



Stock Code: 2385

Chicony Electronics CO., Ltd.

Handbook for the 2019 Annual Meeting of Shareholders

Date: June 5, 2019

Address: No. 69, Sec.2, Guanfu Rd., Sanchong Dist., New Taipei City

Chicony Electronics CO., Ltd.

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Chicony Electronics CO., Ltd.

Procedure for the 2019 Annual Meeting of Shareholders

1. Report Equity Shares in Attendance
2. Call the Meeting to Order (call when the number of shares attended reaches statutory number of shares)
3. Chairperson Remarks
4. Management Presentations
5. Acknowledgement Items
6. Discussion Items I
7. Elections Items
8. Discussion Items II
9. Questions and Motions
10. Adjournment

Chicony Electronics CO., Ltd.

2019 Agenda of Annual Meeting of Shareholders

Date and Time: 09:00 on June 5 (Wednesday), 2019

Address: No. 69, Sec.2, Guanfu Rd., Sanchong Dist., New Taipei City (Meeting Room)

Report Equity Shares in Attendance

Chairperson Calls the Meeting to Order

Chairperson Remarks

Management Presentations:

1. 2018 Operation Results.
2. Supervisors' Review Report on 2018 Financial Statements.
3. 2018 Employee compensation and Remuneration to directors and supervisors Distributed.
4. Amendment to the "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," and "Codes of Ethical Conduct".
5. Implementation on the repurchase of shares of the Company.
6. "Regulations of 11th Repurchases of Shares for Employees".
7. Other Report Items.

Acknowledgement Items:

1. Proposals for Acknowledgement of 2018 Business Report and Consolidated Financial Statements and Individual Financial Statements.
2. Acknowledgement of the 2018 Earnings Distribution.

Discussion Items I:

1. Proposal for amendment to the Company's Articles of Incorporation.
2. Proposal for amendment to the "Rules for Procedure for Shareholders Meetings".
3. Proposal for amendment to the "Regulations Governing Election of Directors and Supervisors".
4. Proposal for amendment to the "Procedures for the Acquisition or Disposal of Assets".
5. Proposal for amendment to the "Procedures for Engaging in Derivatives Transactions".
6. Proposal for amendment to the "Procedures for Loaning of Funds".
7. Proposal for amendment to the "Regulations Governing Endorsement and Guarantees".

Election Items:

Re-election of the 13th term of Directors.

Discussion Items II:

Proposal for Release the Prohibition on New Directors from Participation
in Competitive Business.

Questions and Motions

Adjournment

Management Presentations

1. 2018 Operation Results

Description: Please refer to Appendix 1 on Page 10 to 15 of the Handbook for the 2018 Business Report.

2. Supervisors' Review Report on 2018 Financial Statements.

Description: Please refer to Appendix 2 on Page 16 of the Handbook for the Audit Report by Supervisors.

3. 2018 Employee compensation and Remuneration to directors and supervisors Distributed.

Explanation:

- (1) The distribution was made in accordance with Article 18 of the Company's Article of Incorporation: "The Company shall distribute no less than 11% of current pre-tax earnings before deducting the employee compensation and Directors and Supervisors' remuneration as the employee compensation and no more than 1% of such earnings as the remuneration for Directors and Supervisors."
- (2) The Company's earnings in 2018 was NTD\$4,275,253,334. After the deliberation by the 6th Remuneration Committee of the 3rd Term and the approval of the 17th Directors' Meeting of the 12th Term on March 7, 2019, NTD\$503,034,142 is distributed as the employee compensation and NTD\$31,252,334 is distributed as the remunerations for Directors and Supervisors.
- (3) Remuneration for directors and supervisors will be distributed in cash, Parts of the Employee Compensation also will be distributed in cash, which totals are NTD\$223,034,146. Employee compensation NTD\$279,999,996 will be distributed in stock 4,117,647 shares shall be determined by the closing price NTD\$68 of the day before the meeting date of the Board. After the approval of the competent authority, the new shares will be distributed by following related regulations.
- (4) The shareholder rights and obligations of the new shares are the same as those of issued shares.
- (5) The differences between estimated and actual amount in Employee compensation and remuneration for directors and supervisors will be listed by changing in accounting estimate as profit or loss in 2019.

4. Amendment to the "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", and "Codes of Ethical Conduct".

Explanation:

- (1) "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", and "Codes of Ethical Conduct" were amended and approved by the resolution made by the Board of Directors meeting on March 7, 2019 in compliance with the establishment of

Audit Committee of the Company.

- (2) Please refer to Appendix 3 to 8 between Page 17 and Page 56 of the Handbook for the comparison table of the amended articles and the full text of the amended context.

5. Implementation of repurchase of shares of the Company.

Explanation: Please refer to Appendix 9 on Page 57 of the Handbook for the implementation of repurchase of shares.

6. “Regulations of 11th Repurchases of Shares for Employees”.

Explanation: Please refer to Appendix 10 on Page 58 of the Handbook for “Regulations of 11th Repurchases of Shares for Employees”.

7. Other Report Item

N/A

Acknowledge Items

Item 1: Proposals for Acknowledgement of 2018 Business Report and Consolidated Financial Statements and Individual Financial Statements. (Proposed by the Board)

Explanation:

- (1) The 2018 Business Report and Consolidated Financial Statements and Individual Financial Statements of the Company had been approved by the resolution made in the 17th Board of Directors meeting of the 12th Term on March 7, 2019. We hereby propose them for acknowledgement in accordance with the regulations.
- (2) The aforementioned Consolidated Financial Statements and Individual Statements have been audited by public accountant Jin-Chang Chen and Shi-Rong Wong from PwC Taiwan on March 7, 2019, and the context is consistent with the context approved by the Board of Directors meeting.
- (3) Please refer to Appendix 1 between Page 10 and Page 15 of the Handbook for the 2018 Business Report and Appendix 11 between Page 60 and Page 72 of the Handbook for the Audit Report by certified public accountants, Consolidated Financial Statements and Individual Financial Statements.
- (4) Please proceed to adopt.

Resolution:

Item 2: Acknowledgement of the 2018 Earnings Distribution.(Proposed by the Board)

Explanation:

- (1) In Fiscal Year 2018, the Company made a net profit of NTD\$3,590,710,608. By setting aside the legal reserve of NTD\$359,071,061 and special reserve of NTD\$1,244,100,897, adding unallocated retained earnings of the previous year of NTD\$4,864,819,916, total distributable earnings for the year amounted to NTD\$6,852,358,566. NTD\$2,766,857,979 will be distributed as shareholders' cash dividend, each share shall receive NTD\$3.8. The cash dividend will be rounded to dollar, and the odd amounts will be combined and added to the Other Revenues of the Company.
- (2) Please refer to Appendix 12 on Page 73 of the Handbook for the Earnings Distribution Table.
- (3) For distribution of cash dividends, it is proposed that the Board of Directors be authorized to determine the details after the Shareholders' Meeting.
- (4) Where the terms of the earnings distribution affect the number of outstanding shares or dividend distribution ratio or result in the change of total amount of dividends distributed due to the amendments of laws and regulations or changes approved by the competent authority or the change in common shares of the Company (e.g. repurchase shares of the Company for transfer or write-off, employee compensation is distributed in shares) before the ex-right/ex-dividend base date, it is proposed that the Board of Directors be authorized with full powers to deal with the details.
- (5) Please proceed to adopt.

Resolution:

Discussion Items

Item1: Proposal for amendment to the Company's Articles of Incorporation. (Proposed by the Board)

Explanation:

- (1) It is proposed that the Company's "Articles of Incorporation" shall be amended in accordance with the lately amended Company Act and the establishment of Audit Committee of the Company.
- (2) Please refer to Appendix 13 between Page 74 and 81 of the Handbook for the comparison table of articles to be amended.
- (3) Please refer to Appendix 14 between Page 82 and 87 of the Handbook for the full text of the Company's "Articles of Incorporation".
- (4) Please proceed to adopt.

Resolution:

Item2: Proposal for amendment to the "Rules for Procedure for Shareholders Meetings". (Proposed by the Board)

Explanation:

- (1) It is proposed that the "Rules for Procedure for Shareholders Meetings" shall be amended in accordance with the establishment of Audit Committee of the Company
- (2) Please refer to Appendix 15 between Page 88 and 93 of the Handbook for the comparison table of articles to be amended.
- (3) Please refer to Appendix 16 between Page 94 and 99 of the Handbook for the full text of the "Rules for Procedure for Shareholders Meetings".
- (4) Please proceed to adopt.

Resolution:

Item3: Proposal for amendment to the "Regulations Governing Election of Directors and Supervisors". (Proposed by the Board)

Explanation:

- (1) It is proposed that the "Regulations Governing Election of Directors and Supervisors" shall be amended and renamed as "Regulations Governing Election of Directors" in accordance with the lately amended Company Act and the establishment of Audit Committee of the Company.
- (2) Please refer to Appendix 17 between Page 100 and 106 of the Handbook for the comparison table of articles to be amended.
- (3) Please refer to Appendix 18 on Page 107 of the Handbook for the full text of the "Regulations Governing Election of Directors".
- (4) Please proceed to adopt.

Resolution:

Item4: Proposal for amendment to the "Procedures for the Acquisition or Disposal of Assets". (Proposed by the Board)

Explanation:

- (1) It is proposed that the "Procedures for the Acquisition or Disposal of Assets" shall be

amended in accordance with the establishment of Audit Committee of the Company and the amended “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated in Jin-Guan-Zheng-Fa-Zi Letter No. 1070341072.

- (2) Please refer to Appendix 19 between Page 109 and 121 of the Handbook for the comparison table of articles to be amended.
- (3) Please refer to Appendix 20 between Page 122 and Page 130 of the Handbook for the full text of the “Regulations Governing the Acquisition and Disposal of Assets”.
- (4) Please proceed to adopt.

Resolution:

Item5: Proposal for amendment to the “Procedures for Engaging in Derivatives Transactions”. (Proposed by the Board)

Explanation:

- (1) It is proposed that the “Procedures for Engaging in Derivatives Transactions” shall be amended in accordance with the establishment of Audit Committee of the Company.
- (2) Please refer to Appendix 21 between Page 131 and 135 of the Handbook for the comparison table of articles to be amended.
- (3) Please refer to Appendix 22 between Page 136 and Page 140 of the Handbook for the full text of the “Procedures for Engaging in Derivatives Transactions.
- (4) Please proceed to adopt.

Resolution:

Item6: Proposal for amendment to the “Procedures for Loaning of Funds”. (Proposed by the Board)

Explanation:

- (1) It is proposed that the “Procedures for Loaning of Funds” shall be amended in accordance with the establishment of Audit Committee of the Company and the amended “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees” by Financial Supervisory Commission.
- (2) Please refer to Appendix 23 between Page 141 and 145 of the Handbook for the comparison table of articles to be amended.
- (3) Please refer to Appendix 24 between Page 146 and Page 150 of the Handbook for the full text of the “Procedures for Loaning of Funds”.
- (4) Please proceed to adopt.

Resolution:

Item7: Proposal for amendment to the “Regulations Governing Endorsement and Guarantees”. (Proposed by the Board)

Explanation:

- (1) It is proposed that the “Regulations Governing Endorsement and Guarantees” shall be amended in accordance with the establishment of Audit Committee of the Company.
- (2) Please refer to Appendix 25 between Page 151 and 154 of the Handbook for the comparison table of articles to be amended.
- (3) Please refer to Appendix 26 between Page 155 and Page 158 of the Handbook for the full text of the “Regulations Governing Endorsement and Guarantees”.
- (4) Please proceed to adopt.

Resolution:

Election Items

Item: Election for the 13th Term of Directors (including Independent Directors) (Proposed by the Board)

Explanation:

- (1) The term of the original Directors and Supervisors of the Company will be expired on June 7, 2019. Therefore, a re-election is required in accordance with the law.
- (2) This item was approved by the 17th Board of Directors meeting of the 12th term of the Company on March 7, 2019. Nine Directors (including 3 Independent Directors) were elected in accordance with Article 12 of the Company's Articles of Incorporation, who will serve a 3-year term starting from June 5, 2019 to June 4, 2022. Supervisors are replaced by the Audit Committee formed by all Independent Directors.
- (3) Candidate nomination system is adopted in accordance with the Company's Articles of Incorporation and related laws and regulations. Shareholder shall elect Directors and Independent Directors from the candidate list. Please refer to Appendix 27 on page 159 of the Handbook for the Education and Experience information of candidates.
- (4) Please refer to Appendix 28 between Page 161 and 163 of the Handbook for the "Regulations Governing Election of Directors and Supervisors".

Resolution:

Other Items

Item: Proposal for Release the Prohibition on New Directors from Participation in Competitive Business. (Proposed by the Board)

Explanation:

- (1) Directors of the Company may invest in or operate other companies that run the same or similar business of the Company. To assist the Company in expanding business, this propose is made to the Shareholders meeting to release the prohibition on new directors from participation in competitive business under the premise that the interests of the Company is not compromised in accordance with Article 209 of the Company Act. The same shall apply to re-elected Directors.
- (2) Please refer to Appendix 29 between Page 164 and 167 of the Handbook for the Statement for candidates of new Directors concurrently serving the posts of other companies.
- (3) After the new Directors of the 13th term are elected, Directors shall report the update information of serving as Directors or managers of other companies to the Board of Directors of the Company.
- (4) Please proceed to adopt.

Resolution:

Questions and Motions

Adjournment

Appendix 1

Chicony Electronics CO., Ltd. 2018 Business Report

1. 2018 performance

(1) 2018 Operational Result

With the joint efforts by our management team and employees, our 2018 Consolidated Revenue reached \$87,260,406 thousands, which has an increase of 12% compared to 2017. Our Operating Profit amounted to \$4,649,536 thousands, while the Net Profit amounted to \$3,590,711 thousands, an increase of 2% and a decrease of 11% respectively compared to 2017.

(3) Financial Highlights and Profitability Analysis

a. Financial Highlight

Units: NTD thousands

Item	2018	2017	Increase (decrease)
Operating Profit	4,649,536	4,569,330	1.76%
Net Profit	3,590,711	4,021,529	(10.71%)
Average Total Assets	68,193,144	65,876,078	3.52%
Average Shareholder Equity	23,935,896	23,976,322	(0.17%)

b. Profitability

Item	2018	2017
Return on Average Assets (%)	5.27	6.10
Return on Average Shareholder Equity (%)	15.00	16.77
Operating Profit on End-of-Period Shareholder Equity (%)	63.66	63.41
Net Profit Margin (%)	4.11	5.15
Earnings Per Share (Note)	\$5.22	\$5.92

Note : Earnings per share is the amount of employee remuneration that is not distributed based on earnings and the number of new shares issued through capitalization of earnings before retroactive adjustment.

(3) Research and development

In 2018, the Company and its subsidiaries spent approximately \$2,515,632 thousands on product development, automation production equipment, and process improvement. Solid R&D ability is Chicony's crucial competitiveness to face fast-changing industry environment. To cultivate and attract more and more excellent R&D talents, Chicony has cooperated with National Taipei University of Technology by providing "Chicony R&D scholarship" and has created a "C&T laboratory" and jointly held creative thinking competitions, as well as participating in the first P-TECH industry-academy cooperation partnership held by the Ministry of Education for potential R&D candidates. Aiming to innovative technology trend, Chicony will continuously develop cutting edge products including keyboards, images (camera module, sports DV, IP CAM, dashboard camera), power supply, IoT-wearable device, smart building solutions, and other smart life products. Thanks to our new coming customers, Chicony has obtained quite a few business opportunities.

2. 2019 Business Project Summary

(1) 2019 Business Target and Business Outlook

The tension caused by the trade war between China and the United States results in the

credit crunch in all major markets and has impact on the trading activities. The level of USD appreciation and interest rate increase exceeds expectations, which results in the volatile fluctuation in financial markets of emerging markets that issue USD bonds and fund withdrawal from such markets. Under the impact of heating trade protectionism and the turmoil of emerging markets, IMF predicts that the global economic growth in 2019 will be at 3.5%. The United States further sets high trade barriers against China and impose tariff on China's Car Industry, which will decrease the U.S. long-term economic growth by 1%. The economic growth for the United States in 2019 is forecast at 2.5%. China is the second largest economy in the world. China's economy is transforming from high-growth to high-quality. In addition, the trade disputes between China and the United States have strong impact on its economic growth. Furthermore, the financial stability in China is affected by the escalated non-financial liabilities, high housing price and the close down of P2P lending platforms. The economic growth for China is forecasted at 6.2%. With Brexit entering a deadlock, the United States withdrawing from the Iran nuclear deal and resuming economic sanctions against Iran's economy and oil export, the tension in the region has raised again. The uncertainty of U.S. trade policy, deterioration of financial situation in emerging markets, economic declines in China, and the risks of geopolitics have put the world in the extremely unstable situation where the financial environment may have sudden and violent depreciation.

After many years of declines in PC market, the decline level of shipping of PC in 2018, although still declined by 1.3% compared to 2017, decreased compared to the past 3 years. The major growth came from the replacement of PCs in large companies with Windows 10 operating system. The shipping increase in corporate market offsets the consumer market that has been influenced smart phones. In recent years, AI, IOT, business intelligence, blockchain, and big data have become standard equipment for corporations, which push corporations to accelerate the replacement of PC equipment that is used for processing data and analysis. The momentum of the growth in PC mainly came from high-end business computers and gaming computers that have higher gross profit, which is beneficial for the whole PC supply chain.

After the decline in the global Notebook market caused by tablets and smart phones, the NB market became stable in 2018, thanks to the market saturation of smart phones and decline of tablet sales. With the introduction of affordable Apple products, Modern PC from Microsoft, and budget gaming NBs, the compound growth rate for global NB shipping between 2019 and 2023 will be at 0.6%, and the shipping scale may be at least 0.15 billion NBs by 2023.

The global smart phone market has entered growth plateau period. The life cycle of smart phones extends as the new smart phones are lack of killer applications and dramatic upgrades. Smart phones should maintain single digit growths between 2019 and 2022 with the compound growth rate at 2.4%. Functional phones with affordable prices earn favor in India and African markets, and the growth momentum is maintained at a certain level. Smart phone companies have focused on the specification of cell phone lens and performance. As the dual lens has become the standard equipment of new phones, the market has focused on trio lens in 2018. The number of lenses increases as the cell phone specification upgrades, including multiple lenses, 3D sensor, AR, AI applications. In the future, each smart phone may contain 5 or 6 lenses, which is beneficial for the cell phone camera module products.

As consumers have higher and higher acceptance towards smart home, the global smart home devices (including smart sound system, smart door bell, smart light bulbs, smart door locks, internet-connected smoke detectors, and etc.) will reach 0.83 billion devices in 2018, a dramatic growth of 25% compared to 2017. With the factors of more companies entering the

market, declining device price, improving user experiences, and rapid technology development, the number of global smart home devices is estimated at 1.94 billion by 2023, higher than the estimated number of global smart phones of 1.86 billion back then. Among all, the smart sound device enjoys the most rapid growth, with the growth of 109% in 2018 compared to 2017, which is higher than the growth of AR, VR and even wearable devices.

As corporations enter the period of renewing server equipment and continue to invest in new generation of IT infrastructures and mega data center firms continue to expand, the demand in servers continue to increase. Furthermore, the price increase for DRAM, adoption of new processor platforms and better equipment boost the increase of ASP for servers, which leads to the growth in all types of servers and in the market scale in all regions. From the perspective of product type, the market scale of entry-level server increases by 42% annually, 63% for intermediate server market, and 30% for high-end server market. The market scale in all regions reaches double digit growth, among which Chinese market and Asia-Pacific region excluding Japan have the highest growth of 70% and 55% respectively. The dramatic growth in server market scale is a great benefit for the subsidiary Chicony Power Technology that produce power supply of servers.

Chicony's keyboard, images (camera module, sports DV, IP CAM, dashboard camera), and power supply products steadily grew well. For keyboards, we continue our strategy in keyboards with high unit price, such as gaming, 2 in 1 and LED backlight keyboards. In gaming market, gaming is recognized as a sport competition, thanks to the policy in all regions. To meet the market demand, key components of gaming products have been improved and refined, which triggers the replacement trend of gaming products. For image products, the Company possesses the R&D capacity of integrating Wi-Fi and image technologies and has excellent competitive advantages in entering IoT application products. In the face of continuous growth in the market of smart technology products and the popularization of smart life, the Company's products, such as Wi-Fi camera, smart doorbell image system, pet feeding machines, embrace the strong demand in the market of consumer electronic products. For power supply products, in addition to the continuous growth in gaming power supply and the market penetration in gaming power supply, the Company also enters in the supply chain of smart speaker mega corporations.

In 2019, the management team of the Company will remain highly confident to actively face the rapid changes in the industry and external challenges and to integrate resources of the group. In addition to the research, development and sales of niche products like original keyboards, digital image, and power supply, non-PC products, such as gaming, server, game console, smart home and IoT, are able to enter markets with potential and application areas with high value-added as these products have stable growth. With the support of these high value-added products, the revenues and profits of the Company also shares a stable growth simultaneously. In addition to the market analysis made by the aforementioned major research institutions, the Company also takes production planning and the operating performance in the past into consideration based on the estimated demands of customers. It is estimated that the number of product sale for PC peripheral devices, digital image, consumer electronic products, and other electronic products of the Company will be 192.6 million, and the number of PC peripheral devices, game consoles, and network communication and other electronic products of subsidiaries Chicony Power Technology and XAVi Technologies Corporation is 163.9 million and 7.1 million respectively.

(2) Business strategies

The Company will continue to uphold the faith of sustainable and integrity operation and the principle of "No Quality, No Sales," provide customers with satisfying services,

and continue to fulfill the growth in Company revenues and profits in order to give back to our shareholders, employees and society. The operating strategies for products, production, marketing, research and development, human resources, and finance perspectives are described as follows:

a. Products:

- (1) Keep cultivating keyboard, digital image, power supply, and other high gross-profit and differentiated products.
- (2) Integrate unique technology advantages including image, Wi-Fi, power control, and software to develop higher value-added products.
- (3) Escalate Non-PC products revenue proportion including cloud computing and gaming power supply products, smart home products and smart building solution applications, and IOT-wearable devices.

b. Production:

- (1) Expand economics of scale in keyboard, image, and power supply products, escalate efficiency of productivity, and strictly control the quality of products.
- (2) Enhance the VMI (Vendor Managed Inventory) system with the information provided by EDI and ERP to react customer needs in time, so as to reduce storage cost and improve flexibility and efficiency of delivery and production.
- (3) Enhance bargain power by integrating Chicony group procurement resources and integrating common materials of the Group.
- (4) Purchase key components directly from the original suppliers to reduce raw material costs.
- (5) Keep finding more appropriate suppliers of key components, to create strategic vertical integration to enhance complement and expand economics of scale.
- (6) Cultivate deeper relationship with suppliers in China to localize procurement process. Response currency market to reduce the material cost and to enlarge the CRP amount by adopting the most beneficial currency.
- (7) Accelerate the establishment of production base in Southeast Asia other than China and continue to escalate the automation ratio and development new production process to efficiently improve production efficiency.

c. Marketing:

- (1) Provide customer “ONE STOP SHOPPING” menu by integrating Chicony group product lines so as to meet the product demands of customers and to create the greatest profits by the most efficient marketing resources.
- (2) Continue to extend the customer base and market share of keyboard, digital image (DV, IPC CAM and lens module) and power supply products.
- (3) Expand new products including smart home, IP CAM, IOT-wearable devices, and drones.
- (4) Create CFT (Customer Focus Team) so as to integrate Chicony group marketing resources and deeply cultivate crucial customers.

d. Research and Development:

- (1) Collaborate with crucial international hardware/software customers and suppliers so as to control key technologies and create valuable new products together.
- (2) Create technology advantages by I.P. Know-How so as to set entry barriers.
- (3) Keep developing VA/VE (value analysis/value engineering) and improve product design to increase productivity efficiency and reduce production cost.
- (4) Provide “Chicony R&D scholarship” to encourage more excellent R&D talents for developing greater R&D ability and efficiency.

- (5) New Product Business Division keeps developing new product opportunities so as to create more blue-ocean market for Chicony.
 - (6) Establish Intellectual Property Center to obtain and protect patents belongs to Chicony group as well as manage cross-licensing of patents.
- e. Human Resources:
- (1) Keep providing profession and management training courses to cultivate employees' professional technique and self-development.
 - (2) Help employees develop stable self-career plan with position rotation and job deputy, and, there through, the work capacity and position experience can be continuously applied and inherited for eternal operation purpose.
 - (3) Promote corporate social responsibility activities and allocate certain ratio of the company's profits to help disadvantaged minorities in the education and medical perspectives. Cooperate with known colleges to cultivate young talents for potential manpower cultivation to present the solid result of corporate social responsibility of the Company.
 - (4) Keep pace with HR development and policy trend globally and react in time to maintain mutual benefits for both employer and employee.
 - (5) Concern our employees thoroughly to inspire and keep excellent manpower with the profound retaining system and employee housing plans.
- f. Finance
- (1) Supervise budget control and carefully manage accounts receivable, inventory, and cash turnover.
 - (2) Strictly manage the tax-preserving materials and ensure the conduct of tax-preserving materials follow the legal regulation in other countries to make sure the company can benefit from the custom tax.
 - (3) Keep improve debt ratio, and enhance corporate governance, stock and finance affairs.
 - (4) Adequately hedge against fluctuations in exchange rates and raw material costs.
 - (5) Conduct the most appropriate tax planning for entire Chicony group by thorough study of relevant tax law and regulation in related countries.
 - (6) Minimize the interest cost and plan the middle and long term fund facility according to the trend of interest rate.
 - (7) Keep seeking companies with growth potential or complementary strengths as for investment object or future strategic alliance.
- (3) Important production and marketing policies
- a. Focus on the top 10 global brands of manufacturers in personal computers, notebooks, image products, and smartphone. By increasing our business shares among these growing companies, we are able to expand our global market shares and strengthen our position.
 - b. Integrate our competitive advantages of multiple product lines, cross-selling, and collaborate material procurement resources.
 - c. Establish in-time warehouses logistic system to shorten product delivery time and gain advantages compare to our competitors.
 - d. Review and adjust production process to the optimum status. Adopt automatic production to increase productivity efficiency.
 - e. Establish VMI (Vendor Managed Inventory) system to enhance material delivery efficiency and reduce stocks of inventory.
 - f. Enhance current ERP system and provide management index information. Establish Business Policy Making room with timely information for decision making.

