation and voting take place.

When a meeting of the Committee will discuss the compensation of any member of the

Committee, it will be clearly stated at the meeting. If there is likely to be any prejudice to the interests of the Corporation, that member may not participate in the discussion or voting and shall enter recusal during the discussion and voting. The member also may not act as another Committee member's proxy to exercise voting rights on that matter. Discussions at a meeting of the Committee shall be included in the meeting minutes, which shall faithfully record the following:

1. The session, time, and place of the meeting.
2. The name of the meeting chairperson.
3. Attendance of the Committee members at the meeting, specifying the names and the number of members present, excused, and absent.
4. The names and titles of those attending the meeting as non-voting participants.
5. The name of the minute taker.
6. The matters reported at the meeting.
7. Discussion items: For each proposal, the method of resolution and the result; a summary of the comments of the Committee members, experts and other persons present at the meeting; the name, content of compensation, and specifics regarding recusal of any member whose own compensation comes under discussion under the preceding paragraph; and any objections or reservations expressed by any member.
8. Extraordinary motions: The name of the mover; the method of resolution and the result for each motion; a summary of the comments of the Committee members, experts and other persons present at the meeting; the name, content of compensation, and specifics regarding recusal of any member whose own compensation comes under discussion under the preceding paragraph; and any objections or reservations expressed by a member.
9. Other matters required to be recorded.

If any objection or expression of reservations by a member expresses of which there is a record or written statement with respect to a resolution passed at a meeting, in addition to being stated in the meeting minutes, it shall be publicly announced and reported on the information reporting website designated by the competent authority, within 2 days from the date of the meeting.

The attendance book constitutes part of the minutes for each meeting of the Committee. The minutes of each meeting of the Committee shall bear the signature or seal of both the meeting chairperson and the minute taker. A copy of the minutes shall be distributed to each member on the Committee within 20 days after the meeting, and shall be retained as important corporate records for 5 years. The meeting minutes to be given under the preceding paragraph may be produced and distributed in electronic form.

If, before the expiration of the retention period under the preceding paragraph, any litigation arises in connection with any matter relating to the Committee, the meeting

minutes shall be preserved until the conclusion of the litigation.

If the meeting is held via videoconferencing, the audio and video materials also constitute part of the meeting minutes.

Article 6 (Recuse)

When the following matters are considered, the member may not participate in discussion or voting on that agenda item:

1. When the relationship is likely to prejudice the interests of the Corporation.
2. Members voluntarily recuse themselves.

If, for the reason stated in the preceding paragraph, an agenda item cannot be resolved at a meeting of the Committee, it shall be reported to the Board of Directors, which shall resolve on the item.

Article 7 (The Relevant Expenses)

The Committee may, at the expense of the Corporation, resolve to retain the service of an attorney, certified public accountant, or other professional to conduct a necessary audit or to provide advice on matters relating to the exercise of the Committee's powers according to Article 4 (Scope of duties).

Article 8 (Amendments)

This Charter, and any amendments hereto, shall enter into force after adoption by the Board of Directors.