- g. Extend the establishment of production base in Southeast Asia other than China to satisfy customer demands and diversify risks.
- 3. Company development strategy and impact from external competition, laws and regulations, and the overall operating environment in the future:
These subjects are covered in the 2019 Business Plan summary. In addition, the operation of the Company is handled in accordance with laws and regulations. The Company operation has not been affected by the amendments of laws and regulations.

We wish our shareholders
Health and Good Luck

Chairman: Kent Hsu

CEO: Roger Lu

CFO: Molly Lin

Appendix 2

Chicony Electronics CO., Ltd.

Supervisors' Review Report

We hereby confirm

The Board of Directors of Chicony Electronics Co., Ltd prepared and presented the 2018 business report, consolidated financial statements and individual financial statements, and the statement of retained earnings. The financial statements were audited by the PwC Taiwan, appointed by Board, and an independent auditor's report was issued by it.

Supervisors have audited the above-mentioned reports that were composed and presented by the Board of Directors. They have been audited and it is concluded the reports are presented fairly according to Corporate Law and other related regulation ; therefore, a Supervisor's Report is hereby issued in accordance with Company Law Article 219.

For your review

To

Shareholders' Meeting 2019

Supervisor:
Huang, Chin Shun

Supervisor:
Huang, Chen-Chih

Supervisor:
Dong Ling Investment Co., Ltd. Legal Representative:
Chang, Su-Tien

March 7, 2019

Appendix 3

Chicony Electronics CO., Ltd.

Comparison Table for the original articles and amendments of “Ethical Corporate Management Best Practice Principles”

Article Number	Original Article	Amended Article	Description
2	During the process of commercial behaviors conducted by the Company’s directors and <u>supervisors</u> , managerial officers, employees, appointees or personnel with substantial control capability (hereinafter collectively referred to as substantial controllers) shall not provide, commit, request or accept any unjustifiable interests or take any acts in contravention of faithfulness, unlawful or in contravention of delegated obligations either directly or indirectly in an attempt to obtain or maintain interests (hereinafter collectively referred to as unfaithful behaviors). The counterparts for the behaviors mentioned in the preceding paragraph include public servants, political election candidates, political party or social party personnel and any government and non-government enterprises or organizations and their directors (council members) and supervisors (superintendents), managerial officers, employees, substantial controllers or other interested parties.	During the process of commercial behaviors conducted by the Company’s directors, managerial officers, employees, appointees or personnel with substantial control capability (hereinafter collectively referred to as substantial controllers) shall not provide, commit, request or accept any unjustifiable interests or take any acts in contravention of faithfulness, unlawful or in contravention of delegated obligations either directly or indirectly in an attempt to obtain or maintain interests (hereinafter collectively referred to as unfaithful behaviors). The counterparts for the behaviors mentioned in the preceding paragraph include public servants, political election candidates, political party or social party personnel and any government and non-government enterprises or organizations and their directors (council members) and supervisors (superintendents), managerial officers, employees, substantial controllers or other interested parties.	Amended in compliance with the establishment of the Audit Committee
10	The Company and its directors <u>and supervisors</u> , managerial officers, employees, appointees and substantial controllers shall, upon implementation of the business operation, not provide, commit, request or accept endue enrichment in any form from customers, agents, contractors, suppliers, public servants or other interested parties.	The Company and <u>its</u> directors, managerial officers, employees, appointees and substantial controllers shall, upon implementation of the business operation, not provide, commit, request or accept endue enrichment in any form from customers, agents, contractors, suppliers, public servants or other interested parties.	Amended in compliance with the establishment of the Audit Committee
11	The Company and its <u>directors and</u> supervisors, managerial officers, employees, appointees and substantial controllers shall, while offering contribution to political parties or the organizations or individuals participating in political activities, be consistent with the Political Donations Act and internal operating procedures concerned of the Company and shall	The Company and <u>its</u> directors, managerial officers, employees, appointees and substantial controllers shall, while offering contribution to political parties or the organizations or individuals participating in political activities, be consistent with the Political Donations Act and internal operating procedures concerned of the Company and shall not strive for	Amended in compliance with the establishment of the Audit Committee

Article Number	Original Article	Amended Article	Description
	not strive for commercial interests or advantages in transaction through such contributions.	commercial interests or advantages in transaction through such contributions.	
12	The Company and its <u>directors and</u> supervisors, managerial officers, employees, appointees and substantial controllers shall, while offering charity contribution or sponsorship, be consistent with the laws and ordinances concerned and internal operating procedures concerned of the Company and shall not make contributions as disguised bribery.	The Company and <u>its</u> directors, managerial officers, employees, appointees and substantial controllers shall, while offering charity contribution or sponsorship, be consistent with the laws and ordinances concerned and internal operating procedures concerned of the Company and shall not make contributions as disguised bribery.	Amended in compliance with the establishment of the Audit Committee
13	The Company and its <u>directors and</u> supervisors, managerial officers, employees, appointees and substantial controllers shall not offer or accept any unreasonable gifts, entertainment or other endue enrichment either directly or indirectly in an attempt to set up commercial relationship or engage in an act to affect commercial transactions.	The Company and <u>its</u> directors, managerial officers, employees, appointees and substantial controllers shall not offer or accept any unreasonable gifts, entertainment or other endue enrichment either directly or indirectly in an attempt to set up commercial relationship or engage in an act to affect commercial transactions.	Amended in compliance with the establishment of the Audit Committee
14	The Company and its directors <u>and supervisors</u> , managerial officers, employees, appointees and substantial controllers shall faithfully comply with the intellectual property related laws and regulations, operating procedures inside the Company and requirements of agreements/contracts and shall not use, divulge, dispose, damage or infringe in other means intellectual property rights unless consented by the intellectual property right holders.	The Company and its directors, managerial officers, employees, appointees and substantial controllers shall faithfully comply with the intellectual property related laws and regulations, operating procedures inside the Company and requirements of agreements/contracts and shall not use, divulge, dispose, damage or infringe in other means intellectual property rights unless consented by the intellectual property right holders.	Amended in compliance with the establishment of the Audit Committee
16	The Company and its directors <u>and supervisors</u> , managerial officers, employees, appointees and substantial controllers shall, during the process of research and development, procurement, manufacture, provision or sales, faithfully comply with the laws and ordinances concerned and international standards to assure that the information of products and services is transparent and safe; and shall enact open protection policies for consumers or other interested parties and shall would put into implementation thoroughly operating activities to prevent the products or services from impairing consumers or	The Company and its directors, managerial officers, employees, appointees and substantial controllers shall, during the process of research and development, procurement, manufacture, provision or sales, faithfully comply with the laws and ordinances concerned and international standards to assure that the information of products and services is transparent and safe; and shall enact open protection policies for consumers or other interested parties and shall would put into implementation thoroughly operating activities to prevent the products or services from impairing consumers or other	Amended in compliance with the establishment of the Audit Committee

Article Number	Original Article	Amended Article	Description
	other interested parties in interests, health and safety either directly or indirectly. Where proven facts indicate that products or services are likely to impair consumers or other interested parties in safety and health, such products shall be recalled or the services shall be discontinued based on principle.	interested parties in interests, health and safety either directly or indirectly. Where proven facts indicate that products or services are likely to impair consumers or other interested parties in safety and health, such products shall be recalled or the services shall be discontinued based on principle.	
17	The Company and its directors, <u>supervisors</u>, managerial officers, employees, appointees and substantial controllers shall exercise due diligence as a bona fide administrator to urge the Company to prevent unfaithful behaviors, review the performance and result of implementation and strive for improvement continually without interruption to assure thorough fulfillment of ethical management policy. To assure sound management of ethical management, the <u>Audit Office</u> of the Company shall assume the responsibility for enactment, superintendence and implementation of the Procedures for Ethical Management Policy and Preventing Measures to take primary charge of the tasks among those enumerated below and report to the Board of Directors on a regular basis. [Following content is omitted]	The Company and its directors, managerial officers, employees, appointees and substantial controllers shall exercise due diligence as a bona fide administrator to urge the Company to prevent unfaithful behaviors, review the performance and result of implementation and strive for improvement continually without interruption to assure thorough fulfillment of ethical management policy. d management of ethical management, <u>Ethical Management Department</u> of shall assume the responsibility for perintendence and implementation of es for Ethical Management and Conduct to take primary charge of the hose enumerated below and report to irectors on a regular basis. [Following content is omitted]	1. Amended in compliance with the establishment of the Audit Committee 2. The responsible unit of the ethical management is amended
18	The Company and its directors <u>and supervisors</u> , managerial officers, employees, appointees and substantial controllers shall, upon implementation of business operation, faithfully comply with requirements of laws and regulations and Preventing Measures.	The Company and its directors, managerial officers, employees, appointees and substantial controllers shall, upon implementation of business operation, faithfully comply with requirements of laws and regulations and Preventing Measures.	Amended in compliance with the establishment of the Audit Committee
19	The Company shall duly enact policies to prevent conflicts of interest as the grounds to identify, supervise and manage the potential risks of unfaithful behaviors resulting from conflicts of interests and provide sound channels to enable the directors <u>and supervisors</u> , managerial officers and other interested parties present in the Board of Directors Meeting as participants or non-voting guest participants to take the initiative to clarify any potential conflicts of interests.	The Company shall duly enact policies to prevent conflicts of interest as the grounds to identify, supervise and manage the potential risks of unfaithful behaviors resulting from conflicts of interests and provide sound channels to enable the directors, managerial officers and other interested parties present in the Board of Directors Meeting as participants or non-voting guest participants to take the initiative to clarify any potential conflicts of interests. The Company's directors, managerial	Amended in compliance with the establishment of the Audit Committee

Article Number	Original Article	Amended Article	Description
	The Company's directors, <u>supervisors</u>, managerial officers and other interested parties present in the Board of Directors Meeting as participants or non-voting guest participants shall, clarify the key contents about the interest involvement in the current Board of Directors Meeting on the issues listed in the agenda of the current Board of Directors Meeting. If such issues are likely to impair the Company's interests, they shall not join the discussion and voting process and shall recuse themselves during the discussion and voting process and shall not act as a proxy for other director(s) to exercise the voting powers. The directors shall exercise self-discipline among themselves without any unjustifiable inter-support. The Company and its directors, <u>supervisors</u>, managerial officers, employees, appointees and substantial controllers shall not take advantage of their position or influential powers to enable themselves, their spouses, parents, children or any others to gain endue enrichment.	officers and other interested parties present in the Board of Directors Meeting as participants or non-voting guest participants shall, clarify the key contents about the interest involvement in the current Board of Directors Meeting on the issues listed in the agenda of the current Board of Directors Meeting. If such issues are likely to impair the Company's interests, they shall not join the discussion and voting process and shall avoid from presence (recuse) during the discussion and voting process and shall not act as a proxy for other director(s) to exercise the voting powers. The directors shall exercise self-discipline among themselves without any unjustifiable inter-support. The Company and its directors, managerial officers, employees, appointees and substantial controllers shall not take advantage of their position or influential powers to enable themselves, their spouses, parents, children or any others to gain endue enrichment.	
21	The Company shall, pursuant to the requirements set forth under Article VI, duly enact the operating procedures and behavioral guide to concretely regulate the directors <u>and supervisors</u>, managerial officers, employees and substantially controllers with the guidelines of which, the contents should include a minimum of the following: [Following content is omitted]	The Company shall, pursuant to the requirements set forth under Article VI, duly enact the operating procedures and behavioral guide to concretely regulate the directors, managerial officers, employees and substantially controllers with the guidelines of which, the contents should include a minimum of the following: [Following content is omitted]	Amended in compliance with the establishment of the Audit Committee
22	The Company's chairman, general manager or ranking management shall pass the importance of ethical management onto directors, employees and appointees on a regular basis. The Company shall, on a regular basis, sponsor educational and training programs and promotional propaganda onto the directors <u>and supervisors</u>, managerial officers, employees, appointees and substantial controllers on a regular basis and, meanwhile, invite counterparts who engage in commercial acts with the Company to	The Company's chairman, general manager or ranking management shall pass the importance of ethical management onto directors, employees and appointees on a regular basis. The Company shall, on a regular basis, sponsor educational and training programs and promotional propaganda onto the directors, managerial officers, employees, appointees and substantial controllers on a regular basis and, meanwhile, invite counterparts who engage in commercial acts with the Company to participate to assure that	Amended in compliance with the establishment of the Audit Committee

Article Number	Original Article	Amended Article	Description
	participate to assure that they would be adequately aware of the Company's firm determination, policies, Preventing Measures in ethical management and the consequences in contravention of ethical management policies. The Company shall associate the ethical management policy and the policies in performance evaluation and human resources policies and shall expressly establish effective rewarding and punishment systems.	they would be adequately aware of the Company's firm determination, policies, Preventing Measures in ethical management and the consequences in contravention of ethical management policies. The Company shall associate the ethical management policy and the policies in performance evaluation and human resources policies and shall expressly establish effective rewarding and punishment systems.	
23	The Company shall set up concrete system of reporting an offense and shall put it into faithful implementation. The contents of such system shall include the following as the minimum requirements: 1. Establish and promulgate an independent mailbox, special telephone for reporting an offense, or delegate other outsourced independent institution to offer mailboxes for reporting an offense, to be used by personnel both inside and outside the Company. 2. Assign specific personnel or units to accept report of an offense. Where a report of an offense involves a director or a ranking head, such personnel or unit shall report to the independent directors or supervisors. The Company shall, besides, specify the categories of the issues for report of an offense, the investigation standard operating procedures so involved. 3. Entertain cases of reports of an offense, procedures of investigation, records and archiving of the investigation outcome and relevant documents so produced. 4. Confidentiality protection on the status of the reporter of an offense and contents of the reports of an offense. 5. Measures to protect reporters of an offense from potential unjustifiable measures due to his	The Company shall set up concrete system of reporting an offense and shall put it into faithful implementation. The contents of such system shall include the following as the minimum requirements: 1. Establish and promulgate an independent mailbox, special telephone for reporting an offense, or delegate other outsourced independent institution to offer mailboxes for reporting an offense, to be used by personnel both inside and outside the Company. 2. Assign specific personnel or units to accept report of an offense. Where a report of an offense involves a director or a ranking head, such personnel or unit shall report to the independent directors. The Company shall, besides, specify the categories of the issues for report of an offense, the investigation standard operating procedures so involved. 3. Entertain cases of reports of an offense, procedures of investigation, records and archiving of the investigation outcome and relevant documents so produced. 4. Confidentiality protection on the status of the reporter of an offense and contents of the reports of an offense. 5. Measures to protect reporters of an offense from potential unjustifiable measures due to his or her report of the offense.	Amended in compliance with the establishment of the Audit Committee

Article Number	Original Article	Amended Article	Description
	or her report of the offense. 6. Incentive measures to be offered to the reporters of an offense. The unit responsible for reporting cases of the Company is Audit Office. Where the Company's specific personnel or units to accept report of an offense notice through investigation a significant offense or that the Company is likely to undergo a significant impairment, they should work out reports and report to the independent directors <u>or supervisors</u> in writing.	6. Incentive measures to be offered to the reporters of an offense. The unit responsible for reporting cases of the Company is Audit Office. Where the Company's specific personnel or units to accept report of an offense notice through investigation a significant offense or that the Company is likely to undergo a significant impairment, they should work out reports and report to the independent directors in writing.	
26	The Company shall, at anytime, closely watch the development of ethical management related norms both at home and abroad and shall encourage the directors, <u>supervisors</u>, managerial officers and employees to offer suggestions as the grounds to reassess and improve the Company's measures of the ethical management policies and implementation thereof, so as to raise implementation thoroughly the performance of ethical management.	The Company shall, at any time, closely watch the development of ethical management related norms both at home and abroad and shall encourage the directors, managerial officers and employees to offer suggestions as the grounds to reassess and improve the Company's measures of the ethical management policies and implementation thereof, so as to raise implementation thoroughly the performance of ethical management.	Amended in compliance with the establishment of the Audit Committee
27	These Principles are put into enforcement after being approved by the Board of Directors <u>and shall be reported to the supervisors and shareholders' meeting.</u> This same provision is applicable mutatis mutandis to an event of an amendment.	These Principles are put into enforcement after being approved by the Board of Directors. This same provision is applicable mutatis mutandis to an event of an amendment. <u>Where the Ethical Corporate Management Best Practice Principles are reported to the Board of Directors for discussion in accordance with the previous Paragraph, the Company shall take the opinions from independent directors in full consideration and shall record the objection or</u>	Amended in compliance with the establishment of the Audit Committee

Article Number	Original Article	Amended Article	Description
		<u>qualified opinions in the minutes of Board of Directors meeting. Where the independent directors are unable to attend the Board of Directors meeting in person to express objection or qualified opinions, they shall, except for the legitimate reasons, present opinions in writing in advance, and such opinions shall be recorded in the minutes of Board of Directors meeting.</u>	

Appendix 4

Amended by the Board of Directors on March 7, 2019

Chicony Electronics CO., Ltd.

Ethical Corporate Management Best Practice Principles

- Article 1 These Ethical Corporate Management Best Practice Principles are duly enacted in an attempt to set up ethical management oriented corporate cultures and to assure sound development.
These Principles are applicable to the Company and its subsidiaries, the juristic persons with funds donated over 50% either directly or indirectly and other juristic person conglomerates and organizations with substantial control capability (hereinafter collectively referred to as conglomerate enterprises and organizations).
- Article 2 During the process of commercial behaviors conducted by the Company's directors, managerial officers, employees, appointees or personnel with substantial control capability (hereinafter collectively referred to as substantial controllers) shall not provide, commit, request or accept any unjustifiable interests or take any acts in contravention of faithfulness, unlawful or in contravention of delegated obligations either directly or indirectly in an attempt to obtain or maintain interests (hereinafter collectively referred to as unfaithful behaviors).
The counterparts for the behaviors mentioned in the preceding paragraph include public servants, political election candidates, political party or social party personnel and any government and non-government enterprises or organizations and their directors (council members) and supervisors (superintendents), managerial officers, employees, substantial controllers or other interested parties.
- Article 3 The term "interests" as set forth in these Principles denotes any and all articles with values, including cash in any form or name, gifts, commission, position titles, services, preferences, kickbacks except those under normal social courtesy, as occasional ones unlikely to affect specific rights & obligations.
- Article 4 The Company shall faithfully comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, Taiwan Stock Exchange or Over-the-Counter Securities Exchange listed rules or other commercial act related laws and regulations in the very premise to put into implementation thoroughly ethical management.
- Article 5 The Company shall, in the incorruptible, transparent and responsible managerial philosophy, enact ethical management based policies and set up sound corporate governance and risk control mechanism so as to create sound managerial environment for sustainable development.
- Article 6 The Procedures for Ethical Management Policy enacted by the Company shall expressly enact concrete guides about Ethical Corporate Management Best Practice and provide the policies to prevent unfaithful behaviors (hereinafter referred to as Preventing Measures), including operating procedures, behavioral guides and educational & training programs.
The Preventing Measures enacted by the Company shall be consistent with the laws and ordinances concerned prevalent in the venues where the Company, the conglomerate enterprises and organizations operate.
In the process where the Company enacts the Preventing Measures, the Company shall be in close communication with employees, unions and major business operation counterparts or other interested parties.
- Article 7 Upon enactment of the Preventing Measures, the Company shall analyze the operating activities within the business scope that are subject to higher risks in unfaithful behaviors and strengthen the preventive measures.
The Preventing Measures enacted by the Company shall cover the minimum of the

preventive measures against the behaviors enumerated below:

1. Offer and accept a bribe.
2. Offer unlawful political donation.
3. Offer unjustifiable charity donation or sponsorship.
4. Offer or accept unjustifiable gifts, entertainments or endue enrichment.
5. Infringement upon trade secrets, trademarks, patents, copyrights and other intellectual property rights.
6. Taking action to engage in unjust competition.
7. Impair consumers or other interested parties, directly or indirectly, in their interests, health, safety and security in the process of research and development, procurement, manufacture, supply or sales of products and services.

- Article 8 The Company and the conglomerate enterprises and organizations shall, in their rules and regulations and documents issued externally, expressly provide the ethical management best practice policies; and the Board of Directors and managerial level shall put forth wholehearted effort to put into implementation thoroughly commitment to ethical management policies and shall put them into faithful implementation through internal management and commercial activities.
- Article 9 The Company shall, on the grounds of the Procedures for Ethical Management and Guidelines for Conduct, engage in commercial activities in a fair and transparent manner. Before executing the commercial activities, the Company shall consider the legality of the agents, suppliers, customers or other counterparts in transactions, and whether they have been involved in unfaithful behaviors. The Company shall refrain from engaging in transaction with anyone who has a record of involvement in unfaithful behaviors. The agreements/contracts executed by and between the Company and agents, suppliers, customers or other counterparts in transactions shall include the policies in comply with the ethical management policies and that whenever a transaction counterpart gets involved in unfaithful behavior, the Company may terminate or rescind the terms and conditions of the agreements/contracts forthwith.
- Article 10 The Company and its directors, managerial officers, employees, appointees and substantial controllers shall, upon implementation of the business operation, not directly or indirectly provide, commit, request or accept endue enrichment in any form from customers, agents, contractors, suppliers, public servants or other interested parties.
- Article 11 The Company and its directors, managerial officers, employees, appointees and substantial controllers shall, while directly or indirectly offering contribution to political parties or the organizations or individuals participating in political activities, be consistent with the Political Donations Act and internal operating procedures concerned of the Company and shall not strive for commercial interests or advantages in transaction through such contributions.
- Article 12 The Company and its directors, managerial officers, employees, appointees and substantial controllers shall, while offering charity contribution or sponsorship, be consistent with the laws and ordinances concerned and internal operating procedures concerned of the Company and shall not make contributions as disguised bribery.
- Article 13 The Company and its directors, managerial officers, employees, appointees and substantial controllers shall not offer or accept any unreasonable gifts, entertainment or other endue enrichment either directly or indirectly in an attempt to set up commercial relationship or engage in an act to affect commercial transactions.
- Article 14 The Company and its directors, managerial officers, employees, appointees and substantial controllers shall faithfully comply with the intellectual property related laws and regulations, operating procedures inside the Company and requirements of agreements/contracts and shall not use, divulge, dispose, damage or infringe in other means intellectual property rights unless consented by the intellectual property right

holders.

Article 15 The Company shall engage in operating activities in accordance with relevant competition rules and shall not fix prices, make rigged bids, restrict outputs and quota, nor shall the Company co-share or segment markets by means of distribution of customers, suppliers, operating territories or commercial categories.

Article 16 The Company and its directors, managerial officers, employees, appointees and substantial controllers shall, during the process of research and development, procurement, manufacture, provision or sales, faithfully comply with the laws and ordinances concerned and international standards to assure that the information of products and services is transparent and safe; and shall enact open protection policies for consumers or other interested parties and shall would put into implementation thoroughly operating activities to prevent the products or services from impairing consumers or other interested parties in interests, health and safety either directly or indirectly. Where proven facts indicate that products or services are likely to impair consumers or other interested parties in safety and health, such products shall be recalled or the services shall be discontinued based on principle.

Article 17 The Company and its directors, managerial officers, employees, appointees and substantial controllers shall exercise due diligence as a bona fide administrator to urge the Company to prevent unfaithful behaviors, review the performance and result of implementation and strive for improvement continually without interruption to assure thorough fulfillment of ethical management policy.

To assure sound management of ethical management, **the Administration Management Department** of the Company shall assume the responsibility for enactment, superintendence and implementation of the Procedures for Ethical Management and Guidelines for Conduct to take primary charge of the tasks among those enumerated below and report to the Board of Directors on a regular basis.

1. Help put the values of ethical management and morals into the Company's managerial policies and enact sound Prevention Measures to assure thorough implementation of the Procedures for Ethical Management and Guidelines for Conduct.
2. Enact policies to prevent unfaithful behaviors and establish operating procedures and behavioral guide for relevant standards for business operation.
3. Map out internal organization, authorized personnel complement and responsibilities and powers; deploy the inter-superintendence and counterbalance mechanism of the operating activities inside the business scope that are relatively subject to unfaithful behaviors.
4. Implement and coordinate with the promotional propaganda, training programs for ethical management policy.
5. Map out informing and accusation system to assure effective performance of implementation.
6. Help the Board of Directors and the management audit, evaluate and put into implementation thoroughly whether the Preventing Measures have been in effective performance and evaluate the compliance of the relevant operating procedures and work out reports.

Article 18 The Company and its directors, managerial officers, employees, appointees and substantial controllers shall, upon implementation of business operation, faithfully comply with requirements of laws and regulations and Preventing Measures.

Article 19 The Company shall duly enact policies to prevent conflicts of interest as the grounds to identify, supervise and manage the potential risks of unfaithful behaviors resulting from conflicts of interests and provide sound channels to enable the directors, managerial officers and other interested parties present in the Board of Directors Meeting as participants or non-voting guest participants to take the initiative to clarify any potential conflicts of interests.

The Company's directors, managerial officers and other interested parties present in the Board of Directors Meeting as participants or non-voting guest participants shall, clarify the key contents about the interest involvement in the current Board of Directors Meeting on the issues listed in the agenda of the current Board of Directors Meeting. If such issues are likely to impair the Company's interests, they shall not join the discussion and voting process and shall avoid from presence (recuse) during the discussion and voting process and shall not act as a proxy for other director(s) to exercise the voting powers. The directors shall exercise self-discipline among themselves without any unjustifiable inter-support.

The Company and its directors, managerial officers, employees, appointees and substantial controllers shall not take advantage of their position or influential powers to enable themselves, their spouses, parents, children or any others to gain undue enrichment.

Article 20 On the operating activities believed subject to higher risks of unfaithful behaviors, the Company shall set up effective accounting system and internal control system and shall not permit any external accounts or reserved confidential account, and shall review all such from time to time to assure that such system would be continually valid in design and in implementation.

The Company's Audit Department shall audit the compliance of the system mentioned in the preceding paragraph on a regular basis and shall work out audit report and submit it to the Board of Directors, and may, as well, delegate a Certified Public Accountant to conduct the audit and may request professionals to help as necessary.

Article 21 The Company shall, pursuant to the requirements set forth under Article VI, duly enact the operating procedures and behavioral guide to concretely regulate the directors, managerial officers, employees and substantially controllers with the guidelines of which, the contents should include a minimum of the following:

1. The criteria to identify "provide or accept undue enrichment".
2. Provide the handling procedures over lawful political donation.
3. Provide the handling procedures and criteria of amounts for justifiable charity contribution or sponsorship.
4. Rules to prevent conflicts of interests linked up with duties and the procedures for declaration and settlement thereof.
5. The commitment to non-disclosure obligation for confidentiality on the confidential information and business secrets obtained due to performance of duties.
6. The governing rules and settlement procedures over suppliers, customers and counterparts in business transactions involved in the unfaithful behaviors.
7. The procedures to deal with an enterprise found in contravention of Ethical Corporate Management Best Practice Principles.
8. Discipline and penalties to be imposed upon an offender.

Article 22 The Company's chairman, general manager or ranking management shall pass the importance of ethical management onto directors, employees and appointees on a regular basis.

The Company shall, on a regular basis, sponsor educational and training programs and promotional propaganda onto the directors, managerial officers, employees, appointees and substantial controllers and, meanwhile, invite counterparts who engage in commercial acts with the Company to participate to assure that they would be adequately aware of the Company's firm determination, policies, Preventing Measures in ethical management and the consequences in contravention of ethical management policies.

The Company shall associate the ethical management policy and the policies in performance evaluation and human resources policies and shall expressly establish effective rewarding and punishment systems.

Article 23 The Company shall set up concrete system of reporting an offense and shall put it into faithful implementation. The contents of such system shall include the following as the

minimum requirements:

1. Establish and promulgate an independent mailbox, special telephone for reporting an offense, or delegate other outsourced independent institution to offer mailboxes for reporting an offense, to be used by personnel both inside and outside the Company.
2. Assign specific personnel or units to accept report of an offense. Where a report of an offense involves a director or a ranking head, such personnel or unit shall report to the independent directors. The Company shall, besides, specify the categories of the issues for report of an offense, the investigation standard operating procedures so involved.
3. Entertain cases of reports of an offense, procedures of investigation, records and archiving of the investigation outcome and relevant documents so produced.
4. Confidentiality protection on the status of the reporter of an offense and contents of the reports of an offense.
5. Measures to protect reporters of an offense from potential unjustifiable measures due to his or her report of the offense.
6. Incentive measures to be offered to the reporters of an offense.

The unit responsible for reporting cases of the Company is Audit Office. Where the Company's specific personnel or units to accept report of an offense notice through investigation a significant offense or that the Company is likely to undergo a significant impairment, they should work out reports and report to the independent directors in writing.

Article 24 The Company shall expressly stipulate and promulgate the discipline and grievance systems about an offense of the ethical management and shall divulge the position titles, names, dates of offenses, contents of offenses and facts of settlements through the website inside the Company.

Article 25 The Company shall set up and promulgate the quantitative data in ethical management, continually analyze, evaluate the performance results of the ethical management, and shall further divulge the measures adopted for ethical management, facts of fulfillment, aforementioned quantitative data and performance in implementation on the Company's website, Annual Report and the Prospectus, and disclose the contents of the Ethical Corporate Management Best Practice Principles through the Market Observation Post System (MOPS).

Article 26 The Company shall, at any time, closely watch the development of ethical management related norms both at home and abroad and shall encourage the directors, managerial officers and employees to offer suggestions as the grounds to reassess and improve the Company's measures of the ethical management policies and implementation thereof, so as to raise implementation thoroughly the performance of ethical management.

Article 27 These Principles are put into enforcement after being approved by the Board of Directors. This same provision is applicable mutatis mutandis to an event of an amendment.

Where the Ethical Corporate Management Best Practice Principles are reported to the Board of Directors for discussion in accordance with the previous Paragraph, the Company shall take the opinions from independent directors in full consideration and shall record the objection or qualified opinions in the minutes of Board of Directors meeting. Where the independent directors are unable to attend the Board of Directors meeting in person to express objection or qualified opinions, they shall, except for the legitimate reasons, present opinions in writing in advance, and such opinions shall be recorded in the minutes of Board of Directors meeting.

Appendix 5

Chicony Electronics CO., Ltd.

Comparison Table for the original articles and amendments of “Procedures for Ethical Management and Guidelines for Conduct”

Article Number	Original Article	Amended Article	Description
1	Where the Company engages in commercial activities on fair, faithful, trustworthy, transparent principles, in an attempt to put into implementation thoroughly managerial policies with efforts to prevent unfaithful behaviors, the Company hereby duly enacts the Operating Procedures and Behavioral Guides in accordance with the “Ethical Corporate Management Best Practice Principles of TSEC/GTSM Listed Companies” to concretely regulate the Company’s personnel in the implementation of business operations. These Operating Procedures and Behavioral Guides are applicable to the Company and its subsidiaries, the juristic persons with funds donated over 50% either directly or indirectly and other juristic person conglomerates and organizations with substantial control capabilities.	Where the Company engages in commercial activities on fair, faithful, trustworthy, transparent principles, in an attempt to put into implementation thoroughly managerial policies with efforts to prevent unfaithful behaviors, the Company hereby duly enacts the Operating Procedures and Behavioral Guides in accordance with the “Ethical Corporate Management Best Practice Principles of TSEC/GTSM Listed Companies” and the applicable laws and regulations of the places where the Company operates to concretely regulate the Company’s personnel in the implementation of business operations. These Operating Procedures and Behavioral Guides are applicable to the Company and its subsidiaries, the juristic persons with funds donated over 50% either directly or indirectly and other juristic person conglomerates and organizations with substantial control capabilities.	Amended in accordance with Article 1 of “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct ”
2	The term “the Company’s personnel” as set forth in these Operating Procedures and Behavioral Guides denotes the directors and supervisors, managerial officers, employees and substantial controllers of the Company and the conglomerate enterprises and organizations. Where the Company’s personnel, through provision, commitment, request or acceptance through a third party cash in any <u>form or name, gifts, commission, position titles, services, preferences, kickbacks, influence peddling fees, entertainment, remuneration and other</u> interests, all such acts are presumed as the acts taken by the Company’s personnel.	The term “the Company’s personnel” as set forth in these Operating Procedures and Behavioral Guides denotes the directors and supervisors, managerial officers, employees, <u>appointees</u> and personnel with substantial control capability controllers of the Company and the conglomerate enterprises and organizations. Any provision, promise, request, or acceptance of <u>improper</u> benefits by any personnel of this Corporation through a third party will be presumed to be an act by the personnel of the Company.	Amended in accordance with Article 2 of “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct ”

Article Number	Original Article	Amended Article	Description
5	The Company shall designate the Administration Management Division as the dedicated entity (hereinafter referred to as specifically designated unit) to take charge of the update, implementation, interpretation, consultation services and report for registry of the contents and superintendence & implementation of such business affairs for the Operating Procedures and Behavioral Guides. The specifically designated unit shall report to the Board of Directors on a regular basis.	The Company shall designate the Administration Management Division as the dedicated entity (hereinafter referred to as specifically designated unit) to take charge of the update, implementation, interpretation, consultation services and report for registry of the contents and superintendence & implementation of such business affairs for the Operating Procedures and Behavioral Guides. The specifically designated unit shall be in charge of the following matters and report to the Board of Directors on a regular basis: <u>1. Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</u> <u>2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.</u> <u>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</u> <u>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</u> <u>5. Developing a whistle-blowing</u>	Amended in accordance with Article 5 of “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct”

Article Number	Original Article	Amended Article	Description
		<u>system and ensuring its operating effectiveness.</u> 6. Assisting the Board of Directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.	
6	Where a person of the Company provides, accepts, commits, requests <u>cash, gifts, services, preferences, entertainment, remuneration or other</u> interests either directly or indirectly, he or she shall be consistent with the requirements set forth under the “Ethical Corporate Management Best Practice Principles of the TSEC/GTSM Listed Companies” and these Operating Procedures and Behavioral Guides and shall duly complete the process pursuant to requirements beforehand except that falls upon any single situation among those enumerated below: <u>1. Where the act is consistent with the laws and ordinances concerned prevalent in the place where the business operation is located.</u> <u>2.</u> Where the act is taken to meet business needs, as required under the local courtesy, customs, or customary practice upon entertaining a foreign visitor, boosting business, communications and coordination at home and abroad. <u>3.</u> Where the act is taken as normal social interaction under sound courtesy, commercial purposes or for promotion of relationship through participation or invitation	Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in <u>Article 4</u>, the personnel of the Company shall be consistent with the requirements set forth under the “Ethical Corporate Management Best Practice Principles of the TSEC/GTSM Listed Companies” and these Operating Procedures and Behavioral Guides and shall duly complete the process pursuant to requirements beforehand except that falls upon any single situation among those enumerated below: <u>1.</u> Where the act is taken to meet business needs, as required under the local courtesy, customs, or customary practice upon entertaining a foreign visitor, boosting business, communications and coordination at home and abroad. <u>2.</u> Where the act is taken as normal social interaction under sound courtesy, commercial purposes or for promotion of relationship through participation or invitation of others into the event. <u>3.</u> Where the act is taken in the light of business needs by inviting or being invited to participate in specific commercial activities,	Amended in accordance with Article 6 of “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct ”

Article Number	Original Article	Amended Article	Description
	of others into the event. 4. Where the act is taken in the light of business needs by inviting or being invited to participate in specific commercial activities, visits of a factory for which the means to pay for the expenses, the number of participants, lodging level and the duration have been expressly specified. 5. An act in participating in folk festival activities which are held in an open manner and for which the general public is invited to participate. 6. An act as incentive, rescue, consolation or a sympathy call from the department head. 7. An act with cash, property, or other interests provided or accepted with a relative or a frequent friend in the market value below NTD\$3,000; or an event where another offers property to a good number of the Company's personnel in the market value below NTD\$10,000 in aggregate total. In a same fiscal year the property or gift offered from the same course in accumulation shall not exceed the maximum limit of NTD\$20,000.(exclude donation for year-end party. All donation for year-end party must pass Administration Management Division) 8. In an act taken in the event of engagement, wedding, childbirth, relocation, inauguration of a new position, promotion, retirement, resignation, quitting from employment, and injury, disease, death by a person or his or her spouse or lineal relative, the property received as a gift shall be within the market value not	visits of a factory for which the means to pay for the expenses, the number of participants, lodging level and the duration have been expressly specified. 4. An act in participating in folk festival activities which are held in an open manner and for which the general public is invited to participate. 5. An act as incentive, rescue, consolation or a sympathy call from the department head. 6. An act with cash, property, or other interests provided or accepted with a relative or a frequent friend in the market value below NTD\$3,000; or an event where another offers property to a good number of the Company's personnel in the market value below NTD\$10,000 in aggregate total. In a same fiscal year the property or gift offered from the same course in accumulation shall not exceed the maximum limit of NTD\$20,000.(exclude donation for year-end party ,All the donation for year-end party need to pass Administration Management Division) 7. In an act taken in the event of engagement, wedding, childbirth, relocation, inauguration of a new position, promotion, retirement, resignation, quitting from employment, and injury, disease, death by a person or his or her spouse or lineal relative, the property received as a gift shall be within the market value not beyond NTD\$20,000. 8. Other events consistent with requirements of the Company.	

Article Number	Original Article	Amended Article	Description
	beyond NTD\$20,000. 9. Other events consistent with requirements of the Company.		
7	Where other people provide or commit to provide <u>cash, gifts, services, preferences, entertainment, treats</u> <u>and</u> other interest to the Company's personnel, it shall be handled according to the following procedures in addition to the requirements set forth in the preceding Article: [Following is omitted] The Company's specifically designated unit shall offer proposals to return, accept with pay, offer to public, transfer to charity, or other ideas as appropriate based on the attribute and value of the <u>property</u> set forth under Paragraph I. The proposal shall be put into enforcement after being approved.	Where other people provide or commit to provide interests provided in <u>Article 4</u> to the Company's personnel, it shall be handled according to the following procedures in addition to the requirements set forth in the preceding Article: [Following is omitted] The Company's specifically designated unit shall offer proposals to return, accept with pay, offer to public, transfer to charity, or other ideas as appropriate based on the attribute and value of the <u>interests</u> set forth under Paragraph I. The proposal shall be put into enforcement after being approved.	Amended in accordance with Article 7 of "Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct "
11	The Company's directors <u>shall be highly self-disciplined and</u> shall not join discussion or voting process on an issue that is in interested relationship with themselves or their representatives or juristic persons and, <u>as a result</u> , is likely to impair the Company's interests, they shall not join the discussion and voting process and shall avoid from presence (recuse) during the discussion and voting process and shall not act as a proxy for other director(s) to exercise the voting powers. The directors shall exercise self-discipline among themselves without any unjustifiable inter-support. [Following is omitted]	When the Company's director, <u>manager or other stakeholder</u> attending or present at a board meeting, or the juristic person represented thereby, <u>has a stake in a proposal at the meeting, that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and</u> , where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise self-discipline among themselves without any unjustifiable inter-support. [Following is omitted]	Amended in accordance with Article 11 of "Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct "
12	The Company shall set up specifically designated units to take charge of <u>business secrets</u> to enact and implement management, custody, and confidentiality protection operating procedures for implementation of	The Company shall set up specifically designated units to enact and implement management, custody, and confidentiality protection operating procedures for implementation of confidentiality protection of <u>business</u>	1. Amended in accordance with Article 12 of "Sample Template for

Article Number	Original Article	Amended Article	Description
	confidentiality protection and shall evaluate the results of implementation on a regular basis so as to assure that the operating procedures will remain continually valid.	<u>secrets, trademarks, patents, works and other intellectual properties</u> and shall evaluate the results of implementation on a regular basis so as to assure that the operating procedures will remain continually valid. <u>The Company's personnel shall faithfully comply with the operating rules linked up with the business secrets. Under no circumstances shall they divulge the Company's business secrets, trademarks, patents, works and other intellectual properties which have been known to them to any others; nor shall they pry into or collect the Company's business secrets irrelevant to their duties.</u> <u>The Company's personnel shall comply with the prohibition on participation in competitive business without concurrently serving post of the same area or similar functions (except for those who are approved by the Board of Directors).</u>	XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct ” 2. Original Article 13 is included in Article 12 as Paragraph 2 and 3, and some texts are amended.
13	<u>The Company's personnel shall faithfully comply with the operating rules linked up with the business secrets. Under no circumstances shall they divulge the Company's business secrets which have been known to them to any others; nor shall they pry into or collect the Company's business secrets irrelevant to their duties.</u> <u>The Company's personnel shall comply with the prohibition on participation in competitive business without concurrently serving post of the same area or similar functions (except for those who are approved by the Board of Directors).</u>	<u>The Company shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.</u>	1. Amended in accordance with Article 13 of “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct ” 2. Original Article 13 is included in Article 12 as Paragraph 2 and 3, and some texts are amended.

Article Number	Original Article	Amended Article	Description
14	<u>The Company's personnel shall faithfully comply with the requirements set forth under the Securities and Exchange Act and shall not use any information which has been known to them but has not been made public for inside trading, nor shall they divulge such information to others to prevent any others from using the information which has not been made public into inside trading.</u>	<u>The Company shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of the Company to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.</u> <u>The Company shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.</u> <u>The Company shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are media reports, or sufficient facts to determine, that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall recall those products or suspend the services, verify the facts and present a review and improvement plan.</u> <u>The specially designated unit of the Company shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the Board of Directors.</u>	1. Amended in accordance with Article 14 of "Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct " 2. Original Article 14 is included in Article 15 as Paragraph 1

Article Number	Original Article	Amended Article	Description
15	Such other institution(s) or personnel who participated in the Company's merger, demerger, acquisition, and inward transfer of shares, major memorandum, strategic alliance, other business cooperative programs, or major agreements/contracts shall duly sign the agreement for commitment to non-disclosure obligation for confidentiality to commit themselves from no disclosure of the Company's business secrets or other major information to any others. All such institution(s) or personnel shall not use such information unless consented by the Company.	<u>The Company's personnel shall faithfully comply with the requirements set forth under the Securities and Exchange Act and shall not use any information which has been known to them but has not been made public for inside trading, nor shall they divulge such information to others to prevent any others from using the information which has not been made public into inside trading.</u> Such other institution(s) or personnel who participated in the Company's merger, demerger, acquisition, and inward transfer of shares, major memorandum, strategic alliance, other business cooperative programs, or major agreements/contracts shall duly sign the agreement for commitment to non-disclosure obligation for confidentiality to commit themselves from no disclosure of the Company's business secrets or other major information to any others. All such institution(s) or personnel shall not use such information unless consented by the Company.	Original Article 14 is included in Article 15 as Paragraph 1
17	Before the Company sets up commercial relationship with others, the Company shall evaluate the agents, suppliers, customers or other business counterparts about their legality, ethical management policies and records of their unfaithful behaviors to assure that the commercial practices shall be fair, transparent without request, provision or acceptance of a bribe. Omitted	Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, the Company shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes. Omitted	Texts are partially amended

Article Number	Original Article	Amended Article	Description
18	During the process where the Company's personnel are engaged in commercial behaviors, the Company's personnel shall expressly keep the transaction counterparts informed of the Ethical Corporate Management Best Practice Principles and relevant requirements and shall expressly reject the provision, commitment, request or acceptance of any sorts of endue enrichment in any means either directly or indirectly, <u>including kickbacks, commissions, influence peddling fees, or provision or acceptance of endue enrichment through other channels.</u>	Any personnel of the Company, when engaging in commercial activities, shall make a statement to the trading counterparty about this Corporation's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.	Amended in accordance with Article 18 of "Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct "
19	The Company's personnel shall refrain from engaging in commercial transactions with <u>unfaithful agents</u> , suppliers, customers or other commercial counterparts. Whenever a business counterpart is found having committed unfaithful behaviors in the business transaction, such personnel shall immediately discontinue business transaction with such counterparts so as to put into implementation thoroughly Ethical Corporate Management Best Practice Principles.	The Company's personnel shall avoid <u>business transactions with an agent</u> , supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement this Corporation's ethical management policy.	Amended in accordance with Article 19 of "Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct "
20	Where executing agreements/contracts with others, the Company shall adequately probe into the counterparts regarding their ethical management and assure that they will faithfully fulfill the agreements/contracts in the ethical management spirits enumerated <u>below:</u> 1. Whenever the Company becomes aware of any people in contravention of the agreement clauses with ban on commission, kickback or other interests, the Company shall keep the counterparts informed forthwith of the identity, provision,	Before entering into a contract with another party, <u>the Company shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of this Corporation part of the terms and conditions of the contract, stipulating at the least the following matters:</u> 1. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of	Amended in accordance with Article 20 of "Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct "

Article Number	Original Article	Amended Article	Description
	commitment, request, method of acceptance, amount or other interests of such people and shall provide the supporting evidence (exhibits) to coordinate with the investigation. In case of an impairment so incurred, the Company may claim for damage indemnity. 2. In case of an unfaithful behavior is found amidst the commercial activities, the Company shall, <u>pursuant to the Agreement,</u> claim for termination or rescission of the Agreement. 3. The Agreement shall expressly provide reasonable terms of payment, including the venue, means of payment, and relevant taxation concerns. <u>Where considered necessary before execution of the Agreement, the Company may enter the ethical management spirit mentioned in the preceding paragraph into the terms and conditions of the Agreement based on the attribute and type of the Agreement.</u>	commissions, rebates, or other <u>improper</u> benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other <u>improper</u> benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim from the other party as damages, <u>and may also deduct the full amount of the damages from the contract price payable.</u> 2. Where a party is discovered to be engaged in unethical conduct in its commercial activities, <u>the other party may terminate or rescind the contract unconditionally at any time.</u> 3. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.	
21	<u>Whenever the Company notices or receives a report of an offense about unfaithful behaviors, the Company shall investigate the facts forthwith. If the investigation findings prove actual violation of the laws and ordinances concerned and the requirements set forth under the Company's Ethical Corporate Management Best Practice Principles, the Company shall request that the offender discontinue the relevant act forthwith and shall impose disciplines as appropriate and further claim for damage</u>	<u>As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, the Company will grant a reward depend the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.</u> <u>The company shall internally establish and publicly announce on its website and the intranet, or provide through an independent</u>	Amended in accordance with Article 21 of "Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct "

Article Number	Original Article	Amended Article	Description
	<u>indemnity through legal procedures so as to safeguard the Company's goodwill and interests.</u> <u>Upon occurrence of unfaithful behavior, the Company shall urge the relevant unit(s) to review the relevant internal control system and operating procedures and propose corrective action to eradicate such behaviors from potential recurrence.</u> <u>The Company's specifically designated unit shall report to the Board of Directors about the unfaithful behaviors, methods of settlement and the subsequent review and improvements.</u>	<u>external institution, an independent mailbox or hotline, for Company insiders and outsiders to submit reports. A whistleblower shall at least furnish the following information:</u> <u>1. The whistleblower's name and I.D. number, and an address, telephone number and e-mail address where it can be reached.</u> <u>2. The informed party's name or other information sufficient to distinguish its identifying features.</u> <u>3. Specific facts available for investigation.</u> <u>Company personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing.</u> <u>The specially designated unit of the Company shall observe the following procedure:</u> <u>1. An information shall be reported to the department head if involving the rank and file and to an independent director or supervisor if involving a director or a senior executive.</u> <u>2. The responsible unit of this Corporation and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.</u> <u>3. If a person being informed of is</u>	

Article Number	Original Article	Amended Article	Description
		<u>confirmed to have indeed violated the applicable laws and regulations or this Corporation's policy and regulations of ethical management, this Corporation shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, this Corporation will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.</u> 4. <u>Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.</u> 5. <u>With respect to a confirmed information, this Corporation shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.</u> 6. <u>The Company's specially designated unit shall submit to the Board of Directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.</u>	

Article Number	Original Article	Amended Article	Description
24	These Operating Procedures and Behavioral Guides shall be put into enforcement after being resolved in the Board of Directors and <u>shall be reported to the supervisors and shareholders' meeting.</u> This same provision is applicable mutatis mutandis to an event of amendment.	These Operating Procedures and Behavioral Guides shall be put into enforcement after being resolved in the Board of Directors. This same provision is applicable mutatis mutandis to an event of amendment. <u>When these Procedures and Guidelines are submitted to the Board of Directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the Board of Directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the Board of Directors meeting.</u>	Amended in accordance with Article 24 of "Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct "

Appendix 6

Amended by the Board of Directors on March 7, 2019

Chicony Electronics CO., Ltd.

Procedures for Ethical Management and Guidelines for Conduct

- Article 1 Where the Company engages in commercial activities on fair, faithful, trustworthy, transparent principles, in an attempt to put into implementation thoroughly managerial policies with efforts to prevent unfaithful behaviors, the Company hereby duly enacts the Operating Procedures and Behavioral Guides in accordance with the “Ethical Corporate Management Best Practice Principles of TSEC/GTSM Listed Companies” and the applicable laws and regulations of the places where the Company operates to concretely regulate the Company’s personnel in implementation of business operations.
These Operating Procedures and Behavioral Guides are applicable to the Company and its subsidiaries, the juristic persons with funds donated over 50% either directly or indirectly and other juristic person conglomerates and organizations with substantial control capabilities.
- Article 2 The term “the Company’s personnel” as set forth in these Operating Procedures and Behavioral Guides denotes the directors and supervisors, managerial officers, employees, **mandatory** and substantial controllers of the Company and the conglomerate enterprises and organizations.
Any provision, promise, request, or acceptance of improper benefits by any personnel of this Corporation through a third party will be presumed to be an act by the personnel of the Company.
- Article 3 The term “unfaithful behavior” as set forth in these Operating Procedures and Behavioral Guides denotes the behaviors conducted by the Company’s personnel during the process of business performance by providing, accepting, committing or requesting undue enrichment in an attempt to gain or maintain benefits, or by engaging in other unfaithful, unlawful or by conducting an act in contravention of entrusted obligations either directly or indirectly. The counterparts for the behaviors mentioned in the preceding paragraph include public servants, political election candidates, political party or social party personnel and any government and non-government enterprises or organizations and their directors (council members) and supervisors (superintendents), managerial officers, employees, substantial controllers or other interested parties.
- Article 4 The term “interests” as set forth in these Operating Procedures and Behavioral Guides denotes cash in any form or name, gifts, commission, position titles, services, preferences, kickbacks, influence peddling fees, entertainment, remuneration and other articles with values.
- Article 5 The Company shall designate the Administration Management Division as the dedicated entity (hereinafter referred to as specifically designated unit) to take charge of the update, implementation, interpretation, consultation services and report for registry of the contents and superintendence & implementation of such business affairs for the Operating Procedures and Behavioral Guides. **The specifically designated unit shall be in charge of the following matters and** report to the Board of Directors on a regular basis:
- 1. Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.**
 - 2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.**
 - 3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the**

business activities within the business scope which are possibly at a higher risk for unethical conduct.

- 4. Promoting and coordinating awareness and educational activities with respect to ethics policy.**
- 5. Developing a whistle-blowing system and ensuring its operating effectiveness.**
- 6. Assisting the Board of Directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.**

Article 6

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in **Article 4**, the personnel of the Company shall be consistent with the requirements set forth under the “Ethical Corporate Management Best Practice Principles of the TSEC/GTSM Listed Companies” and these Operating Procedures and Behavioral Guides and shall duly complete the process pursuant to requirements beforehand except that falls upon any single situation among those enumerated below:

- 1.** Where the act is taken to meet business needs, as required under the local courtesy, customs, or customary practice upon entertaining a foreign visitor, boosting business, communications and coordination at home and abroad.
- 2.** Where the act is taken as normal social interaction under sound courtesy, commercial purposes or for promotion of relationship through participation or invitation of others into the event.
- 3.** Where the act is taken in the light of business needs by inviting or being invited to participate in specific commercial activities, visits of a factory for which the means to pay for the expenses, the number of participants, lodging level and the duration have been expressly specified.
- 4.** An act in participating in folk festival activities which are held in an open manner and for which the general public is invited to participate.
- 5.** An act as incentive, rescue, consolation or a sympathy call from the department head.
- 6.** An act with cash, property, or other interests provided or accepted with a relative or a frequent friend in the market value below NTD\$3,000; or an event where another offers property to a good number of the Company’s personnel in the market value below NTD\$10,000 in aggregate total. In a same fiscal year the property or gift offered from the same course in accumulation shall not exceed the maximum limit of NTD\$20,000.(exclude donation for year-end party ,All the donation for year-end party need to pass Administration Management Division)
- 7.** In an act taken in the event of engagement, wedding, childbirth, relocation, inauguration of a new position, promotion, retirement, resignation, quitting from employment, and injury, disease, death by a person or his or her spouse or lineal relative, the property received as a gift shall be within the market value not beyond NTD\$20,000.
- 8.** Other events consistent with requirements of the Company.

Article 7

Where other people provide or commit to provide interests provided in **Article 4** to the Company’s personnel, it shall be handled according to the following procedures in addition to the requirements set forth in the preceding Article:

1. In an event where the provider or the committing person proves free of any interested involvement on duty: Report to the direct department head within three days after receipt of the offer and inform the specifically designated unit of the Company as necessary.
2. In an event where the provider or the committing person proves involved in interests on duty: The offer should be returned or rejected. Report to the direct department

head and inform the specifically designated unit of the Company. If return proves impossible, the offer should be submitted to the specifically designated unit within three days after receipt.

The term “involved in interests on duty” as set forth in the preceding paragraph denotes the one that falls upon any single situation among those enumerated below:

1. In the relationship with commercial transactions, commands, superintendence or auxiliary (incentive) of funds.
2. In the relationship with efforts to strive for, proceed with transactions, or contract relationships that have been executed for undertaking, procurement, or otherwise.
3. In other relationships where the Company’s decision to do or not to do the business would lead to an advantage or disadvantage.

The Company’s specifically designated unit shall offer proposals to return, accept with pay, offer to public, transfer to charity, or other ideas as appropriate based on the attribute and value of the interests set forth under **Paragraph I.** The proposal shall be put into enforcement after being approved.

Article 8

The Company’s procurement, R&D, quality management, and other personnel responsible for connecting external units shall not accept commission from suppliers in any reason and any form. Violators are subject to the punishments provided in the employment contract and will be prosecuted in accordance with the actual violation. These personnel also shall not invest in customers or suppliers with profit distribution (except for those approved by the Board of Directors). Violators are subject to the punishments provided in the employment contract

The Company shall neither provide nor promise any facilitating payment.

Whenever a person of the Company provides or commits to providing influence for a peddling fee due to intimidation or threat, he or she shall record the entire process and report it to the immediate department head and inform the Company’s specifically designated unit.

The Company’s specifically designated unit shall take countermeasures forthwith upon receipt of the notice mentioned in the preceding paragraph and shall reassess the relevant issues to minimize the risks of recurrence. The unit shall report the issue to the judicial authority forthwith if the case is found involving unlawful practice.

Article 9

The Company may offer political donations exactly in accordance with the regulations enumerated below and the Company’s specified powers to approve. After a proposed offer of political donation is approved by the competent head, the case should be informed to the Company’s unit specifically in charge. In a case where the aggregate total of political donation to a same donee in accumulation within one year exceeds NTD\$3 million, the political donations shall not be offered until the case is approved by the Board of Directors:

1. The Company should check and verify the rules and regulations regarding political donation prevalent in the countries where the political donation donees are in, including the maximum limits and types of political donations to be offered.
2. The decisions made on political donation shall be worked out in writing.
3. The political donation shall be entered into accounts exactly in accordance with the laws and ordinances concerned and accounting procedures concerned.
4. Upon offering political donation, the Company shall refrain from being in commercial transaction, application for permits or other issues involving the Company’s benefits with the relevant government authorities.

Article 10

The Company shall offer charity contribution or sponsorship exactly in accordance with the specified powers to approve enumerated below. After a proposed offer is approved by the competent head, the case shall be informed to the special unit in charge of the Company. A proposed contribution with an amount or with the aggregate total accumulated within one year to a same donee is up to NTD\$50 million shall not be offered until it is

approved by the Board of Directors. A donation oriented to an attribute of public interest as an emergency aid in a significant natural disaster may be submitted to and approved retrospectively by the next Board of Directors Meeting.

1. It should be consistent with the laws and ordinances concerned prevalent in the venues where the Company operates business.
2. Records shall be worked out for the decision so resolved.
3. The charity donee shall be a charity institution and shall not be offered as a disguised bribe.
4. The feedback obtainable from the contribution should be definite and rational and should not be the counterparts in commercial transaction with the Company or the people linked up with the Company's personnel.
5. After the charity contribution is donated or sponsored, the Company shall check and verify the orientation of the contribution and the use should be consistent with the goal of contribution.

Article 11 When the Company's director, **officer or other stakeholder** attending or present at a board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting, that director, supervisor, officer or stakeholder **shall state the important aspects of the stake in the meeting and**, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise self-discipline among themselves without any unjustifiable inter-support.

Where a person of the Company is performing duties and notices a fact of conflict of interests with himself or herself or the juristic person so represented by him or her, or notices a fact that is likely to cause himself or herself, him or her spouse, parent, child or interested party to obtain unjustifiable interests, he or she shall report the fact to the direct department head and the Company's specifically designated unit. The immediate department head shall render instructions as appropriate.

The Company's personnel shall not use the Company's resources beyond the Company's own commercial activities and shall not participate in the commercial activities of the Company to adversely affect their performance of duties.

Article 12 The Company shall set up specifically designated units to enact and implement management, custody, and confidentiality protection operating procedures for implementation of confidentiality protection of **business secrets, trademarks, patents, works and other intellectual properties** and shall evaluate the results of implementation on a regular basis so as to assure that the operating procedures will remain continually valid.

The Company's personnel shall faithfully comply with the operating rules linked up with the business secrets. Under no circumstances shall they divulge the Company's business secrets, trademarks, patents, works and other intellectual properties which have been known to them to any others; nor shall they pry into or collect the Company's business secrets irrelevant to their duties.

The Company's personnel shall comply with the prohibition on participation in competitive business without concurrently serving post of the same area or similar functions (except for those who are approved by the Board of Directors).

Article 13 **The Company shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.**

Article 14 **The Company shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of the Company to ensure the**

transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

The Company shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

Where there are media reports, or sufficient facts to determine, that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall recall those products or suspend the services, verify the facts and present a review and improvement plan.

The specially designated unit of the Company shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the Board of Directors.

Article 15

The Company's personnel shall faithfully comply with the requirements set forth under the Securities and Exchange Act and shall not use any information which has been known to them but has not been made public for inside trading, nor shall they divulge such information to others to prevent any others from using the information which has not been made public into inside trading.

Such other institution(s) or personnel who participated in the Company's merger, demerger, acquisition, and inward transfer of shares, major memorandum, strategic alliance, other business cooperative programs, or major agreements/contracts shall duly sign the agreement for commitment to non-disclosure obligation for confidentiality to commit themselves from no disclosure of the Company's business secrets or other major information to any others. All such institution(s) or personnel shall not use such information unless consented by the Company.

Article 16

The Company shall divulge its ethical management policies through interior rules and regulations, annual report, the Company's website or other promotional propaganda and shall promulgate them through product presentation, juristic person presentation, and other such external activities to enable the Company's suppliers, customers, or business related institutions and personnel to be clearly aware of the Company's ethical management philosophy and regulations.

Article 17

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, the Company shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

Where the Company proceeds with the evaluation of the preceding paragraph, the Company may adopt appropriate audit procedures and shall probe into the business counterparts through the issues enumerated below so as to probe into the performance of ethical management:

1. The country, business premises location, organizational institution of that enterprise, business policies and point of payment.
2. Whether that enterprise has duly enacted the Ethical Corporate Management Best Practice Principles and the facts of implementation thereof.
3. Whether the country where that enterprise is in is listed as a highly corruption risky country.
4. Whether the business operation run by that enterprise is subject to high corruption risk.
5. The facts of long-term business performance and goodwill of that enterprise.
6. Inquiry into other enterprise partners about their comments on that enterprise.
7. Whether that enterprise has left records of bribery, unlawful political donations and

such unfaithful behaviors.

- Article 18 Any personnel of the Company, when engaging in commercial activities, shall make a statement to the trading counterparty about this Corporation's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.
- Article 19 The Company's personnel shall avoid **business transactions** with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement this Corporation's ethical management policy.
- Article 20 Before entering into a contract with another party, **the Company** shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of this Corporation part of the terms and conditions of the contract, **stipulating at the least the following matters:**
1. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other **improper** benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other **improper** benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim from the other party as damages, **and may also deduct the full amount of the damages from the contract price payable.**
 2. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
 3. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.
- Article 21 **As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, the Company will grant a reward depend the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.**
- The Company shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for Company insiders and outsiders to submit reports. A whistleblower shall at least furnish the following information:**
- 1. The whistleblower's name and I.D. number, and an address, telephone number and e-mail address where it can be reached.**
 - 2. The informed party's name or other information sufficient to distinguish its identifying features.**
 - 3. Specific facts available for investigation.**
- Company personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing.**
- The specially designated unit of the Company shall observe the following procedure:**
- 1. An information shall be reported to the department head if involving the rank and file and to an independent director or supervisor if involving a director or a senior executive.**

2. The responsible unit of this Corporation and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.
3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or this Corporation's policy and regulations of ethical management, this Corporation shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, this Corporation will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
5. With respect to a confirmed information, this Corporation shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.
6. The Company's specially designated unit shall submit to the Board of Directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

Article 22 Whenever another person is found to have conducted unfaithful behaviors against the Company and such behaviors have involved unlawful practices, the Company's personnel shall report such facts to the judicial, public prosecutor authorities. In the event that a government authority or a public servant is found involved, the Company's personnel shall report such fact to the anti-corruption authority of the government.

Article 23 The Company shall have the Ethical Corporate Management Best Practice Principles covered into the policies of employee performance evaluation and human resources and shall set up definite and valid the rewarding and punishment as well as grievance system. Whenever any person of the Company is found in contravention of Ethical Corporate Management Best Practice Principles, the Company shall have such person discharged or dismissed in accordance with the laws and ordinances concerned or the Company's personnel rules.
The Company shall, through the website inside the Company, divulge the position titles, names, date of violation, contents of violation and penalty upon the personnel in contravention of ethical management policies.

Article 24 These Operating Procedures and Behavioral Guides shall be put into enforcement after being resolved in the Board of Directors. This same provision is applicable mutatis mutandis to an event of amendment.

When these Procedures and Guidelines are submitted to the Board of Directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the Board of Directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the Board of Directors meeting.

Appendix 7

Chicony Electronics CO., Ltd.

Comparison Table for the original articles and amendments of “Codes of Ethical Conduct”

Article Number	Original Article	Amended Article	Description
1	Objectives and authority of enactment This Code of Ethical Conduct is duly enacted as the ground to guide the Company’s directors <u>and supervisors</u> , managerial officers (including the general manager and those in the equivalent level, assistant general managers and those in the equivalent level; head of the Department of Finance, head of the Accounting Department and others empowered to take charge of business operation and to sign for and on behalf of the Company) so that their behaviors will satisfy the moral criteria. Through implementation of the Code of Ethical Conduct, the Company’s interested parties will be better aware of the Company’s ethical standards.	Objectives and authority of enactment This Code of Ethical Conduct is duly enacted as the ground to guide the Company’s directors and managerial officers (including the general manager and those in the equivalent level, assistant general managers and those in the equivalent level; head of the Department of Finance, head of the Accounting Department and others empowered to take charge of business operation and to sign for and on behalf of the Company) so that their behaviors will satisfy the moral criteria. Through implementation of the Code of Ethical Conduct, the Company’s interested parties will be better aware of the Company’s ethical standards.	Amended in compliance with the establishment of the Audit Committee
2	Contents contained herein The Guidelines for the Adoption of Codes of Ethical Conduct enacted by the Company in consideration of the requirements of the Company’s business operation should include contents enumerated in eight paragraphs below: 1. Prevention of potential conflicts in interests: The Company’s directors <u>and supervisors</u> , managerial officers shall take charge of the Company’s business operation in an efficient and objective manner and under no circumstances shall they cause any undue enrichment to themselves, spouses, parents, children or relatives within the Third degree of kinship due to the position titles they hold in the Company; in particular loans between the affiliated enterprises owned by the aforementioned personnel and the Company or provision of	Contents contained herein The Guidelines for the Adoption of Codes of Ethical Conduct enacted by the Company in consideration of the requirements of the Company’s business operation should include contents enumerated in eight paragraphs below: 1. Prevention of potential conflicts in interests: The Company’s directors or managerial officers shall take charge of the Company’s business operation in an efficient and objective manner and under no circumstances shall they cause any undue enrichment to themselves, spouses, parents, children or relatives within the Third degree of kinship due to the position titles they hold in the Company; in particular loans between the affiliated enterprises owned by the aforementioned personnel and the Company or	Amended in compliance with the establishment of the Audit Committee and some texts are amended

Article Number	Original Article	Amended Article	Description
	guarantee, transaction of significant assets, purchase (sale) of products with the Company. Where the Company's directors <u>and supervisors</u>, managerial officers, or their relatives are within a Third degree of kinship or an affiliated enterprise of their relatives are within a Third degree of kinship are in a significant input (output) transaction with the Company, they shall take the initiative to explain to the Company about potential conflicts in interests.	provision of guarantee, transaction of significant assets, purchase (sale) of products with the Company. Where the Company's directors or managerial officers, or their relatives are within a Third degree of kinship or an affiliated enterprise of their relatives are within a Third degree of kinship are in a significant input (output) transaction with the Company, they shall take the initiative to explain to the Company about potential conflicts in interests.	
2.	Avoid opportunities to strive for personal interests: The Company shall refrain from allowing the directors <u>and supervisors</u> or managerial officers to engage in any acts among those enumerated below: (1) The opportunities to strive for personal interests through using the Company's properties, information or by taking advantage of position duties in the Company. (2) Strive for personal interests through using the Company's properties, information or taking advantage of the positions. (3) Engaging in competition against the Company. Whenever the Company is in an opportunity to gain profit, the directors <u>and supervisors</u>, managerial officers are responsible for augmenting lawful profits to the Company.	Avoid opportunities to strive for personal interests: The Company shall refrain from allowing the directors or managerial officers to engage in any acts among those enumerated below: (1) The opportunities to strive for personal interests through using the Company's properties, information or by taking advantage of position duties in the Company. (2) Strive for personal interests through using the Company's properties, information or taking advantage of the positions. (3) Engaging in competition against the Company. Whenever the Company is in an opportunity to gain profit, the directors or managerial officers are responsible for augmenting lawful profits to the Company.	
3.	Commitment to non-disclosure obligation for confidentiality: The Company's directors <u>and supervisors</u> or managerial officers	Commitment to non-disclosure obligation for confidentiality: The Company's directors or managerial officers are subject to	

Article Number	Original Article	Amended Article	Description
	are subject to a commitment to a non-disclosure obligation for confidentiality for the information of the Company itself and of input (output) business customers except such information which could be made public through authorization or according to law. The information subject to commitment to non-disclosure obligation for confidentiality includes all information that has not been made public which might be detrimental to the Company or customers if divulged to or used by the competitors.	a commitment to a non-disclosure obligation for confidentiality for the information of the Company itself and of input (output) business customers except such information which could be made public through authorization or according to law. The information subject to commitment to non-disclosure obligation for confidentiality includes all information that has not been made public which might be detrimental to the Company or customers if divulged to or used by the competitors.	
4.	Fair trade: The Company's directors <u>and supervisors</u> or managerial officers shall hold a fair attitude toward the Company's (input) output sale customers, competitors and employees. Under no circumstances shall they manipulate, conceal, abuse the information which has been known to them due to performance of duties, nor shall engage in misrepresentation or unfair trade in other means in an attempt to gain endue enrichment.	4. Fair trade: The Company's directors or managerial officers shall hold a fair attitude toward the Company's (input) output sale customers, competitors and employees. Under no circumstances shall they manipulate, conceal, abuse the information which has been known to them due to performance of duties, nor shall engage in misrepresentation or unfair trade in other means in an attempt to gain endue enrichment.	
5.	Protection and appropriate use of the Company's assets: The Company's directors <u>and supervisors</u> or managerial officers are obliged to protect the Company's assets to assure that the Company's assets will be effectively used onto the Company business. If the Company's assets are stolen, wasted in fault, that would directly affect the Company's profitability.	5. Protection and appropriate use of the Company's assets: The Company's directors or managerial officers are obliged to protect the Company's assets to assure that the Company's assets will be effectively used onto the Company business. If the Company's assets are stolen, wasted in fault, that would directly affect the Company's profitability.	
6.	Compliance with the laws and ordinances concerned: The Company shall intensify compliance with Securities and	6. Compliance with the laws and ordinances concerned: The Company shall intensify compliance with Securities and	

Article Number	Original Article	Amended Article	Description
	Exchange Act and other laws and ordinances concerned. 7. Encouragement to report any unlawful acts or acts in contravention of the Codes of Ethical Conduct: Internally, the Company should intensify promotion of the moral concept and encourage employees to report to the <u>supervisors</u>, managerial officers, internal auditor head or other personnel as appropriate whenever a contravention of Guidelines for the Adoption of Codes of Ethical Conduct is suspended or noticed. In an attempt to encourage employees to report an act in contravention of laws of the Codes of Ethical Conduct, the Company shall enact relevant procedures or mechanism and shall keep all employees informed and secured that they shall be firmly safeguarded from a potential revenge after they report an offense. 8. Penalty disciplines: Whenever a director <u>and supervisor</u> or managerial officer is found having breached the Guidelines for the Adoption of Codes of Ethical Conduct, the relevant department shall report to the internal audit head in real time. The internal audit head shall, after checking and verifying the facts, report to the chairman <u>and vice chairman</u> to ascertain the means of discipline. In case of a significant offense, the decision resolved in the Board of Directors and the method of punishment should be informed to the <u>supervisors</u>. In the event that a suspect offender is capable of justifying himself or herself from	Exchange Act and other laws and ordinances concerned. 7. Encouragement to report any unlawful acts or acts in contravention of the Codes of Ethical Conduct: Internally, the Company should intensify promotion of the moral concept and encourage employees to report to the supervisors, managerial officers, internal auditor head or other personnel as appropriate whenever a contravention of Guidelines for the Adoption of Codes of Ethical Conduct is suspended or noticed. In an attempt to encourage employees to report an act in contravention of laws of the Codes of Ethical Conduct, the Company shall enact relevant procedures or mechanism and shall keep all employees informed and secured that they shall be firmly safeguarded from a potential revenge after they report an offense. 8. Penalty disciplines: Whenever a director or managerial officer is found having breached the Guidelines for the Adoption of Codes of Ethical Conduct, the relevant department shall report to the internal audit head in real time. The internal audit head shall, after checking and verifying the facts, report to the chairman and vice chairman to ascertain the means of discipline. In case of a significant offense, the decision resolved in the Board of Directors and the method of punishment should be informed to the <u>Audit Committee</u>. In the event that a suspect offender is capable of justifying himself or herself from the alleged offense, he or she may	

Article Number	Original Article	Amended Article	Description
	the alleged offense, he or she may submit grievance to the Company forthwith. In a fact as mentioned in the preceding paragraph, the Company should look into the responsibility of the offender or take legal measures as appropriate and shall, in real-time, make public the position title, name of the offender, date of offense, facts of offense, provisions offended and the penalty and such information through the Market Observation Post System (MOPS).	submit grievance to the Company forthwith. In a fact as mentioned in the preceding paragraph, the Company should look into the responsibility of the offender or take legal measures as appropriate and shall, in real-time, make public the position title, name of the offender, date of offense, facts of offense, provisions offended and the penalty and such information through the Market Observation Post System (MOPS).	
3	Procedures for applicability in exemption: Whenever a director <u>and supervisor</u> or managerial officer is found necessary to be exempted from the Guidelines for the Adoption of Codes of Ethical Conduct, such exemption shall be duly resolved and approved in the Board of Directors, and the position title, name of the exempted person, the date while the exemption is approved by the Board of Directors, duration of applicability in exemption, causes of applicability in exemption and the applicable rules for exemption or such information should be divulged through the Market Observation Post System (MOPS) in real-time so that the shareholders may judge and evaluate whether the decision resolved in the Board of Directors is appropriate so as to prevent arbitrary or suspicious exemption in compliance and, in turn, assure that exemption in all events would be under appropriate control mechanism to safeguard the Company.	Procedures for applicability in exemption: Whenever a director or managerial officer is found necessary to be exempted from the Guidelines for the Adoption of Codes of Ethical Conduct, such exemption shall be duly resolved and approved in the Board of Directors, and the position title, name of the exempted person, the date while the exemption is approved by the Board of Directors, duration of applicability in exemption, causes of applicability in exemption and the applicable rules for exemption or such information should be divulged through the Market Observation Post System (MOPS) in real-time so that the shareholders may judge and evaluate whether the decision resolved in the Board of Directors is appropriate so as to prevent arbitrary or suspicious exemption in compliance and, in turn, assure that exemption in all events would be under appropriate control mechanism to safeguard the Company.	Amended in compliance with the establishment of the Audit Committee
4	Method of divulgence The Codes of Ethical Conduct so enacted shall be divulged through the annual report, prospectus and Market Observation Post System (MOPS). <u>This same provision is applicable mutatis mutandis to an event of an</u>	Method of divulgence The Codes of Ethical Conduct so enacted shall be divulged through the <u>Company website,</u> annual report, prospectus and Market Observation Post System (MOPS). This same provision is applicable mutatis	Some texts are amended

Article Number	Original Article	Amended Article	Description
	<u>amendment.</u>	mutandis to an event of an amendment.	
5	Enforcement The Company's Code of Ethical Conduct shall be put into enforcement after being resolved in the Board of Directors and shall be reported to the supervisors and shareholders' meeting. <u>This same provision is applicable mutatis mutandis to an event of amendment.</u>	Enforcement The Company's Code of Ethical Conduct shall be put into enforcement after being resolved in the Board of Directors meeting. This same provision is applicable mutatis mutandis to an event of amendment. .	Some texts are amended

Chicony Electronics CO., Ltd.

Codes of Ethical Conduct

- Article 1 Objectives and authority of enactment
This Code of Ethical Conduct is duly enacted as the ground to guide the Company's directors and managerial officers (including the general manager and those in the equivalent level, assistant general managers and those in the equivalent level; head of the Department of Finance, head of the Accounting Department and others empowered to take charge of business operation and to sign for and on behalf of the Company) so that their behaviors will satisfy the moral criteria. Through implementation of the Code of Ethical Conduct, the Company's interested parties will be better aware of the Company's ethical standards.
- Article 2 Contents contained herein
The Guidelines for the Adoption of Codes of Ethical Conduct enacted by the Company in consideration of the requirements of the Company's business operation should include contents enumerated in eight paragraphs below:
1. Prevention of potential conflicts in interests:
The Company's directors or managerial officers shall take charge of the Company's business operation in an efficient and objective manner and under no circumstances shall they cause any undue enrichment to themselves, spouses, parents, children or relatives within the Third degree of kinship due to the position titles they hold in the Company; in particular loans between the affiliated enterprises owned by the aforementioned personnel and the Company or provision of guarantee, transaction of significant assets, purchase (sale) of products with the Company.
Where the Company's directors or managerial officers, or their relatives are within a Third degree of kinship or an affiliated enterprise of their relatives are within a Third degree of kinship are in a significant input (output) transaction with the Company, they shall take the initiative to explain to the Company about potential conflicts in interests.
 2. Avoid opportunities to strive for personal interests:
The Company shall refrain from allowing the directors or managerial officers to engage in any acts among those enumerated below:
(1) The opportunities to strive for personal interests through using the Company's properties, information or by taking advantage of position duties in the Company.
(2) Strive for personal interests through using the Company's properties, information or taking advantage of the positions.
(3) Engaging in competition against the Company.
Whenever the Company is in an opportunity to gain profit, the directors or managerial officers are responsible for augmenting lawful profits to the Company.
 3. Commitment to non-disclosure obligation for confidentiality:
The Company's directors or managerial officers are subject to a commitment to a non-disclosure obligation for confidentiality for the information of the Company itself and of input (output) business customers except such information which could be made public through authorization or according to law. The information subject to commitment to non-disclosure obligation for confidentiality includes all information that has not been made public which might be detrimental to the Company or customers if divulged to or used by the competitors.
 4. Fair trade:
The Company's directors or managerial officers shall hold a fair attitude toward the Company's (input) output sale customers, competitors and employees. Under no circumstances shall they manipulate, conceal, abuse the information which has been known to them due to performance of duties, nor shall engage in misrepresentation or

- unfair trade in other means in an attempt to gain undue enrichment.
5. Protection and appropriate use of the Company's assets:
The Company's directors or managerial officers are obliged to protect the Company's assets to assure that the Company's assets will be effectively used onto the Company business. If the Company's assets are stolen, wasted in fault, that would directly affect the Company's profitability.
 6. Compliance with the laws and ordinances concerned:
The Company shall intensify compliance with Securities and Exchange Act and other laws and ordinances concerned.
 7. Encouragement to report any unlawful acts or acts in contravention of the Codes of Ethical Conduct:
Internally, the Company should intensify promotion of the moral concept and encourage employees to report to the supervisors, managerial officers, internal auditor head or other personnel as appropriate whenever a contravention of Guidelines for the Adoption of Codes of Ethical Conduct is suspected or noticed. In an attempt to encourage employees to report an act in contravention of laws of the Codes of Ethical Conduct, the Company shall enact relevant procedures or mechanism and shall keep all employees informed and secured that they shall be firmly safeguarded from a potential revenge after they report an offense.
 8. Penalty disciplines:
Whenever a director or managerial officer is found having breached the Guidelines for the Adoption of Codes of Ethical Conduct, the relevant department shall report to the internal audit head in real time. The internal audit head shall, after checking and verifying the facts, report to the chairman and vice chairman to ascertain the means of discipline. In case of a significant offense, the decision resolved in the Board of Directors and the method of punishment should be informed to the **Audit Committee**. In the event that a suspect offender is capable of justifying himself or herself from the alleged offense, he or she may submit grievance to the Company forthwith.
In a fact as mentioned in the preceding paragraph, the Company should look into the responsibility of the offender or take legal measures as appropriate and shall, in real-time, make public the position title, name of the offender, date of offense, facts of offense, provisions offended and the penalty and such information through the Market Observation Post System (MOPS).

- Article 3 Procedures for applicability in exemption
Whenever a director or managerial officer is found necessary to be exempted from the Guidelines for the Adoption of Codes of Ethical Conduct, such exemption shall be duly resolved and approved in the Board of Directors, and the position title, name of the exempted person, the date while the exemption is approved by the Board of Directors, duration of applicability in exemption, causes of applicability in exemption and the applicable rules for exemption or such information should be divulged through the Market Observation Post System (MOPS) in real-time so that the shareholders may judge and evaluate whether the decision resolved in the Board of Directors is appropriate so as to prevent arbitrary or suspicious exemption in compliance and, in turn, assure that exemption in all events would be under appropriate control mechanism to safeguard the Company.
- Article 4 Method of divulgence:
The Codes of Ethical Conduct so enacted shall be divulged through the **Company website**, annual report, prospectus and Market Observation Post System (MOPS). This same provision is applicable mutatis mutandis to an event of an amendment.
- Article 5 Enforcement
The Company's Code of Ethical Conduct shall be put into enforcement after being resolved in the Board of Directors meeting. This same provision is applicable mutatis mutandis to an event of amendment.

Appendix 9

Repurchase of shares of the Company

Date approved by the Board of Directors meeting	September 13, 2018
Purpose of repurchase	Transfer shares to employees
Type of shares repurchased	Common stock
Estimated repurchase amount	10,000,000 shares
Estimated repurchase price interval	NTD\$55 – NTD\$70
Actual repurchase period	September 25, 2018 – November 13, 2018
Type and amount of shares actually repurchased	3,591,000 shares of common stock
Actual share repurchase amount	NTD\$211,419,429
Average repurchase price per share	NTD\$58.87
Number of repurchased shares that had been cancelled and transferred	0 share
Accumulated number of shares of the Company held	6,377,000 shares
Accumulated number of shares of the Company held Accounted for the percentage of total shares issued (%) (note)	0.87%
Reasons of incomplete repurchase by the expiration of repurchase period	To maintain market mechanism and avoid affecting the stock price, the Company repurchased shares in batches based on the stock price variation and the trading volume

Note: It is calculated in accordance with the total number of 730,379,874 shares issued registered with the Ministry of Economic Affairs as of August 8, 2018.

Appendix 10

Chicony Electronics CO., Ltd. Regulations of 11th Repurchases of Shares for Employees

Article 1: These Regulations of Shares for the Purpose of Transferring Them to Employees are enacted in accordance with Subparagraph 1, Paragraph 1, Article 28-2 of the Securities and Exchange Act and “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” to encourage employees and increase coherence of employees. The repurchase of shares for employees, in addition to the laws and regulations concerned, shall be conducted in accordance with these Regulations.

Article 2: The shares transferred to employees are common stocks, and the rights and obligations, unless otherwise provided in laws and regulations concerned and these Regulations, are consistent with other outstanding common stocks.

Article 3: The shares repurchased may be transferred to employees as a whole or in batches within 3 years after the repurchase date in accordance with these Regulations.

Article 4: Employees who are employed for a full year and have not been liable to punishment of major demerit in the most recent year or full-time employees, who are employed for less than a full year but have special contributions to the Company that are approved by the Chairman, of the Company and the domestic and overseas subsidiaries recognized by International Financial Reporting Standards before the subscription base date may enjoy the subscription in accordance with Article 5 of these Regulations. Employees who resign (or who is under leave of absence) between the employee subscription base date and subscription payment deadline shall be disqualified for the subscription.

Article 5: The Company, after taking the employee job level, years of service, performance, special contributions and the capacity of long-term development with the Company into consideration as well as the total number of repurchased share held by the Company as of the subscription base date, may stipulate the number of shares to be transferred to employees that is to be reported to and approved by the Chairman of the Company.

Article 6: Transfer procedure:

1. The shares of the Company to be repurchased shall be announced, declared and repurchased within the deadline in accordance with the resolution of the Board of Directors meeting.
2. The Chairman of the Company shall stipulate and publish employee subscription base date, standards of shares to be subscribed, transfer price, payment deadline for subscription, content of rights, and limitations in accordance with these Regulations.
3. Calculate the number of shares that are actually subscribed and paid and conduct shares transfer registration.

Article 7: The transfer price of the repurchases of shares for employees is the average price of actual repurchase. Where the number of common stocks of the Company issued increases before the transfer, the price shall be adjusted based on the ratio of the increase of shares issued.

Article 8: Unless otherwise provided, the rights and obligations of repurchased shares transferred to employees are consistent with the original shares.

Article 9: These Regulations shall enter into force by the approval of resolution by the Board of Directors meeting, and the amendments may be made after reporting to the Board of Directors meeting for approval. These Regulations shall also be reported to the Shareholders' meeting, and the same provision shall be applicable where the amendments are made.

These Regulations are enacted on September 13, 2018.

First amendment on October 30, 2018.

Appendix 11

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CHICONY ELECTRONICS CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of Chicony Electronics Co., Ltd. and its subsidiaries (the “Group”) as at December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants (refer to “Other matter” section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and reports of other independent accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

1. Appropriateness of warehouse operating revenue cut-off

Description

Refer to Notes 4(31) and 6(23) for policies on revenue recognition and details of revenue.

The Group's revenue arises from sales of goods, consisting mainly of factory direct shipment and warehouse sales revenue. Warehouse sales revenue is recognised when the goods are dispatched from the warehouses (transfer of control of products) and it is based on the reports and other relevant information provided by the warehouse custodians. The Group's warehouses are located in multiple countries, and the revenue recognition process involves several manual operations. Thus, we determine the warehouse sales revenue cut off as one of the key areas of focus for this fiscal year's audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

2. Evaluated the internal controls for regular reconciliation between the Group and its warehouse custodians.
3. Performed the revenue recognition cut-off tests, including obtaining sufficient appropriate audit evidences from the warehouse custodians and reviewing the reconciliations of the Group's accounting records.
4. Conducted warehouse inventory audit by using physical counts or using confirmation letters to validate inventory balances with the warehouse custodians.

5. Valuation of inventory

Description

Refer to Notes 4(12), 5(2) and 6(6) for the description of accounting policy, critical accounting estimates, uncertainty of assumptions and details of accounts.

The Group's main inventories are keyboard, power supplies, camera modules and other electronic products. The prices of such inventories are affected by market demand and the rapid technological changes. Therefore, there is higher risk of market decline. As the assessment of net realisable value of inventories is subject to management judgement, we consider the valuation of inventory as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

6. Assessed whether the Group's accounting policies comply with the relevant standards and the Group's industry practice and the reasonableness of management's evaluation process, including the determination of net realisable value of inventories, the sales expenses and the judgement of obsolete inventories. Checked whether the provision policies were consistently adopted in the reporting periods.
7. Obtained net realisable value statement of inventories to confirm whether the calculation logic was adopted consistently, and tested the data sources of selected samples which includes inventory price or purchase price to verify whether the net realisable value used by the management was in compliance with its policies, and recalculated the accuracy of allowance for inventory valuation losses.

Other matter - Audit of other independent accountants

We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for under the equity method that are included in the consolidated financial statements. Those financial statements were audited by other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements and the information disclosed in Note 13 was based solely on the reports of other independent accountants. Total assets (including investments accounted for under the equity method) of NT\$1,450,280 thousand and NT\$1,334,746 thousand, constituted 2.10% and 1.98% of consolidated

total assets as of December 31, 2018 and 2017, respectively. Total sales revenue of NT\$2,815,523 thousand and NT\$2,786,115 thousand, constituted 3.23% and 3.56% of consolidated total sales revenue for the years ended December 31, 2018 and 2017, respectively.

Other matter - Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Chicony Electronics Co., Ltd. as at and for the years ended December 31, 2018 and 2017.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including Supervisors, are responsible for overseeing the Group’s financial reporting process.

Independent accountant’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chen, Chin-Chang Weng, Shih-Jung
For and on behalf of PricewaterhouseCoopers, Taiwan
March 7, 2019

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.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2018	December 31, 2017
	Current assets			
1100	Cash and cash equivalents	6(1)	\$ 1,952,439	\$ 2,679,941
1110	Financial assets at fair value through profit or loss - current	6(2) and 12(4)	4,316,587	412,311
1120	Financial assets at fair value through other comprehensive income - current	6(3)	2,920,108	-
1125	Available-for-sale financial assets - current	12(4)	-	6,734,294
1150	Notes receivable, net	6(4)	360,995	842,816
1170	Accounts receivable, net	6(4)	17,615,816	18,060,476
1180	Accounts receivable - related parties	7	314,182	325,997
1200	Other receivables		314,508	503,149
130X	Inventories, net	6(6)	15,078,468	12,458,261
1410	Prepayments		1,591,001	1,401,826
1460	Non-current assets classified as held for sale, net	6(11)	1,956,546	-
1470	Other current assets	8	1,493	51,723
11XX	Total current assets		<u>46,422,143</u>	<u>43,470,794</u>
	Non-current assets			
1510	Financial assets at fair value through profit or loss – non-current	6(2)	1,993,760	-
1517	Financial assets at fair value through other comprehensive income – non-current	6(3)	858,124	-
1523	Available-for-sale financial assets – non-current	12(4)	-	883,509
1543	Financial assets carried at cost – non-current	12(4)	-	2,266,656
1550	Investments accounted for under equity method	6(7)	31,755	45,719
1600	Property, plant and equipment, net	6(8) and 8	12,371,429	13,554,882
1760	Investment property - net	6(9) and 8	5,537,730	5,517,981
1780	Intangible assets	6(10)	233,688	249,404
1840	Deferred income tax assets	6(29)	97,958	162,296
1900	Other non-current assets	6(12) and 8	1,385,321	1,303,139
15XX	Total non-current assets		<u>22,509,765</u>	<u>23,983,586</u>
1XXX	Total assets		<u>\$ 68,931,908</u>	<u>\$ 67,454,380</u>

(Continued)

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2018	December 31, 2017
Current liabilities				
2100	Short-term borrowings	6(13) and 8	\$ 5,643,630	\$ 4,246,383
2120	Financial liabilities at fair value through profit or loss - current	6(2) and 12(4)	70,777	488,548
2130	Contract liabilities - current		145,243	-
2150	Notes payable		1,720	2,187
2170	Accounts payable	6(14)	22,713,760	20,737,567
2180	Accounts payable - related parties	7	300,503	482,419
2200	Other payables	6(15)	8,307,849	9,125,867
2230	Current income tax liabilities		1,490,003	1,564,325
2300	Other current liabilities	6(16)	508,717	226,178
21XX	Total current liabilities		<u>39,182,202</u>	<u>36,873,474</u>
Non-current liabilities				
2540	Long-term borrowings	6(16) and 8	1,006,224	1,831,281
2570	Deferred income tax liabilities	6(29)	297,554	230,809
2600	Other non-current liabilities	6(17)	264,404	243,421
25XX	Total non-current liabilities		<u>1,568,182</u>	<u>2,305,511</u>
2XXX	Total liabilities		<u>40,750,384</u>	<u>39,178,985</u>
Equity attributable to owners of parent				
Share capital		6(19)		
3110	Share capital - common stock		7,303,799	7,206,051
Capital surplus		6(20)		
3200	Capital surplus		5,633,933	5,136,660
Retained earnings		6(21)		
3310	Legal reserve		4,617,199	4,215,046
3320	Special reserve		1,861,304	433,524
3350	Unappropriated retained earnings		8,455,531	9,144,208
Other equity interest		6(22)		
3400	Other equity interest		(3,065,027)	(1,824,687)
3500	Treasury stocks	6(19) and 8	(728,584)	(517,165)
31XX	Equity attributable to owners of the parent		<u>24,078,155</u>	<u>23,793,637</u>
36XX	Non-controlling interest		<u>4,103,369</u>	<u>4,481,758</u>
3XXX	Total equity		<u>28,181,524</u>	<u>28,275,395</u>
Significant contingent liabilities and unrecognised contract commitments		9		
Significant events after the balance sheet date		11		
3X2X	Total liabilities and equity		<u>\$ 68,931,908</u>	<u>\$ 67,454,380</u>

The notes are an integral part of these consolidated financial statements.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items		Notes	Years ended December 31,	
			2018	2017
4000	Sales revenue	6(23), 7 and 12(5)	\$ 87,260,406	\$ 78,155,686
5000	Operating costs	6(6)(27)(28) and 7	(74,643,642)	(64,701,349)
5900	Net operating margin		12,616,764	13,454,337
	Operating expenses	6(27)(28)		
6100	Selling expenses		(3,140,664)	(3,544,903)
6200	General and administrative expenses		(2,162,176)	(2,390,500)
6300	Research and development expenses		(2,515,632)	(2,949,604)
6450	Impairment loss determined in accordance with IFRS 9	12(2)	(148,756)	-
6000	Total operating expenses		(7,967,228)	(8,885,007)
6900	Operating profit		4,649,536	4,569,330
	Non-operating income and expenses			
7010	Other income	6(24)	799,617	780,659
7020	Other gains and losses	6(25)	(255,145)	969,738
7050	Finance costs	6(26)	(143,035)	(104,700)
7060	Share of loss of associates and joint ventures accounted for under equity method	6(7)	(15,501)	(125,008)
7000	Total non-operating income and expenses		385,936	1,520,689
7900	Profit before income tax		5,035,472	6,090,019
7950	Income tax expense	6(29)	(1,056,563)	(1,217,803)
8200	Profit for the year		\$ 3,978,909	\$ 4,872,216

(Continued)

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Years ended December 31,	
		2018	2017
Other comprehensive income			
Components of other comprehensive income (loss) that will not be reclassified to profit or loss			
8311 Actuarial loss on defined benefit plan	6(17)	(\$ 13,253)	(\$ 23,363)
8312 Gains on revaluation	6(9)	155,281	-
8316 Unrealised loss on equity instruments at fair value through other comprehensive income		(493,547)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(161,893)	-
8310 Other comprehensive loss that will not be reclassified to profit or loss		(513,412)	(23,363)
Components of other comprehensive income (loss) that will be reclassified to profit or loss			
8361 Financial statements translation differences of foreign operations		(5,217)	(1,110,924)
8362 Unrealised loss on valuation of available-for-sale financial assets		-	(1,264,999)
8370 Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		1,537	(3,984)
8360 Other comprehensive loss that will be reclassified to profit or loss		(3,680)	(2,379,907)
8300 Total other comprehensive loss for the year		(\$ 517,092)	(\$ 2,403,270)
8500 Total comprehensive income for the year		<u>\$ 3,461,817</u>	<u>\$ 2,468,946</u>
Profit attributable to:			
8610 Owners of the parent		<u>\$ 3,590,711</u>	<u>\$ 4,021,529</u>
8620 Non-controlling interest		<u>\$ 388,198</u>	<u>\$ 850,687</u>
Comprehensive income attributable to:			
8710 Owners of the parent		<u>\$ 3,203,987</u>	<u>\$ 2,113,156</u>
8720 Non-controlling interest		<u>\$ 257,830</u>	<u>\$ 355,790</u>
Earnings per share	6(30)		
9750 Basic earnings per share		<u>\$ 5.22</u>	<u>\$ 5.89</u>
9850 Diluted earnings per share		<u>\$ 5.15</u>	<u>\$ 5.81</u>

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent												
Retained Earnings						Other Equity Interest						
		Total capital surplus, additional paid-in capital				Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Asset revaluation increment	Treasury stocks	Total	Non-controlling interest	Total equity
Notes	Share capital - common stock		Legal reserve	Special reserve	Unappropriated retained earnings							
Year ended December 31, 2017												
Balance at January 1, 2017	\$ 7,120,820	\$ 4,629,152	\$ 3,861,939	\$ 951,488	\$ 8,049,113	\$ 55,011	(\$ 1,379,630)	\$ 1,388,279	(\$ 517,165)	\$ 24,159,007	\$ 4,365,926	\$ 28,524,933
Profit for 2017	-	-	-	-	4,021,529	-	-	-	-	4,021,529	850,687	4,872,216
Other comprehensive loss for 2017	6(22)	-	-	-	(20,026)	(1,064,485)	(823,862)	-	-	(1,908,373)	(494,897)	(2,403,270)
Total comprehensive income (loss)	-	-	-	-	4,001,503	(1,064,485)	(823,862)	-	-	2,113,156	355,790	2,468,946
Appropriation of 2016 earnings												
Legal reserve	-	-	353,107	-	(353,107)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(517,964)	517,964	-	-	-	-	-	-	-
Stock dividends	35,712	-	-	-	(35,712)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(3,035,553)	-	-	-	-	(3,035,553)	-	(3,035,553)
Employees' stock dividends	49,519	310,481	-	-	-	-	-	-	-	360,000	-	360,000
Cash dividends paid to the subsidiaries	-	157,218	-	-	-	-	-	-	-	157,218	-	157,218
Difference between proceeds from addition and disposal of subsidiary and book value	-	7	-	-	-	-	-	-	-	7	(7)	-
Adjustments to share of changes in equity of associates and joint ventures	-	111,028	-	-	-	-	-	-	-	111,028	335,297	446,325
Changes in equity of associates and joint ventures accounted for using equity method	-	(71,229)	-	-	-	-	-	-	-	(71,229)	-	(71,229)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(570,579)	(570,579)
Others (overdue dividends)	-	3	-	-	-	-	-	-	-	3	-	3
Non-controlling interest adjustment	-	-	-	-	-	-	-	-	-	-	(4,669)	(4,669)
Balance at December 31, 2017	\$ 7,206,051	\$ 5,136,660	\$ 4,215,046	\$ 433,524	\$ 9,144,208	(\$ 1,009,474)	(\$ 2,203,492)	\$ 1,388,279	(\$ 517,165)	\$ 23,793,637	\$ 4,481,758	\$ 28,275,395
Year ended December 31, 2018												
Balance at January 1, 2018	\$ 7,206,051	\$ 5,136,660	\$ 4,215,046	\$ 433,524	\$ 9,144,208	(\$ 1,009,474)	(\$ 2,203,492)	\$ 1,388,279	(\$ 517,165)	\$ 23,793,637	\$ 4,481,758	\$ 28,275,395
Effect of retrospective application and restatement	3(1)	-	-	-	860,203	-	(905,391)	-	-	(45,188)	(8,690)	(53,878)
Balance at January 1, 2018 after adjustments	7,206,051	5,136,660	4,215,046	433,524	10,004,411	(1,009,474)	(3,108,883)	1,388,279	(517,165)	23,748,449	4,473,068	28,221,517
Profit for 2018	-	-	-	-	3,590,711	-	-	-	-	3,590,711	388,198	3,978,909
Other comprehensive income (loss) for 2018	6(22)	-	-	-	(8,143)	23,660	(395,629)	(6,612)	-	(386,724)	(130,368)	(517,092)
Total comprehensive income (loss)	-	-	-	-	3,582,568	23,660	(395,629)	(6,612)	-	3,203,987	257,830	3,461,817
Appropriations of 2017 earnings												
Legal reserve	-	-	402,153	-	(402,153)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	1,427,780	(1,427,780)	-	-	-	-	-	-	-
Stock dividends	36,199	-	-	-	(36,199)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(3,221,684)	-	-	-	-	(3,221,684)	-	(3,221,684)
Employees' stock dividends	61,549	391,451	-	-	-	-	-	-	-	453,000	-	453,000
Purchase of treasury share	-	-	-	-	-	-	-	-	(211,419)	(211,419)	-	(211,419)
Cash dividends paid to the subsidiaries	-	165,439	-	-	-	-	-	-	-	165,439	-	165,439
Difference between proceeds from addition and disposal of subsidiary and book value	-	(134,690)	-	-	-	-	-	-	-	(134,690)	134,690	-
Adjustments to share of changes in equity of associates and joint ventures	-	73,905	-	-	-	-	-	-	-	73,905	56,433	130,338
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(630,314)	(630,314)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(43,632)	-	43,632	-	-	-	(7,675)	(7,675)
Non-controlling interest adjustment	-	-	-	-	-	-	-	-	-	-	(180,663)	(180,663)
Others (overdue dividends)	-	1,168	-	-	-	-	-	-	-	1,168	-	1,168
Balance at December 31, 2018	\$ 7,303,799	\$ 5,633,933	\$ 4,617,199	\$ 1,861,304	\$ 8,455,531	(\$ 985,814)	(\$ 3,460,880)	\$ 1,381,667	(\$ 728,584)	\$ 24,078,155	\$ 4,103,369	\$ 28,181,524

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

		Years ended December 31,	
	Notes	2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 5,035,472	\$ 6,090,019
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(27)	2,043,512	1,969,888
Intangible assets amortisation	6(10)(27)	78,488	71,006
Other non-current assets recognised as expenses	6(27)	57,839	56,895
Long-term prepaid rent expense	6(12)(27)	10,119	8,281
Reversal of allowance for uncollectible accounts		-	(7,620)
Impairment loss determined in accordance with IFRS 9	12(2)	148,756	-
Share-based payments	6(18)	16,077	51,951
Interest income	6(24)	(50,882)	(38,665)
Dividend income	6(24)	(231,228)	(186,211)
Interest expense	6(26)	143,035	104,700
Net (gain) loss on financial assets and liabilities at fair value - derivative instruments	6(2)(25) and 12(4)	(449,292)	949,378
Net loss on financial assets and liabilities at fair value - other	6(25)	530,390	-
Share of loss of associates accounted for using equity method	6(7)	15,501	125,008
Gain on disposal of investments accounted for using equity method		-	(776,362)
Loss (gain) on disposal of property, plant and equipment	6(25)	15,161	(30,484)
Gain on disposal of investments	6(25)	-	(654,696)
Impairment loss on non-financial assets	6(10)(25)	-	96
Gain on fair value adjustment of investment property	6(9)(25)	(31,930)	(51,789)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss - current		93,580	(729,010)
Notes receivable		481,821	(175,581)
Accounts receivable		295,904	838,053
Accounts receivable - related parties		11,815	147,679
Other receivables		197,006	(39,103)
Inventories	(	(2,620,207)	(2,164,065)
Prepayments	(	(189,175)	(153,324)
Other current assets		50,230	(25,441)
Changes in operating liabilities			
Contract liabilities - current	(	(21,746)	-
Notes payable	(	467	(4,632)
Accounts payable		1,976,193	555,037
Accounts payable - related parties	(	(181,916)	(122,975)
Other payables	(	(78,501)	1,350,540
Other current liabilities		32,572	(38,085)
Other non-current liabilities		20,983	(13,723)
Cash inflow generated from operations		7,399,110	7,106,765
Interest received		50,905	39,314
Dividends received		231,228	186,211
Interest paid	(	(137,734)	(104,720)
Income tax paid	(	(1,011,559)	(888,393)
Net cash flows from operating activities		6,531,950	6,339,177

(Continued)

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

		Years ended December 31,	
	Notes	2018	2017
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in other current assets		\$ -	\$ 139,351
Acquisition of available-for-sale financial assets		-	(3,737,027)
Proceeds from disposal of available-for-sale financial assets		-	2,751,917
Acquisition of financial assets carried at cost		-	(624,605)
Acquisition of financial assets and liabilities at fair value through profit or loss - Other		(4,082,081)	-
Disposal of financial assets and liabilities at fair value through profit or loss - Other		3,018,862	-
Disposal of financial assets at fair value through other comprehensive income		67,341	-
Proceeds from disposal of assets carried at cost		-	69,211
Acquisition of investments accounted for using equity method		-	(279,814)
Acquisition of property, plant and equipment	6(31)	(2,214,556)	(2,364,589)
Proceeds from disposal of property, plant and equipment		128,909	193,375
Acquisition of investment property	6(9)	(33,763)	(588)
Acquisition of intangible assets	6(10)	(62,267)	(70,529)
Increase in other non-current assets		(756,838)	(653,086)
Proceeds from disposal of investments accounted for using equity method		-	120,454
Increase in refundable deposits		(40,305)	(15,675)
Net cash flows used in investing activities		(3,974,698)	(4,471,605)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		1,397,247	2,145,206
Increase in long-term borrowings		-	401,853
Decrease in long-term borrowings		(480,000)	(874,381)
Treasury stock transferred to employees		29,119	141,171
Change in non-controlling interests		(296,568)	(4,669)
Cash dividends distributed by subsidiaries		(630,314)	(570,579)
Payment of cash dividends		(3,056,245)	(2,878,335)
Payments to acquire treasury shares		(211,419)	-
Overdue stock dividends		1,168	3
Net cash flows used in financing activities		(3,247,012)	(1,639,731)
Effect of exchange rate changes		(37,742)	(624,507)
Net decrease in cash and cash equivalents		(727,502)	(396,666)
Cash and cash equivalents at beginning of year	6(1)	2,679,941	3,076,607
Cash and cash equivalents at end of year	6(1)	\$ 1,952,439	\$ 2,679,941

The notes are an integral part of these consolidated financial statements.

Appendix 12

Chicony Electronics CO., Ltd. 2018 Earnings Distribution Table

Unit: NTD\$

Item	Amount
Retained earnings after adjustment at the beginning of the period	\$4,864,819,916
Retained earnings at the beginning of the period (note 1)	4,056,392,027
Plus: First time to adopt IFRS method	860,203,475
Less: 2018 retained earnings adjustment (note 2)	(51,775,586)
Distributable earnings of the fiscal year	\$1,987,538,650
2018 net profits after tax	3,590,710,608
Less: Legal reserves set aside	(359,071,061)
Less: Special reserve set aside	(1,244,100,897)
Distributable retained earnings as of December 31 of the year	\$6,852,358,566
Distributed dividends	(\$2,766,857,979)
Cash dividends for shareholders NT\$3.8 (note 3)	(2,766,857,979)
Undistributed earnings by the end of the period	4,085,500,587
Note: 1. It refers to the retained earnings after the 2017 earnings distribution approved by the 2018 Shareholders' Meeting. 2. It refers to the items of adjusted retained earnings after accounting treatment, which includes the following items: (1) Actuarial loss of \$3,182,008 of defined benefit plan. (2) Retained earnings of \$5,015,179 adjusted by investment adopting equity method (3) Loss of \$43,632,408 by adopting other equity method 3. Total number outstanding shares is 728,120,521 shares (treasury stock 6,377,000 shares)	

Chairman: Kent Hsu

Manager: Roger Lu

Accounting Officer: Molly Lin

The notes are an integral part of these consolidated financial statements.

Appendix 13

Chicony Electronics CO., Ltd.

Comparison Table for the original articles and amendments of Company's Articles of Incorporation

Article Number	Original Article	Amended Article	Description
5-1	[Addition]	<u>The target of share transfer, subscription and distribution, in circumstances that the treasury stocks of the Company are transferred to employees, shares retained for subscription for employees when issuing new shares, as well as employee subscription certificate and restricted shares of employee, may include employees provided by the Company Act.</u>	This Article is added in compliance with the amended Article 167-1, 167-2 and Article 267 of the Company Act
6	The share certificates of the Company shall be in name-bearing form, printed and signed by, or affixed with the seals of, at least three directors, and authenticated in accordance with laws upon issuance. Shares issued by the Company need not be in certificate form, but they shall be registered in the securities depository institutions.	The share certificates of the Company shall be in name-bearing form, printed and signed by, or affixed with the seals of directors representing the Company, and authenticated in accordance with laws upon issuance. Shares issued by the Company need not be in certificate form, but they shall be registered in the securities depository institutions.	Amended in compliance with the amended Article 162 of the Company Act
8-1	A Shareholders' Meeting called by the Board of Directors shall be chaired by the Chairman. <u>When the Chairman of the board is on leave or for any reason is unable to exercise the powers of the Chairman, the Vice Chairman shall do so in place of the Chairman; when the Vice Chairman is on leave or for any reason is unable to exercise the powers, the Chairman shall designate a Director to chair the meeting.</u> If the Chairman does not make such designation, the meeting shall be chaired by the director elected by and from among themselves. Where a Shareholders' Meeting is called by Directors outside of the Board of Directors, the	A Shareholders' Meeting called by the Board of Directors shall be chaired by the Chairman. When the Chairman of the board is on leave or for any reason is unable to exercise the powers of the Chairman, the Chairman shall designate a Director to chair the meeting. If the Chairman does not make such designation, the meeting shall be chaired by the director elected by and from among themselves. Where a Shareholders' Meeting is called by Directors outside of the Board of Directors, the	Cancellation of Vice Chairman

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	meeting shall be chaired by such Director. In the event that there is more than one Director who has the power to convene such meeting, such Directors shall agree among themselves as to who shall act as the chairperson of the meeting.	chairperson of the meeting.	
Chapter 4	Directors and <u>Supervisors</u>	Directors and <u>Audit Committee's</u>	Amended in compliance with the establishment of the Audit Committee
12	The Company shall have 7 to 9 <u>Directors</u> and 3 Supervisors to be elected at a shareholders' meeting through candidates nominating system from the nominees listed to serve a term of three years. A director may be re-elected. The aforesaid Board of Directors must have at least 2 or 1/5 of all directors, whichever is higher, independent directors. The professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be complied with in accordance with laws and regulations of the Competent Authority. <u>The election of the Directors and Supervisors of the Company adopts candidate nomination system in accordance with Article 192-1 and Article 216-1 of the Company Act. Shareholders shall elect Directors and Supervisors from the candidate list for Directors, Independent Directors, and Supervisors.</u> The total shares of nominal stock held by Directors <u>and Supervisors</u>	The Company shall have 7 to 9 Directors__to be elected at a shareholders' meeting <u>through candidates nominating system from the director and independent director nominees listed to serve a term of three years.</u> A director may be re-elected. The aforesaid Board of Directors must have at least <u>3</u> or 1/5 of all directors, whichever is higher, independent directors. The professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be complied with in accordance with the laws and regulations of the Competent Authority. The total shares of nominal stock held by Directors shall be in compliance with "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" promulgated by the Financial Supervisory Commission.	Amended in compliance with the establishment of Audit Committee and amend some texts.

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	shall be in compliance with “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies” promulgated by the Financial Supervisory Commission.		
Article 12-1	The Company <u>will establish the Audit Committee starting from 2019 in accordance with</u> Article 14-4 of the Securities and Exchange Act. The Audit Committee <u>shall</u> be composed of all independent directors. The provisions regarding supervisors in the Company Act, Securities and Exchange Act, and other laws and regulations shall apply mutatis mutandis to the audit committee. <u>Starting from the date of establishment of the Audit Committee, the term of the elected Supervisors shall end on the date of the establishment of the first term of the Audit Committee. Powers and other compliance matters of the Audit Committee shall be conducted in accordance with the Company Act, Securities and Exchange Act and other laws and regulations.</u>	The Company establishes the Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act. The Audit Committee shall be composed of all independent directors. The provisions regarding supervisors in the Company Act, Securities and Exchange Act, and other laws and regulations shall apply mutatis mutandis to the audit committee.	Amended in compliance with the establishment of the Audit Committee
13	The Board of Directors is organized by Directors. A Chairman and <u>a Vice Chairman of the Board of Directors shall be elected from among the Directors by majority</u>	The Board of Directors is organized by Directors. A Chairman of the Board of Directors shall be elected from among the Directors by majority of directors present at a	Cancellation Vice Chairman

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	<u>of directors present at a meeting attended by more than two thirds of directors.</u> The Chairman shall externally represent the Company.	meeting attended by more than two thirds of directors. The Chairman shall externally represent the Company.	
14	The Board of Directors shall be chaired by the Chairman. When the Chairman of the board is on leave or for any reason is unable to exercise the powers of the Chairman, <u>the Vice Chairman shall do so in place of the Chairman,</u> or, if the vice chairperson also is on leave or for any reason is unable to act, by a managing director designated by the Chairman, or, if the Chairman does not make such a designation, by a managing director or director elected by and from among themselves. In case a director is on leave for any reason and appoints another director to attend a meeting of the Board of Directors in his/her behalf, the proxy shall be conducted in accordance with Article 205 of the Company Act.	The Board of Directors shall be chaired by the Chairman. When the Chairman of the board is on leave or for any reason is unable to exercise the powers of the Chairman, a managing director designated by the Chairman shall chair the Board, or, if the Chairman does not make such a designation, by a managing director or director elected by and from among themselves. In case a director is on leave for any reason and appoints another director to attend a meeting of the Board of Directors in his/her behalf, the proxy shall be conducted in accordance with Article 205 of the Company Act.	Cancellation Vice Chairman
15	The Board of Directors meeting is held once every quarter and may be convened at any time if necessary. Before convening a meeting of the Board of Directors, a notice shall be given to each director <u>and supervisor</u> no later than 7 days prior to the scheduled meeting date. However, the meeting may be convened at any time in case of urgency. The aforesaid notice shall indicate the purpose in writing or via E-mail or fax.	The Board of Directors meeting shall be held once every quarter and may be convened at any time if necessary. Before convening a meeting of the Board of Directors, a notice shall be given to each director no later than 7 days prior to the scheduled meeting date. However, the meeting may be convened at any time in case of urgency. The aforesaid notice shall indicate the purpose in writing or via E-mail or fax.	Amended in compliance with the establishment of Audit Committee and amend some texts

Article Number	Original Article	Amended Article	Description
<u>15-1</u>	<u>Where there are more than 2 supervisors, a managing supervisor shall be elected among these supervisors to jointly perform the duty. The duties of supervisors are as follows:</u> <u>1. Investigate the financial condition of the Company.</u> <u>2. Inspect the accounting books of the Company.</u> <u>3. Investigate the business condition of the Company.</u> <u>4. Inspect final accounting books and statements and report to the Shareholders' Meeting.</u> <u>5. In case the Board of Directors commits any act, in carrying out the business operations of the Company, in a manner in violation of the laws, regulations, the Articles of Incorporation or the scope of business registration, the supervisors shall forthwith advise, by a notice, to the Board of Directors, as the case may be, to cease such act.</u> <u>6. Supervisors of a company may attend the meeting of the Board of Directors to their opinions without having the right to vote.</u>	The traveling expenses for Directors of the Company shall be determined by the resolution of the Board of Directors.	Deleted the original Article 15-1 and changed the original Article 15-2 as Article 15-1 in compliance with the establishment of Audit Committee and amend some texts
<u>15-2</u>	The traveling expenses of Directors <u>and Supervisors</u> of the Company shall be determined by the Board of Directors of the Company.	The Company may obtain liability insurance for Directors and important employees by the resolution of the Board of Directors.	Changed to original Article 15-3 as 15-2 in compliance with the establishment of Audit Committee and amend some texts
<u>15-3</u>	The Company may obtain liability insurance for Directors, <u>Supervisors</u> , and important employees by the resolution of the Board of Directors.	The <u>remuneration of all Directors shall be determined by</u> the Board of Directors based on the Director's participation level in the Company operation and the contribution value and on the remuneration level of the industry after the approval by the Remuneration Committee.	Changed to original Article 15-4 as 15-3 in compliance with the establishment of Audit Committee and

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
			amend some texts
15-4	The remuneration of all Directors and Supervisors shall be determined by the Board of Directors based on the Director's participation level in the Company operation and the contribution value and on the remuneration level of the industry after the approval by the Remuneration Committee.	[Deleted]	Placed to the original Article 15-4 to 15-3 and amend some texts
17	The fiscal year of the Company starts from January 1 as of December 31 of the year. By the end of the fiscal year, the Board of Directors shall prepare the following books and statements and report to the Shareholders' Meeting for approval after submitting them to Supervisors for review 30 days prior to the Shareholders' Meeting. 1. Business Report 2. Financial Statements 3. Proposals for earnings distribution or making-up losses	The fiscal year of the Company starts from January 1 as of December 31 of the year. By the end of the fiscal year, the Board of Directors shall prepare the following books and statements and report to the Shareholders' Meeting for approval in compliance with legal procedures. 1. Business Report 2. Financial Statements 3. Proposals for earnings distribution or making-up losses	Amended in compliance with the establishment of Audit Committee and amend some texts
18	The Company shall distribute no less than 11% of current pre-tax earnings before deducting the employee compensation and Directors and Supervisors' remuneration as the employee compensation and no more than 1% of such earnings as the remuneration for Directors and Supervisors. When the Company has accumulated losses (including adjusted retained earnings), the profits shall be used to offset accumulated losses first, and then the balance of which may be allocated to employees and Directors and supervisors in accordance with the aforesaid percentage. The employee compensation described in the preceding paragraph may be distributed in stocks or cash,	The Company shall distribute no less than 11% of current pre-tax earnings before deducting the employee compensation and Directors' remuneration as the employee compensation and no more than 1% of such earnings as the remuneration for Directors. When the Company has accumulated losses (including adjusted retained earnings), the profits shall be used to offset accumulated losses first, and then the balance of which may be allocated to employees and directors in accordance with the aforesaid percentage. The employee compensation described in the preceding paragraph may be distributed in stocks or cash, and the receiver may include	Amended in compliance with the establishment of Audit Committee and amended Article 235-1 of Company Act.

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	and the receiver may include employees of subsidiaries provided in the Company Act. The remuneration for Directors <u>and Supervisors</u> shall only be distributed in cash. Remuneration distribution for employees and Directors <u>and Supervisors</u> shall be determined by the Board of Directors and reported to the Shareholders' Meeting.	employees of subsidiaries provided in the Company Act. The remuneration for Directors shall only be distributed in cash. Remuneration distribution for employees and Directors shall be determined by the Board of Directors and reported to the Shareholders' Meeting.	
18-1	The current year's net profit after tax of the Company, if any, shall first be used to offset prior years' accumulated losses (including adjusted retained earnings) and then set aside 10% as legal reserve. When such legal reserve amounts to the total paid-in capital, the Company shall not be exempted from this requirement. The Company may then appropriate or reverse a certain amount as special reserve according to the relevant regulations or requirements by competent authority. The remaining earnings, plus the accumulated retained earnings (including adjusted retained earnings), may be appropriated to shareholders as dividends or bonuses according to the distribution plan proposed by the Board of Directors in compliance with Article 19 of the Articles of Incorporation to the Shareholders' Meeting.	The current year's net profit after tax of the Company, if any, shall first be used to offset prior years' accumulated losses (including adjusted retained earnings) and then set aside 10% as legal reserve. When such legal reserve amounts to the total paid-in capital, the Company shall not be exempted from this requirement. The Company may then appropriate or reverse a certain amount as special reserve according to the relevant regulations or requirements by competent authority. The remaining earnings, plus the accumulated retained earnings (including adjusted retained earnings), may be appropriated to shareholders as dividends or bonuses according to the distribution plan proposed by the Board of Directors in compliance with Article 19 of the Articles of Incorporation to the Shareholders' Meeting. <u>The Board of Directors of the Company may determine to distribute all or part of dividends, bonus, legal reserve or additional paid-in capital in cash by the resolution of the Board of Directors Meeting attended by 2/3 of Directors and approved by 1/2 of the attended Directors and may report to the Shareholders' Meeting. This paragraph is exempted from the provision that shall be approved by the Shareholders' Meeting in the</u>	Amended in compliance with the amended Article 240 and Article 241 of the Company Act

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
		<u>preceding paragraph.</u>	
22	Omitted 35th amendment made on June 5, 2018	Omitted 35th amendment made on June 5, 2018 <u>36th amendment made on June 5, 2019</u>	Adding the date of amendment for the 36th amendment

The notes are an integral part of these consolidated financial statements.

Appendix 14

Amended by the Shareholder's Meeting on June 5, 2019

Articles of Incorporation of Chicony Electronics Co., Ltd.

Chapter 1 General Provisions

- Article 1: The Company shall be incorporated as a company limited by shares under the Company Act and its name shall be "Chicony Electronics Co., Ltd.".
- Article 2: The scope of business of the Company is as follows:
1. CC01080 Electronic Parts and Components Manufacturing.
 2. CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing.
 3. CC01110 Manufacture of Computers and Peripheral Equipment.
 4. F108031 Wholesale of Drugs, Medical Goods.
 5. F113070 Wholesale of Telecom Instruments.
 6. F118010 Wholesale of Computer Software.
 7. F119010 Wholesale of Electronic Materials.
 8. F208031 Retail sale of Medical Equipments.
 9. F213060 Retail sale of Telecom Instruments.
 10. F218010 Retail sale of Computer Software.
 11. F219010 Retail sale of Electronic Materials.
 12. F401010 International Trade.
 13. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import.
 14. I301010 Software Design Services.
 15. I301020 Data Processing Services.
 16. I301030 Digital Information Supply Services.
 17. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The Company may engage in guarantee business in accordance with the "Regulations Governing Endorsement and Guarantees".
- Article 4: The Head Office of the Company locates at New Taipei City. The Company may, by the resolution of the Board of Directors when necessary, establish branch offices or subsidiaries domestically or overseas.

Chapter 2 Shares

- Article 5: The total capital amount of the Company shall be NTD\$8 billion, divided into 800 million shares, at a par value of NTD\$10 per share, and the Company may authorized the Board of Directors to issue shares separately.
An amount of NTD\$200 million out of the aforesaid capital amount is reserved to serve as subscription warrants for employees, divided into 20 million shares at a par value of NTD\$10 per share and may be issued separately according to the resolution of the Board of Directors.
- Article 5-1: The target of share transfer, subscription and distribution, in circumstances that the treasury stocks of the Company are transferred to employees, shares retained for subscription for employees when issuing new shares, as well as employee subscription certificate and restricted shares of employee, may include employees provided by the Company Act.**
- Article 6: The share certificates of the Company shall be in name-bearing form, printed and signed by, or affixed with the seals of directors representing the Company, and authenticated in accordance with laws upon issuance. Shares issued by the Company need not be in certificate form, but they shall be registered in the securities

depository institutions.

Article 7: The transfer of shares shall be ceased 60 days prior to the meeting of the Shareholders' Meeting, 30 days prior to the interim Shareholders' Meeting, or 5 days prior to the base date that the Company determines to distribute dividends and bonus or other benefits.

Article 7-1: Shareholders shall leave their seal cards with the Company for collecting dividends, distributing bonus and exercise shareholders' rights. The transfer of shares and the establishment, termination and renewal of seal cards shall be conducted in accordance with the regulations provided by the competent authority.

Chapter 3 Shareholders' Meeting

Article 8: Shareholders' meeting shall be of two types, namely general and interim shareholders' meeting. The former shall be convened once a year within 6 months after the close of each fiscal year and the latter shall be convened whenever necessary. Notices which clearly state the purpose(s) for convening meeting shall be sent to each shareholder at least 30 days in advance, in case of general meetings, and at least fifteen (15) days in advance, in case of interim meetings. For shareholders holding less than 1,000 shares, the notice shall be in the form of announcement. The Notice for convening meeting, where the respondents agree, may be in electronic form. The resolutions by the Shareholders' Meeting shall be recorded in the Meeting Minutes and shall be conducted in accordance with Article 183 of the Company Act.

Article 8-1: A Shareholders' Meeting called by the Board of Directors shall be chaired by the Chairman. When the Chairman of the board is on leave or for any reason is unable to exercise the powers of the Chairman, the Chairman shall designate a Director to chair the meeting. If the Chairman does not make such designation, the meeting shall be chaired by the director elected by and from among themselves. Where a Shareholders' Meeting is called by Directors outside of the Board of Directors, the meeting shall be chaired by such Director. In the event that there is more than one Director who has the power to convene such meeting, such Directors shall agree among themselves as to who shall act as the chairperson of the meeting.

Article 9: In case a shareholder is unable to attend a shareholders' meeting in person, such shareholder may issue proxy in the form printed by the Company, setting forth the scope of authorization for the representative to be present on his/her/its behalf after signing or stamping on the proxy. The proxy attendance by a shareholder, in addition to the Company Act, shall be conducted in compliance with "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority.

Article 10: Each share of the shareholders of the Company has one voting right. Where partial or whole of shares do not have voting rights in accordance with laws and regulations (including but not limited to circumstances listed in Paragraph 2, Article 179 and Paragraph 2, Article 197-1 of the Company Act), such shares are not subject to this provision.

Article 11: Unless otherwise provided in related laws and regulations, a resolution shall be made at the meeting attended by shareholders, either in person or by proxy, holding and representing majority of the total number of issued and outstanding shares and at which meeting a majority of the shareholders shall vote in favor of the resolution. The voting rights of the proposals in Shareholders' Meeting may be exercised in writing or electronic form in accordance with related laws and regulations.

Chapter 4 Directors and **Audit Committee**

Article 12: The Company shall have 7 to 9 Directors to be elected at a shareholders' meeting through candidates nominating system from the nominees listed to serve a term of

The notes are an integral part of these consolidated financial statements.

three years. A director may be re-elected.

The aforesaid Board of Directors must have at least 3 or 1/5 of all directors, whichever is higher, independent directors. The professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be complied with in accordance with the laws and regulations of the Competent Authority.

The total shares of nominal stock held by Directors shall be in compliance with “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies” promulgated by the Financial Supervisory Commission.

Article 12-1: The Company establishes the Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act. The Audit Committee shall be composed of all independent directors. The provisions regarding supervisors in the Company Act, Securities and Exchange Act, and other laws and regulations shall apply mutatis mutandis to the audit committee.

Article 13: The Board of Directors is organized by Directors. A Chairman of the Board of Directors shall be elected from among the Directors by majority of directors present at a meeting attended by more than two thirds of directors. The Chairman shall externally represent the Company.

Article 13-1: The duties of the Board of Directors are as follows:

1. Determination of business goal and strategy.
2. Approval of all systems and operational rules.
3. Drafting of earnings distribution.
4. Drafting of increase or decrease of capital.
5. Approval of important contracts.
6. Approval of establishment or abolishment of branches.
7. Approval of appointment of assistant vice presidents or above.
8. Approval of external investments.
9. Approval of the lending amount.
10. Approval of endorsement/guarantee amount.
11. Approval of purchase and disposal of material properties.
12. Convene Shareholders' Meeting and execute its resolutions.
13. Proposal of enactment or amendment of the Company's Article of Incorporation.
14. Approval of the dividend distribution and ex-right base date.
15. Approval of other important cases.

Article 14: The Board of Directors shall be chaired by the Chairman. When the Chairman of the board is on leave or for any reason is unable to exercise the powers of the Chairman, a managing director designated by the Chairman shall chair the Board, or, if the Chairman does not make such a designation, by a managing director or director elected by and from among themselves.

In case a director is on leave for any reason and appoints another director to attend a meeting of the Board of Directors in his/her behalf, the proxy shall be conducted in accordance with Article 205 of the Company Act.

Article 15: The Board of Directors meeting shall be held once every quarter and may be convened at any time if necessary.

Before convening a meeting of the Board of Directors, a notice shall be given to each director no later than 7 days prior to the scheduled meeting date. However, the meeting may be convened at any time in case of urgency.

The notes are an integral part of these consolidated financial statements.

The aforesaid notice shall indicate the purpose in writing or via E-mail or fax.

Article 15-1: The traveling expenses for Directors of the Company shall be determined by the resolution of the Board of Directors.

Article 15-2: The Company may obtain liability insurance for Directors and important employees by the resolution of the Board of Directors.

Article 15-3: **The remuneration of all Directors shall be determined** by the Board of Directors based on the Director's participation level in the Company operation and the contribution value and on the remuneration level of the industry after the approval by the Remuneration Committee.

Chapter 5 Managers

Article 16: The Company may have one President and several vice presidents and assistant vice presidents. The appointment, dismissal and remuneration shall be determined by the resolution of the Board of Directors.

Chapter 6 Accounting

Article 17: The fiscal year of the Company starts from January 1 as of December 31 of the year. By the end of the fiscal year, the Board of Directors shall prepare following books and statements and report to the Shareholders' Meeting for approval in compliance with legal procedures.

1. Business Report
2. Financial Statements
3. Proposals for earnings distribution or making-up losses

Article 18: The Company shall distribute no less than 11% of current pre-tax earnings before deducting the employee compensation and Directors' remuneration as the employee compensation and no more than 1% of such earnings as the remuneration for Directors. When the Company has accumulated losses (including adjusted retained earnings), the profits shall be used to offset accumulated losses first, and then the balance of which may be allocated to employees and directors in accordance with the aforesaid percentage.

The employee compensation described in the preceding paragraph may be distributed in stocks or cash, and the receiver may include employees of subsidiaries provided in the Company Act. The remuneration for Directors shall only be distributed in cash. Remuneration distribution for employees and Directors shall be determined by the Board of Directors and reported to the Shareholders' Meeting.

Article 18-1: The current year's net profit after tax of the Company, if any, shall first be used to offset prior years' accumulated losses (including adjusted retained earnings) and then set aside 10% as legal reserve. When such legal reserve amounts to the total paid-in capital, the Company shall not be exempted from this requirement. The Company may then appropriate or reverse a certain amount as special reserve according to the relevant regulations or requirements by competent authority. The remaining earnings, plus the accumulated retained earnings (including adjusted retained earnings), may be appropriated to shareholders as dividends or bonuses according to the distribution plan proposed by the Board of Directors in compliance with Article 19 of the Articles of Incorporation to the Shareholders' Meeting.

The Board of Directors of the Company may determine to distribute all or part of dividends, bonus, legal reserve or additional paid-in capital in cash by the resolution of the Board of Directors Meeting attended by 2/3 of Directors and approved by 1/2 of the attended Directors and may report to the Shareholders' Meeting. This paragraph is exempted from the provision that shall be approved by the Shareholders' Meeting in the preceding paragraph.

Article 19: The Company is currently at the development period of the electronic industry, so the dividend policy shall meet the goals of meeting the fund demand for new products and increasing the return on investment of shareholders. Therefore, the total dividend distributed shall not be higher than 90% of total earnings that is distributable as shareholders' dividends, and the cash dividend shall not be less than 10% of total amount of distributed dividends.

Where the par value of distributable dividends is less than \$0.5 per share, it shall be exempted from the preceding paragraph.

Article 20: The reinvestment amount of the Company in all businesses shall not be subject to Article 13 of the Company, providing that the investment amount shall not exceed 40% of paid-in capital.

Chapter 7 Supplementary Provisions

Article 21: In regard to all matters not provided for in these Company's Articles of Incorporation, the Company Act shall govern.

Article 22: This Company's Articles of Incorporation was enacted on February 5, 1983.

First amendment on April 20, 1983.

Second amendment on July 28, 1983.

Third amendment on March 4, 1985.

Fourth amendment on June 22, 1987.

Fifth amendment on July 15, 1988.

Sixth amendment on July 8, 1989.

Seventh amendment on April 30, 1990.

Eighth amendment on June 22, 1991.

Ninth amendment on May 30, 1992.

Tenth amendment on June 10, 1993.

Eleventh amendment on June 24, 1994.

Twelfth amendment on June 9, 1995.

Thirteenth amendment on June 24, 1996.

Fourteenth amendment on June 24, 1996.

Fifteenth amendment on October 17, 1997.

Sixteenth amendment on April 24, 1998.

Seventeenth amendment on September 25, 1998.

Eighteenth amendment on May 24, 1999.

Nineteenth amendment on May 15, 2000.

Twentieth amendment on May 30, 2001.

Twenty first amendment on May 30, 2002.

Twenty second amendment on June 9, 2003.

Twenty third amendment on May 18, 2004.

Twenty fourth amendment on June 10, 2005.

Twenty fifth amendment on June 9, 2006.

Twenty sixth amendment on June 13, 2007.

Twenty seventh amendment on June 13, 2008.

Twenty eighth amendment on June 10, 2009.

Twenty ninth amendment on June 9, 2010.

Thirtieth amendment on June 10, 2011.

Thirty first amendment on June 12, 2012.

Thirty second amendment on May 30, 2014.

Thirty third amendment on June 17, 2015.

Thirty fourth amendment on June 8, 2016.

Thirty fifth amendment on June 5, 2018.

The notes are an integral part of these consolidated financial statements.

Thirty sixth amendment on June 5, 2019.

The notes are an integral part of these consolidated financial statements.

Appendix 15

Amended by 2019 Shareholders' Meeting on June 5, 2019

Chicony Electronics CO., Ltd.

Comparison Table for the original articles and amendments of “Rules for Procedure for Shareholders Meetings”

Article Number	Original Article	Amended Article	Description
1	These rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these Rules.	These rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be conducted as provided in these Rules.	Amended some texts
2	Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the Board of Directors. The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors <u>or supervisors</u> , and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, 15 days prior to the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall	Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the Board of Directors. The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, 15 days prior to the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall	Amended in compliance with the establishment of the Audit Committee

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place. The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. Election or dismissal of directors <u>or supervisors</u>, amendments to the Articles of Incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.	well as being distributed on-site at the meeting place. The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. Election or dismissal of directors, amendments to the Articles of Incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Paragraph 1, Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.	
5	If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Company. When the Chairman is on leave or for any reason unable to exercise the powers of the chairperson, the proxy shall be conducted in accordance with Paragraph 3, Article 208 of the Company Act. When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a	If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Company. When the Chairman is on leave or for any reason unable to exercise the powers of the chairperson, the proxy shall be conducted in accordance with Paragraph 3, Article 208 of the Company Act. When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person or a director that serves as chair.	Amended in compliance with the establishment of the Audit Committee

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	representative of a juristic person director that serves as chair. It is advisable that shareholders meetings convened by the Board of Directors be chaired by the Chairman of the Company in person and attended by a majority of the directors <u>and at least one supervisor</u> in person. The attendance shall be recorded in the meeting minutes. If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.	It is advisable that shareholders meetings convened by the Board of Directors be chaired by the Chairman of the Company in person and attended by a majority of the directors and at least one supervisor in person. The attendance shall be recorded in the meeting minutes. If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.	
6	The time during which shareholder attendance registrations will be accepted shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.	The time during which shareholder attendance registrations will be accepted shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification. Company shall furnish the attending shareholders with an attendance book	Amended in compliance with the establishment of Audit Committee and amended some texts

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors <u>or supervisors</u>, pre-printed ballots shall also be furnished. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.	to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, <u>pre-printed</u> ballots shall also be furnished. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.	
12	A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Paragraph 2, Article 179, of the Company Act. When the Company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by <u>correspondence or</u> electronic means, and the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by <u>correspondence or</u> electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. A shareholder intending to exercise voting rights by <u>correspondence or</u> electronic means under the preceding paragraph shall deliver a written declaration of intent to the	A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Paragraph 2, Article 179 of the Company Act. When the Company holds a shareholders meeting, <u>it may allow the shareholders to exercise voting rights by</u> electronic means, and the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. A shareholder intending to exercise voting rights by electronic means under the preceding paragraph shall deliver a declaration of intent to the Company 2 days prior to the date of the shareholders meeting. When duplicate declarations of intent are	Amended some texts

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	Company 2 days prior to the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, 2 business days prior to the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail. [Omitted]	delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent. After a shareholder has exercised voting rights by electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, 2 business days prior to the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by electronic means shall prevail. When a shareholder has exercised voting rights by electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail. [Omitted]	
14	The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in	The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If,	Amended in compliance with the establishment of the Audit Committee

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.	however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.	
15	Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS. The meeting minutes shall be retained for the duration of the existence of the Company. <u>The meeting minutes shall be retained for the duration of the existence of the Company.</u> [Omitted]	Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS. The meeting minutes shall be retained for the duration of the existence of the Company. [Omitted]	Amended some texts
17	<u>On the day of a shareholders meeting,</u> the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.	<u>On the day of a shareholders meeting, the Company shall collect and compile in the prescribed format a statistical statement and shall make an express disclosure of the same at the place of the shareholders meeting in accordance with Article 12 and Article 13 of</u> Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.	In accordance with Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies

Appendix 16

Amended by 2019 Shareholders' Meeting on June 5, 2019

Chicony Electronics CO., Ltd.

Rules for Procedure for Shareholders Meetings

1. These rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be conducted as provided in these Rules.
2. Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the Board of Directors.

The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, 15 days prior to the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the Articles of Incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Paragraph 1, Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the

meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

3. For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company 5 days prior to the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail, unless a declaration is made to cancel the previous proxy appointment. After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company 2 business days prior to the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

4. The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
5. If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Company. When the Chairman is on leave or for any reason unable to exercise the powers of the chairperson, the proxy shall be conducted in accordance with Paragraph 3, Article 208 of the Company Act.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the Board of Directors be chaired by the Chairman of the Company in person and attended by a majority of the directors and at least one supervisor in person. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

6. The time during which shareholder attendance registrations will be accepted shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

7. The Company shall make an uninterrupted audio and video recording of the whole proceeding of the meeting, and the recorded materials shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

8. Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

9. If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the Board of Directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

10. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same

proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

- (1) When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

11. Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

12. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Paragraph 2, Article 179 of the Company Act.

When the Company holds a shareholders meeting, it may allow the shareholders **to exercise voting rights by** electronic means, and the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

A shareholder intending to exercise voting rights by electronic means under the preceding paragraph shall deliver a declaration of intent to the Company 2 days prior to the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, 2 business days prior to the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by electronic means shall prevail. When a shareholder has exercised voting rights by electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's Articles of

Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

13. When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

14. The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

15. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS. The meeting minutes shall be retained for the duration of the existence of the Company.

Where the resolutions made in preceding paragraph are required to be publicly announced in accordance with laws and regulations, such announcement shall be made in accordance with laws and regulations.

Other matters of meeting minutes shall be conducted in accordance with Article 183 of the Company Act and laws and regulations concerned.

16. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

17. **On the day of a shareholders meeting, the Company shall collect and compile in the prescribed format a statistical statement and shall make an express disclosure of the same at the place of the shareholders meeting in accordance with Article 12 and Article 13** of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.
18. In regard to all matters not provided for in these Rules, the Company Act and regulations by competent authority shall govern.
19. These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

Appendix 17

Amended by 2019 Shareholder's Meeting on June 5, 2019

Chicony Electronics CO., Ltd.

Comparison Table for the original articles and amendments of Regulations Governing Election of Directors and Supervisors (Regulations Governing Election of Directors)

Article Number	Original Article	Amended Article	Description
Name of Regulation	Regulations Governing Election of Directors and <u>Supervisors</u>	Regulations Governing Election of Directors	Amended in compliance with the establishment of the Audit Committee
1	Except as otherwise provided by law and regulation or by the Company's Articles of Incorporation, elections of directors <u>and supervisors</u> shall be conducted in accordance with these Procedures.	Except as otherwise provided by law and regulation or by the Company's Articles of Incorporation, elections of directors shall be conducted in accordance with these Procedures.	Amended in compliance with the establishment of the Audit Committee
2	The cumulative voting method shall be used for election of the directors <u>and supervisors</u> at the Company. Each share will have voting rights in number equal to the directors <u>or supervisors</u> to be elected, and may be cast for a single candidate or split among multiple candidates. <u>Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.</u> More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director. <u>At least one supervisor position must be held by a person having neither a spousal relationship nor a relationship within the second degree of kinship with any other supervisor or with any director. A supervisor may not serve concurrently as the director.</u>	The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director. Elections of directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. The qualifications and election for the independent directors of the Company shall comply with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies".	Amended in compliance with the establishment of Audit Committee, Article 6 of "Sample Template for XXX Co., Ltd. Procedures for Election of Directors and Supervisors," and amended Company Act.

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	<u>managerial officer, or any other employee of this Corporation, and at least one of the supervisors must be domiciled in the Republic of China to be able to promptly fulfill the functions of supervisor.</u> Elections of both directors <u>and supervisors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 and Article 216-1 of the Company Act. The Company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and supervisors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors and supervisors will be elected.</u> The qualifications and election for the independent directors of the Company shall comply with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” and the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”.		
3	The number of directors <u>and supervisors is specified in the Company’s Articles of Incorporation.</u> Those receiving ballots representing the highest numbers of voting rights will be	The number of directors and supervisors will be as specified in the Company’s <u>Articles of Incorporation, with voting rights separately calculated for independent and non-independent</u>	Amended in compliance with the establishment of Audit Committee

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance. <u>Where a candidate is elected both director and supervisor in accordance with preceding paragraph, he/she shall determine to serve as either the director or supervisor, while the vacancy shall be filled by the candidate with the original second highest votes.</u> <u>Where a director or supervisor elected in accordance with Paragraph 1 is found personal data noncompliance or the elected qualification is removed in accordance with related laws and regulations, the vacancy shall the filled by the candidate with the original second highest votes.</u> <u>Where the Company establishes independent directors in accordance with laws and regulations, the voting rights for independent directors and non-independent directors shall be calculated separately and shall be conducted in accordance with Paragraph 1.</u>	<u>director positions.</u> Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.	and amended some texts
4	Shareholders listed in the Shareholders List have to right to vote. Except for part or all shares without voting rights in accordance with laws and regulations, shareholders and persons with legal capacity have suffrage. However, if a juristic person shareholder appoints a	Shareholders listed in the Shareholders List have to right to vote. Except for part or all shares without voting rights in accordance with laws and regulations, shareholders and persons with legal capacity have suffrage.	Amended some texts

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	representative, <u>the juristic person shareholder shall present the representative by correspondence and record in the shareholders' list.</u>		
5	<u>The Board of Directors shall prepare and issue ballots containing the number of voting rights and attendance card number.</u>	<u>The Board of Directors shall prepare separate ballots for directors and supervisors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.</u>	Amended in accordance with Article 8 of “Sample Template for XXX Co., Ltd. Procedures for Election of Directors and Supervisors ”
<u>9</u>	<u>Where there are questionable ballots, the vote monitoring personnel shall verify whether the ballots shall be voided. Void ballots shall be signed or sealed by the vote monitoring personnel for confirmation.</u>	The ballot boxes shall be <u>prepared</u> by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.	Deleted original Article 9 and placed the original Article 10 as Article 9; amended in compliance with the establishment of Audit Committee and amend some texts
<u>10</u>	The ballot boxes shall be prepared by the Board of Directors, and one ballot box shall be established <u>directors and supervisors, while the voting shall be conducted respectively.</u> Ballot boxes shall be publicly checked by the vote monitoring personnel before voting commences.	The voting results shall be announced by the chair on the site. After the announcement, the following items shall be filled in the report, and the vote monitoring personnel shall sign or seal and report to the chair. (1) The total number of votes. (2) The number of valid votes (3) The number of void votes (4) Total number of votes of each candidate. The voting rights shall be calculated	Placed the original Article 11 to Article 10; amended in compliance with the establishment of Audit Committee and amend some texts

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
		on site immediately after the chair receives the report, and the results of the calculation, including the list of persons elected as directors or supervisors and the numbers of votes with which they were elected, shall be announced by the chair on the site.	
<u>11</u>	The voting results shall be announced by the chair on the site. After the announcement, the following items shall be filled in the report, and the vote monitoring personnel shall sign or seal and report to the chair. (1) The total number of votes. (2) The number of valid votes. (3) The number of void votes. (4) Total number of votes of each candidate. The voting rights shall be calculated on site immediately after the chair receives the report, and the results of the calculation, including the list of persons elected as directors <u>or supervisors</u> and the numbers of votes with which they were elected, shall be announced by the chair on the site.	The ballots for the election shall be sealed between pages with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.	Placed the original Article 12 to Article 11
<u>12</u>	The ballots for the election shall be sealed between pages with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.	Where the vacancy of directors reaches one third of the total number of directors stipulated in <u>the Company's Articles of Incorporation, the Company shall convene an interim shareholders' meeting for the by-election within 60 days since the date of occurrence.</u> Where the number of independent directors is less than the number required by laws and regulations, the by-election shall be conducted in the most recent shareholders' meeting. Where all independent directors are dismissed, the Company shall convene an interim shareholders' meeting for the by-election within 60 days since the date of occurrence.	Deleted original Article 13 and placed the original Article 14 to Article 12; amended in compliance with the establishment of Audit Committee and amended some texts

Article Number	Original Article	Amended Article	Description
<u>13</u>	<u>The Board of Directors of the Company shall issue notifications to the persons elected as directors or supervisors.</u>	In regard to all matters not provided for in these Rules, the Company Act and related laws and regulations shall govern.	Placed original Article 15 to Article 13
<u>14</u>	<u>Where the number of directors is less than 5 directors due to dismissal for any cause, the Company shall hold a by-election in the coming Shareholders' Meeting. Where the vacancy of directors reaches one third of the total number of directors stipulated in the Company's Articles of Incorporation, the Company shall hold the by-election in accordance with Article 201 of the Company Act and related laws and regulations. Where the number of independent directors is less than the number required by laws and regulations, the by-election shall be conducted in the most recent shareholders' meeting. Where all independent directors are dismissed, the Company shall convene an interim shareholders' meeting for the by-election within 60 days since the date of occurrence. When the number of supervisors falls below that prescribed in this Corporation's Articles of Incorporation due to the dismissal of a supervisor for any reason, a by-election to fill the vacancy should ideally be held at the next shareholders meeting. When the supervisors are dismissed end masse, the Company shall hold the by-election in accordance with Article 217-1 and related laws and regulations.</u>	These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.	Placed original Article 16 to Article 14

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
<u>15</u>	In regard to all matters not provided for in these Rules, the Company Act and related laws and regulations shall govern.		Placed original Article 15 to Article 13
<u>16</u>	These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.		Placed original Article 16 to Article 14

The notes are an integral part of these consolidated financial statements.

Chicony Electronics CO., Ltd.

Regulations Governing Election of Directors

1. Except as otherwise provided by law and regulation or by the Company's Articles of Incorporation, elections of directors shall be conducted in accordance with these Procedures.
2. The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

Elections of directors **at the Company** shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

The qualifications and election for the independent directors of the Company shall comply with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies".
3. The number of directors and supervisors will be as specified in the Company's Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
4. Shareholders listed in the Shareholders List have to right to vote. Except for part or all shares without voting rights in accordance with laws and regulations, shareholders and persons with legal capacity have suffrage.
5. **The Board of Directors shall prepare separate ballots for directors and supervisors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.**
6. Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.
7. If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.
8. A ballot is invalid under any of the following circumstances:
 - (1) The ballot was not prepared by the Board of Directors.
 - (2) A blank ballot is placed in the ballot box.
 - (3) The writing is unclear and indecipherable or has been altered.
 - (4) 2 or more candidates are filled in on the same ballot.
 - (5) Other words or marks are entered in addition to the candidate's account name or

shareholder account number (or identity card number) and the number of voting rights allotted.

(6) Shareholder account number or identity card number is not provided in the ballot.

(7) The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.

9. The ballot boxes shall be **prepared** by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.

10. The voting results shall be announced by the chair on the site. After the announcement, the following items shall be filled in the report, and the vote monitoring personnel shall sign or seal and report to the chair.

(1) The total number of votes.

(2) The number of valid votes.

(3) The number of void votes.

(4) Total number of votes of each candidate.

The voting rights shall be calculated on site immediately after the chair receives the report, and the results of the calculation, including the list of persons elected as directors or supervisors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

11. The ballots for the election shall be sealed between pages with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

12. Where the vacancy of directors reaches one third of the total number of directors stipulated in **the Company's** Articles of Incorporation, **the Company shall convene an interim shareholders' meeting for the by-election within 60 days since the date of occurrence.**

Where the number of independent directors is less than the number required by laws and regulations, the by-election shall be conducted in the most recent shareholders' meeting.

Where all independent directors are dismissed, the Company shall convene an interim shareholders' meeting for the by-election within 60 days since the date of occurrence.

13. In regard to all matters not provided for in these Rules, the Company Act and related laws and regulations shall govern.

14. These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Appendix 19

Amended by 2019 Shareholders' Meeting on June 5, 2019

Chicony Electronics CO., Ltd.

Comparison Table for the original articles and amendments of “Procedures for the Acquisition or Disposal of Assets”

Article Number	Original Article	Amended Article	Description
2	The term "assets" as used in these Regulations includes the following: - 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. - Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment. - Memberships. - Intangible assets (patents, copyrights, trademarks, franchise rights). - Derivatives . - Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. - Other major assets. The acquisition or disposal of Derivatives shall be governed by the Procedures for Engaging Derivatives Transactions of the Company or subsidiaries.	The term "assets" as used in these Regulations includes the following: - 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. - Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment. - Memberships. - Intangible assets (patents, copyrights, trademarks, franchise rights) <u>Right-of-use assets.</u> - Derivatives - Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. - Other major assets. The acquisition or disposal of Derivatives shall be governed by the Procedures for Engaging Derivatives Transactions of the Company or subsidiaries.	- Added subparagraph 5 “right-of-use asset” in the definition - Moved the original subparagraph 5-7 to subparagraph 6-8
3	Assessment and operational procedures for acquisition or disposal of assets: - Long-term and short-term securities investment: - For long-term investments, the Financial Department shall submit an investment benefits and risk assessment report to the	Assessment and operational procedures for acquisition or disposal of assets: - Long-term and short-term securities investment: - For long-term investments, the Financial Department shall submit an investment benefits and risk assessment report to the Chairman or the Board of	Amended some texts

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	Chairman or the Board of Directors of the Company for approval in accordance with the authorization standards provided in “Investment Cycle Management Regulations” of the Company or subsidiaries. For short-term investments, the Financial shall conduct the matter in accordance with the “Approval authorization” of the Company or subsidiaries. (2) Long-term and short-term securities investments shall be reasonably appraised in accordance with the applicable IFRSs for the Company and subsidiaries, and all securities certificates shall be bound in books and registered by the Financial Department before collective custody or storing in saves. 2. Real property or equipment: (1) The acquisition or disposal of real property or equipment shall be conducted by approval after submitting related certificates or investment costs and assessment report in accordance with the “Approval authorization” of the Company and subsidiaries and “Fixed Asset Cycle Management Regulations”, as well as the appraisal report required by Article 4 of these Procedures. (2) The Administrative Management Department	Directors of the Company for approval in accordance with the authorization standards provided in “Investment Cycle Management Regulations” of the Company or subsidiaries. For short-term investments, the Financial shall conduct the matter in accordance with the “Approval authorization” of the Company or subsidiaries. (2) Long-term and short-term securities investments shall be reasonably appraised in accordance with the applicable IFRSs for the Company and subsidiaries, and all securities certificates shall be bound in books and registered by the Financial Department before collective custody or storing in saves. Real property or equipment: (1) The acquisition or disposal of real property or equipment shall be conducted by approval after submitting related certificates or investment costs and assessment report in accordance with the “Approval authorization” of the Company and subsidiaries and “Fixed Asset Cycle Management Regulations”, as well as the appraisal report required by Article 4 of these Procedures. (2) The Administrative Management Department shall inspect whether the book value of real property and equipment is within the insured amount on a regular basis and shall adjust the insured amount timely.	

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	shall inspect whether the book value of real property and equipment is within the insured amount on a regular basis and shall adjust the insured amount timely. [Omitted]	[Omitted]	
4	Determination procedure of transaction terms: 1. Means of price determination and reference (1) The price for the acquisition or disposal of securities by following means shall be determined by the stock price or bond price at the time. 1. Securities transactions conducted in stock exchange or Taipei Exchange (hereinafter referred to as TPEX). 2. Trading open ended domestic beneficial certificates or offshore mutual funds. 3. Initial stock subscription (including establishment of stock subscription and stock subscription for capital increase by cash). 4. Acquisition or disposal of target company's securities that is publicly offered for the purpose of stock diversification before listed. 5. Trading bonds. (2) A public 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,	Determination procedure of transaction terms: 1. Means of price determination and reference (1) The price for the acquisition or disposal of securities by following means shall be determined by the stock price or bond price at the time. 1. Securities transactions conducted in stock exchange or Taipei Exchange (hereinafter referred to as TPEX). 2. Trading open ended domestic beneficial certificates or offshore mutual funds. 3. Initial stock subscription (including establishment of stock subscription and stock subscription for capital increase by cash). 4. Acquisition or disposal of target company's securities that is publicly offered for the purpose of stock diversification before listed. 5. Trading bonds. (2) A public 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	1. Amended in accordance with the amended Article 9 and Article 11 2. Amended some texts

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	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 NTD\$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. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC). (3) The acquisition or disposal of real property or equipment shall be submitted for approval by the associated department in accordance with the <u>“Fixed Asset Cycle Management Regulations”</u> of the Company or subsidiaries. (4) In acquiring or disposing of real property or equipment thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NTD\$300 million or	transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NTD\$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. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC) (3) The acquisition or disposal of real property or equipment shall be submitted for approval by the associated department in accordance with the <u>“Fixed Asset Cycle Management Regulations”</u> of the Company or subsidiaries. (4) In acquiring or disposing of real property, <u>equipment, or right-of-use assets</u> thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NTD\$300 million or more, the company, unless transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others	

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of property or equipment thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser who is objective and fair and is not a de facto related party of any party. Obtaining an appraisal report shall comply with following provisions: 1. The principle of appraisal price shall be normal prize. Where the appraisal price is a limited price or specified price, it is required to specify whether the price is in compliance with Article 10 or Article 11 of Regulations on Real Estate Appraisal. 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; the same procedure shall also be followed whenever	to build on rented land, <u>or acquiring</u> or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser. Obtaining an appraisal report shall comply with following provisions: 1. The principle of appraisal price shall be normal prize. Where the appraisal price is a limited price or specified price, it is required to specify whether the price is in compliance with Article 10 or Article 11 of Regulations on Real Estate Appraisal. 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; <u>the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</u> The appraisal report shall assess the result of the normal price and limited price or specified price respectively, list the terms of limited or specified price and whether the appraisal price meets the term, the reasons and	

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	there is any subsequent change to the terms and conditions of the transaction. The appraisal report shall assess the result of the normal price and limited price or specified price respectively, list the terms of limited or specified price and whether the appraisal price meets the term, the reasons and reasonableness of the difference between the appraisal price and the normal price, and specifically indicates whether the limited or specified price is sufficient to serve as the reference of the transaction price. [Omitted] (6) 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 NTD\$300 million or more, except in transactions with a domestic government agency, 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	reasonableness of the difference between the appraisal price and the normal price, and specifically indicates whether the limited or specified price is sufficient to serve as the reference of the transaction price. [Omitted] (6) Where the Company acquires or disposes <u>of intangible assets or right-of-use assets thereof or</u> memberships and the transaction amount reaches 20 percent or more of paid-in capital or NTD\$300 million or more, except in transactions with a <u>domestic</u> government agency, 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. [Omitted]	

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	provisions of Statement of Auditing Standards No. 20 published by the ARDF. [Omitted]		
7	Amount for investment in property for non-business use or securities: 1. The total amount of purchasing property for non-business use and the long-term and short-term securities investments shall not exceed the total paid-in capital of the Company. The amount of individual short-term securities investments or individual real property shall not exceed 50 percent of the paid-in capital of the Company; the amount of individual long-term securities investment shall not exceed 80 percent of the paid-in capital of the Company. 2. Where a subsidiary plans to invest in property for non-business use and securities, such investment shall be approved by the Chairman of the Company. The investment amount shall be in compliance with the preceding paragraph.	Amount for investment in <u>property for non-business use and right-of-use assets or</u> securities: 1. The total amount of purchasing property <u>for non-business use and its right-of-use assets or</u> long-term and short-term securities investments shall not exceed the total paid-in capital of the Company. The amount of individual short-term securities investments or individual real property and its right-of-use assets shall not exceed 50 percent of the paid-in capital of the Company; the amount of individual long-term securities investment shall not exceed 80 percent of the paid-in capital of the Company. 2. Where a subsidiary plans to invest in property <u>for non-business use and its right-of-use assets or</u> securities, such investment shall be approved by the Chairman of the Company. The investment amount shall be in compliance with the preceding paragraph.	Amended in accordance with the amended Article 7
8	1. When the Company intends to acquire or dispose of real property or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof 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 NTD\$300 million or more, except in trading of domestic	1. When the Company intends to acquire or dispose of real <u>property or</u> right-of-use assets thereof from <u>or</u> to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof 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 NTD\$300 million or more, except in trading of <u>domestic</u> government	1. Amended in compliance with amended Article 15 2. Amended in compliance with the establishment of Audit Committee

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, 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: (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. (2) The reason for choosing the related party as a transaction counterparty. (3) 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 of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the FSC. (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party. (5) Monthly cash flow forecasts for the year commencing from the	bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, 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: (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. (2) The reason for choosing the related party as a transaction counterparty. (3) With respect to the acquisition of real property <u>or right-of-use assets thereof from a related party.</u> information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 16 and Article 17 of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the FSC. (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party. (5) 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	e and amended some texts

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in accordance with item 8, subparagraph 1, Article 4 of these Procedures. (7) Restrictive covenants and other important stipulations associated with the transaction. 2. The calculation of the transaction amounts referred to in the preceding subparagraph shall be made in accordance with item 3, subparagraph 2, Article 6 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the supervisors in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by the FSC need not be counted toward the transaction amount. 3. For the acquisition or disposal of equipment thereof held for business use between the Company and a subsidiary, the Board of Directors may authorize the Chairman to approve the acquisition or disposal with the amount within 30 percent of the paid-in capital of the Company in accordance with paragraph 2, Article 3 and	funds utilization. (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in accordance with item 8, subparagraph 1, Article 4 of these Procedures. (7) Restrictive covenants and other important stipulations associated with the transaction. 2. The calculation of the transaction amounts referred to in the preceding subparagraph shall be made in accordance with item 3, subparagraph 2, Article 6 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the supervisors in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by the FSC need not be counted toward the transaction amount. 3. With respect to the types of transactions listed below, when to be conducted between the Company and subsidiaries, the Board of Directors may authorize the Chairman to approve the acquisition or disposal with the amount within 30 percent of the paid-in capital of the Company in accordance with paragraph 2, Article 3 and paragraph 1 and 2, Article 4 of these Procedures and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting: <u>(1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u>	

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Article Number	Original Article	Amended Article	Description
	paragraph 1 and 2, Article 4 of these Procedures and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting. 4. Where a subsidiary is a public company, the acquisition or disposal of equipment thereof held for business use between the Company and such subsidiary shall be in compliance with the preceding paragraph. 5. When the results of the Company's appraisal conducted in accordance with Article 15 and Article 16 of are uniformly lower than the transaction price, the matter shall be handled in accordance with Article 17 of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the FSC. [Omitted]	<u>(2) Acquisition or disposal of real property right-of-use assets held for business use.</u> 4. Where a subsidiary is a public company, the acquisition or disposal of equipment thereof held for business use between the Company and such subsidiary shall be in compliance with the preceding paragraph. 5. When the results of the Company's appraisal conducted in accordance with Article 16 and Article 17 of are uniformly lower than the transaction price, the matter shall be handled in accordance with Article 18 of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the FSC. [Omitted]	

Article Number	Original Article	Amended Article	Description
10	Control procedures for the acquisition and disposal of assets by subsidiaries: 1. Subsidiaries shall establish their procedures for the acquisition or disposal of assets in accordance with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the FSC and these Procedures. After the procedures have been approved by the Board of Directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. 2. Where a subsidiary is a non-public company and the acquisition or disposal of assets reaching the standards for public announcement and regulatory filing, such subsidiary shall notify the Company, and the Company shall conduct public announcement and regulatory filing in accordance with Article 6 of these Procedures.	Control procedures for the acquisition and disposal of assets by subsidiaries. 1. Subsidiaries shall establish their procedures for the acquisition or disposal of assets in accordance with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the FSC and these Procedures. After the procedures have been approved by the Audit Committee/Board of Directors, <u>and then to a shareholders' meeting for approval;</u> the same applies when the procedures are amended. <u>Where the amount of acquisition or disposal of assets by a subsidiary of the Company reaches the standards for public announcement and regulatory filing or reaching NTD\$300 million or above, the subsidiary shall submit related information to the Company for review.</u> 2. Where a subsidiary is a non-public company and the acquisition or disposal of assets reaching the standards for public announcement and regulatory filing, such subsidiary shall notify the Company, and the Company shall conduct public announcement and regulatory filing in accordance with Article 6 of these Procedures. <u>The same applies for modification or correction.</u> <u>For the provision of paid-in capital or total assets of the standards for public announcement and regulatory filing by a subsidiary provided in preceding paragraph, the paid-in capital or total assets of the Company shall prevail.</u>	Amended in compliance with the establishment of Audit Committee and amended Article 34.

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
13	With respect to the enactment or amendment to these Procedures by the Company or a subsidiary that is subject to the approval of the Board of Directors, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to <u>each supervisor</u>. Where the position of independent director has been created, when the enactment or amendment to these Procedures, a transaction involving the acquisition or disposal of assets or matters provided in paragraph 1, Article 8 is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.	With respect to the enactment or <u>amendment to these Procedures as well as the acquisition or disposal of assets in accordance with these Procedures or other laws and regulations by the Company or a subsidiary that is subject to the approval of the</u> Board of Directors, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to <u>the Audit Committee of the Company</u>. Where the position of independent director has been created, when the enactment or amendment to these Procedures, a transaction involving the acquisition or disposal of assets or matters provided in paragraph 1, Article 8 is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. <u>Where an audit committee has been established by the Company or a subsidiary, any transaction involving major assets or Derivatives, which shall be approved by the audit committee, shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution in accordance with these Procedures or other laws and regulations. If approval of more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.</u>	Amended in compliance with the establishment of the Audit Committee

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
14	These Procedures shall be implemented after approved by Board of Directors, <u>submitted to supervisors and reported to the shareholders meeting for approval.</u> The same applies when the procedures are amended.	These Procedures shall be implemented after approved by <u>Audit Committee</u> and <u>Board of Directors</u> and reported to the shareholders meeting for approval. The same applies when the procedures are amended. <u>If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.</u> <u>The term “all members of Audit Committee” and “all directors” referred to in these Procedures shall be calculated by the number of audit committee members and directors who are actually in office.</u>	Amended in compliance with the establishment of the Audit Committee

Appendix 20

Amended by 2019 Shareholders' Meeting on June 5, 2019

Chicony Electronics CO., Ltd.

Procedures for the Acquisition or Disposal of Assets

Article 1: Purpose and legal basis:

These Procedures for the Acquisition or Disposal of Assets (hereinafter referred to as these Procedures) are enacted to enhance the asset management and information transparency of the Company or subsidiaries defined in Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as subsidiaries) in accordance with Article 36-1 of Securities and Exchange Act and "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by the FSC.

Article 2: The term "assets" as used in these Regulations includes the following:

1. 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 land, houses and buildings, investment property) and equipment.
3. Memberships.
4. Intangible assets (patents, copyrights, trademarks, franchise rights).
- 5. Right-of-use assets.**
- 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.**

The acquisition or disposal of Derivatives shall be governed by the Procedures for Engaging Derivatives Transactions of the Company or subsidiaries.

Article 3: Assessment and operational procedures for acquisition or disposal of assets:

1. Long-term and short-term securities investment:
 - (1) For long-term investments, the Financial Department shall submit an investment benefits and risk assessment report to the Chairman or the Board of Directors of the Company for approval in accordance with the authorization standards provided in "Investment Cycle Management Regulations" of the Company or subsidiaries. For short-term investments, the Financial shall conduct the matter in accordance with the "approval authorization" of the Company or subsidiaries.
 - (2) Long-term and short-term securities investments shall be reasonably appraised in accordance with the applicable IFRSs for the Company and subsidiaries, and all securities certificates shall be bound in books and registered by the Financial Department before collective custody or storing in saves.
2. Real property or equipment:
 - (1) The acquisition or disposal of real property or equipment shall be conducted by approval after submitting related certificates or investment costs and assessment report in accordance with the "approval authorization" of the Company and subsidiaries and **"Fixed Asset Cycle Management Regulations"**, as well as the appraisal report required by Article 4 of these Procedures.
 - (2) The Administrative Management Department shall inspect whether the book value of real property and equipment is within the insured amount on a regular basis and shall adjust the insured amount timely.
3. Memberships and patents, copyrights, trademarks, franchise rights, and other intangible assets.

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- (1) When acquiring or disposal such intangible assets, related certificates, certificates of entitlement, and benefit analysis report shall be submitted for such acquisition or disposal in accordance with the “approval authorization” of the Company or subsidiaries before approval.
 - (2) Investments in memberships and intangible assets shall be reasonably appraised in accordance with the applicable IFRSs for the Company and subsidiaries, and all securities certificates shall be bound in books and registered by the Financial Department before collective custody or storing in saves.
4. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- (1) Before acquisition or disposal of such assets, the Company 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 the Financial Department shall submit it to the Board of Directors for deliberation and approval. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries’ issued shares or authorized capital.
 - (2) The Company participating in a merger, demerger, or acquisition 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 subparagraph 1 of this paragraph 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.
 - (3) After the approval by the shareholders’ meeting, the Financial Department shall conduct related procedures in accordance with related laws and regulations, such as “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the FSC and the “approval authorization” of the Company and subsidiaries.
 - (4) All contracts, certificates, and securities shall be bound in books and registered by the Financial Department before collective custody or storing in saves.
 - (5) The Company or subsidiaries 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. The Company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction with other participating companies.
 - (6) The Financial Department shall prepare a full written record of the basic identification data of the participating personnel, dates of material events, important documents and minutes in accordance with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the FSC and retain it for 5 years for reference.
 - (7) The Company shall conduct the acquisition or disposal of assets in connection

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with mergers, demergers, acquisitions, or transfer of share, in addition to the provisions of these Procedures, in accordance with Section 5, Chapter 2 of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the FSC.

Article 4: Determination procedure of transaction terms:

1. Means of price determination and reference

- (1) The price for the acquisition or disposal of securities by following means shall be determined by the stock price or bond price at the time.
 1. Securities transactions conducted in stock exchange or Taipei Exchange (TPEX).
 2. Trading open ended domestic beneficial certificates or offshore mutual funds.
 3. Initial stock subscription (including establishment of stock subscription and stock subscription for capital increase by cash).
 4. Acquisition or disposal of target company's securities that is publicly offered for the purpose of stock diversification before listed.
 5. Trading bonds.
- (2) A public 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 NTD\$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. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (hereinafter referred to as ARDF). This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).
- (3) The acquisition or disposal of real property or equipment shall be submitted for approval by the associated department in accordance with the **“Fixed Asset Management Regulations”** of the Company or subsidiaries.
- (4) In acquiring or disposing of real property, equipment, **or right-of-use assets** thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NTD\$300 million or more, the company, unless transacting with a **domestic** government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or **right-of-use assets** thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser. Obtaining an appraisal report shall comply with following provisions:
 1. The principle of appraisal price shall be normal prize. Where the appraisal price is a limited price or specified price, it is required to specify whether the price is in compliance with Article 10 or Article 11 of Regulations on Real Estate Appraisal. 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; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the

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transaction. The appraisal report shall assess the result of the normal price and limited price or specified price respectively, list the terms of limited or specified price and whether the appraisal price meets the term, the reasons and reasonableness of the difference between the appraisal price and the normal price, and specifically indicates whether the limited or specified price is sufficient to serve as the reference of the transaction price.

2. Where the transaction amount is NTD\$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 ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - (2) 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.
- (5) 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.
- (6) Where the Company acquires or disposes **of intangible assets or right-of-use assets thereof or** memberships and the transaction amount reaches 20 percent or more of paid-in capital or NTD\$300 million or more, except in transactions with a **domestic** government agency, 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.
- (7) Before acquisition or disposal of such assets, the Company 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 the Financial Department shall submit it to the Board of Directors for deliberation and approval. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.
- (8) When the Company engages in any acquisition or disposal of assets from or to

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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 3 and this Article of these Procedures.

- (9) The calculation of the transaction amounts of item 2, 4, 6, and 8 of this subparagraph shall be made in accordance with item 3, subparagraph 2, Article 6 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have supervisors obtained appraisal report from a professional appraiser or a CPA's opinion in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by the FSC need not be counted toward the transaction amount.

2. Authorization level

- (1) Where a transaction meets the requirement of cases provided in Paragraph 1, Article 6 of these Procedures, such acquisition or disposal of assets, in addition to the "approval authorization" of the Company and subsidiaries, shall be approved by all levels of managements and reported to the Board of Directors of the Company. The acquisition or disposal of securities may be conducted after the approval by the Chairman of the Company and have the decisions subsequently submitted to and ratified by the Board of Directors meeting.
- (2) Where the acquisition or disposal of assets is required to be reported to the shareholders' meeting for approval or to brief the shareholders' meeting in accordance with the Company Act or other laws and regulations, it shall be conducted in accordance with the laws and regulations.

Article 5: Responsible units:

The responsible unit for long-term and short-term securities investment and assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law shall be the Financial Management Division; the responsible units for real property, equipment, memberships, patents, copyrights, trademarks, franchise rights, and other intangible assets are units in-use and related units.

Article 6: Public announcement and regulatory filing standards, content and procedures:

1. Public announcement and regulatory filing standards and content:
The public announcement and regulatory filing standards and content shall be conducted in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by the FSC and related laws and regulations.
2. Public announcement and regulatory filing procedures:
 - (1) Where the transaction amount of acquisition or disposal of assets reaching the standards set forth in subparagraph 1, the Company shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event.
 - (2) Information required to be publicly announced and reported on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company.
 - (3) The amount of transactions of preceding 2 items of this subparagraph shall be calculated as follows:
 - a. The amount of any individual transaction.

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- b. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
- c. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
- d. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
- (4) "Within the preceding year" as used in the preceding item of this subparagraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by the FSC need not be counted toward the transaction amount.
- 3. 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 within two days counting inclusively from the date of knowing of such error or omission.
- 4. Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively 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 7: Amount for investment in property **for non-business use** and right-of-use assets or securities:

- 1. The total amount of purchasing property **for non-business use and its right-of-use assets or** long-term and short-term securities investments shall not exceed the total paid-in capital of the Company. The amount of individual short-term securities investments or individual real property **and its right-of-use assets** shall not exceed 50 percent of the paid-in capital of the Company; the amount of individual long-term securities investment shall not exceed 80 percent of the paid-in capital of the Company.
- 2. Where a subsidiary plans to invest in property for non-business use and **its right-of-use assets or** securities, such investment shall be approved by the Chairman of the Company. The investment amount shall be in compliance with the preceding paragraph.

Article 8: 1. When the Company intends to acquire or dispose of real property **or right-of-use assets** thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property **or right-of-use assets** thereof 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 NTD\$300 million or more, except in trading of **domestic** government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to

The notes are an integral part of these consolidated financial statements.

enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors:

- (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 - (2) The reason for choosing the related party as a transaction counterparty.
 - (3) With respect to the acquisition of real property **or right-of-use assets** thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article **16** and Article **17** of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the FSC.
 - (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
 - (5) 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.
 - (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in accordance with item 8, subparagraph 1, Article 4 of these Procedures.
 - (7) Restrictive covenants and other important stipulations associated with the transaction.
2. The calculation of the transaction amounts referred to in the preceding subparagraph shall be made in accordance with item 3, subparagraph 2, Article 6 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the Audit Committees in accordance with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the FSC need not be counted toward the transaction amount.
3. With respect to the types of transactions listed below, when to be conducted between the Company and subsidiaries, the Board of Directors may authorize the Chairman to approve the acquisition or disposal with the amount within 30 percent of the paid-in capital of the Company in accordance with paragraph 2, Article 3 and paragraph 1 and 2, Article 4 of these Procedures and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:
- (1) **Acquisition or disposal of equipment or right-of-use assets thereof held for business use.**
 - (2) **Acquisition or disposal of real property right-of-use assets held for business use.**
4. Where a subsidiary is a public company, the acquisition or disposal of equipment thereof held for business use between the Company and such subsidiary shall be in compliance with the preceding paragraph.
5. When the results of the Company's appraisal conducted in accordance with Article **16** and Article **17** of are uniformly lower than the transaction price, the matter shall be handled in accordance with Article **18** of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the FSC.
6. Where the transaction amount meets the standards provided in Article 6 of these Procedures, the Company shall make public announcement in accordance with related laws and regulations.
7. The term “related party” referred to in these Procedures refer to the related party defined in Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The notes are an integral part of these consolidated financial statements.

8. The provision of 10 percent of total assets set forth in these Procedures shall be calculated based on the total asset amount in the most recent individual financial statements provided in Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 9: Where the misrepresentations or nondisclosures are found in the report or opinions submitted by professional appraisers or CPAs entrusted in accordance with Article 4 of these Procedures, the Company, professional appraisers or CPAs shall bear the legal liabilities in accordance with regulations.

Article 10: Control procedures for the acquisition and disposal of assets by subsidiaries:

1. Subsidiaries shall establish their procedures for the acquisition or disposal of assets in accordance with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the FSC and these Procedures. After the procedures have been approved by the Audit Committee/Board of Directors, **and then to a shareholders' meeting for approval; the same applies when the procedures are amended. Where the amount of acquisition or disposal of assets by a subsidiary of the Company reaches the standards for public announcement and regulatory filing or reaching NTD\$300 million or above, the subsidiary shall submit related information to the Company for review.**
2. Where a subsidiary is a non-public company and the acquisition or disposal of assets reaching the standards for public announcement and regulatory filing, such subsidiary shall notify the Company, and the Company shall conduct public announcement and regulatory filing in accordance with Article 6 of these Procedures. **The same applies for modification or correction. For the provision of paid-in capital or total assets of the standards for public announcement and regulatory filing by a subsidiary provided in preceding paragraph, the paid-in capital or total assets of the Company shall prevail.**

Article 11: Data retention period

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, where they shall be retained for 5 years except where another act provides otherwise.

Article 12: Where the acquisition or disposal of assets by managers and associated personnel of the Company or subsidiaries is in violation of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the FSC and these Procedures, such personnel shall be reported to the Board of Directors for disciplinary actions. Where the severe violation results in the significant losses of the Company, such personnel shall also bear the legal liabilities.

Article 13: **With respect to the enactment or amendment to these Procedures as well as the acquisition or disposal of assets in accordance with these Procedures or other laws and regulations by the Company or a subsidiary that is subject to the approval of the Board of Directors, if a director** expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to **the Audit Committee of the Company.**

Where the position of independent director has been created, when the enactment or amendment to these Procedures, a transaction involving the acquisition or disposal of assets or matters provided in paragraph 1, Article 8 is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

The notes are an integral part of these consolidated financial statements.

Where an audit committee has been established by the Company or a subsidiary, any transaction involving major assets or Derivatives, which shall be approved by the audit committee, shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution in accordance with these Procedures or other laws and regulations. If approval of more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.

Article 14: These Procedures shall be implemented after approved by **Audit Committee** and **Board of Directors** and reported to the shareholders meeting for approval. The same applies when the procedures are amended.

If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.

The term “all members of Audit Committee” and “all directors” referred to in these Procedures shall be calculated by the number of audit committee members and directors who are actually in office.

Appendix 21

Amended by 2019 Shareholders' Meeting on June 5, 2019

Chicony Electronics CO., Ltd.

Comparison Table for the original articles and amendments of "Procedures for Engaging in Derivatives Transactions"

Article Number	Original Article	Amended Article	Description
4	Operating procedure: [Omitted] (2) Execution procedure 1. Confirm trading position. 2. Analyze and judge related trends. 3. Determine transaction targets, positions, strategy, target price and interval. 4. Acquire trading approval: The Financial Department shall fill in Treasure Transaction Form, Replaced Foreign Currency Loans Form, or Purchase of Foreign Currency Option Form and submit it for approval. 5. Execute transactions. (a) Counterparty: Domestic and offshore financial institutions only. (b) Trading personnel: The Chairman shall approve the authorized trading personnel and shall report to the Board of Directors. 6. Transaction confirmation: After transaction, the trading personnel shall confirm whether the trading terms are consistent with the bills before submitting it to the Accounting Department for issuing vouchers and account entry and shall attach the forms set forth in (4) to the highest	Operating procedure: [Omitted] (2) Execution procedure 1. Confirm trading position. 2. Analyze and judge related trends. 3. Determine transaction targets, positions, strategy, target price and interval. 4. Acquire trading approval: The Financial Department shall fill in Treasure Transaction Form, Replaced Foreign Currency Loans Form, or Purchase of Foreign Currency Option Form and submit it for approval. 5. Execute transactions. (a) Counterparty: Domestic and offshore financial institutions only. (b) Trading personnel: The Chairman shall approve the authorized trading personnel and shall report to the Board of Directors. 6. Transaction confirmation: After transaction, the trading personnel shall confirm whether the trading terms are consistent with the bills before submitting it to the Accounting Department for issuing vouchers and account entry and shall attach the forms set forth in (4) to the highest supervisor of the Financial Management Department for approval. <u>The trading personnel and confirming personnel for Derivatives transactions shall not be the same person.</u>	Amended in accordance with Article 19 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	supervisor of the Financial Management Department for approval. 7. Delivery: Once the transaction is confirmed, the Financial Department shall prepare the amount and related bills on the delivery date for delivery at the negotiated price. 8. Trading personnel shall report the executed transactions to the next Board of Directors' meeting, which does not include the interim Board of Directors' meeting convened due to emergency reasons.	7. Delivery: Once the transaction is confirmed, the Financial Department shall prepare the amount and related bills on the delivery date for delivery at the negotiated price. 8. Trading personnel shall report the executed transactions to the next Board of Directors' meeting, which does not include the interim Board of Directors' meeting convened due to emergency reasons.	
5	Accounting treatments: The accounting treatments for established transactions shall be conducted in accordance with No. 34 <u>“Accounting treatment of financial instruments” and No. 36 “Presentation and disclosure of financial instruments” of “Financial Accounting Standards”</u>. However, the Company and TWSE/TPEX listed subsidiaries shall amend the accounting systems in accordance with the schedule provided by laws and regulations, and the accounting treatment shall be conducted in accordance with International Financial Reporting Standards (IFRS) No. 9 “Financial instruments,” <u>International Accounting Standards (IAS) No. 32 “Financial instruments: Presentation” and IAS No. 32 “Financial instruments: Recognition and measurement.”</u>	Accounting treatments: The accounting treatments for established transactions shall be conducted in accordance with IFRS 9 “Financial instruments” and IAS 32 “Financial instruments: Presentation”.	Amended some texts

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
7	Internal audit system: (1) The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on Derivatives and conduct a monthly audit of how faithfully Derivatives trading by the trading department adheres to the procedures for engaging in Derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing. (2) The internal audit personnel shall submit the audit report set forth in preceding paragraph and the improvement of defects to the competent authority for reference on a regular basis in accordance with "Regulations Governing Establishment of Internal Control Systems by Public Companies".	Internal audit system: (1) The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on Derivatives and conduct a monthly audit of how faithfully Derivatives trading by the trading department adheres to the procedures for engaging in Derivatives trading, and prepare an audit report. If any material violation is discovered, <u>the Audit Committee</u> shall be notified in writing. (2) The internal audit personnel shall submit the audit report set forth in preceding paragraph and the improvement of defects to the competent authority for reference on a regular basis in accordance with "Regulations Governing Establishment of Internal Control Systems by Public Companies".	Amended in compliance with the establishment of the Audit Committee
10	Control procedures for the Derivatives engaged by subsidiaries: (1) A subsidiary shall establish its procedures for engaging in derivatives transactions in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by the FSC and these Regulations. After the procedures have been approved by the <u>Board of Directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for</u>	Control procedures for the Derivatives engaged by subsidiaries: (1) A subsidiary shall establish its procedures for engaging in derivatives transactions in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by the FSC and these Regulations. After the procedures have been approved by the Audit Committee/Board of Directors and to a shareholders' meeting for approval; <u>the same applies when the procedures are amended.</u> (2) Any subsidiaries that are not domestic public companies shall	Amended in compliance with the establishment of the Audit Committee

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	approval; the same applies when the procedures are amended. (2) Any subsidiaries that are not domestic public companies shall compile monthly reports on the status of engaging in derivatives transactions up to the end of the previous month by the 10th day of the month by the company and report to the Company.	compile monthly reports on the status of engaging in derivatives transactions up to the end of the previous month by the 10th day of the month by the company and report to the Company.	
11	With respect to the enactment or amendment to these Procedures by the Company or a subsidiary that is subject to the approval of the Board of Directors, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created, when the enactment or amendment to these Procedures, a transaction involving the derivatives trading is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.	With respect to the enactment or amendment to these Procedures by the Company or a subsidiary that is subject to the approval of the Board of Directors, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to <u>the Audit Committee of the Company</u>. Where the position of independent director has been created, when the enactment or amendment to these Procedures, a transaction involving the derivatives trading is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. <u>Where an audit committee has been established by the Company or a subsidiary, any major derivatives transaction, which shall be approved by the audit committee, shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution in accordance with these Procedures or other laws and regulations. If approval of more than half of all audit committee members</u>	Amended in compliance with the establishment of the Audit Committee

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
		<u>is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.</u>	
12	These Procedures shall be implemented after approved by Board of Directors, <u>submitted to supervisors</u> and reported to the shareholders meeting for approval. The same applies when the procedures are amended.	These Procedures shall be implemented after approved by <u>Audit Committee</u> and <u>Board of Directors</u> and reported to the shareholders meeting for approval. The same applies when the procedures are amended. <u>If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.</u> <u>The term “all members of Audit Committee” and “all directors” referred to in these Procedures shall be calculated by the number of audit committee members and directors who are actually in office.</u>	Amended in compliance with the establishment of the Audit Committee

Appendix 22

Amended by 2019 Shareholders' Meeting on June 5, 2019 Chicony Electronics CO., Ltd.

Procedures for Engaging in Derivatives Transactions

Article 1: Purpose:

These Procedures for Engaging in Derivatives Transactions (these Procedures) are enacted to effectively manage the earnings, assets and liabilities of the Company or subsidiaries defined in Regulations Governing the Preparation of Financial Reports by Securities Issuers and to lower the risks generated from the changes of foreign exchange rate and interest rate in accordance with Article 36-1 of the Securities and Exchange Act and “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the FSC.

Article 2: Scope of application:

- (1) Derivatives referred herein are instruments that derive their value from the transaction contracts of underlying assets, interest or currency exchange rates, indexes or other benefits, including forward, option, future, interest swap, currency swap, bond margin trading, and the various combination thereof.
- (2) Transaction nature: Hedging trading – for the purpose of hedging operating risks.

Article 3: Transaction principles and policy:

(1) Transaction type

The current derivatives transactions are limited to forward foreign exchange, option and currency swap. Transactions on other types of derivatives shall be approved by the Chairman of the Company in advance.

(2) Operation and hedging strategy

The derivatives transaction shall be conducted based on the principle of same currency hedging transaction. However, where the hedging costs of the currency is too high, the Company may use other currencies to conduct currency basket hedging transactions under the comprehensive consideration of risks and hedging costs.

(3) Responsibilities

Financial Department

1. Collect market information, judge trends and risks, acquaint financial instruments, laws and regulations, operating skills, consolidate the net foreign exchange position of the Company, provide sufficient information for management's decision making, and engage in transactions within the authorized amount in accordance with the Company policy and instructions.
2. Carefully calculate the cash flow and arrange fund allocation and conduct the delivery of foreign exchange transactions.
3. Provide the estimates of assessed income of foreign exchange transaction position to Accounting Department on a regular basis.

Accounting Department

1. Conduct accounting and prepare financial statements in accordance with generally accepted accounting principle.
2. Enter the estimates of assessed income of foreign exchange transaction position provided by Financial Department into the account.

(4) Transaction amount and loss limit:

1. The maximum foreign exchange hedging amount equals to the monthly trading foreign exchange net position (including the estimated positions to arise in the future).
2. Loss limit:

(1) The Company:

- (i) The maximum loss amount for individual contracts shall not exceed 20% (including) of the contract amount.
- (ii) The maximum loss amount for all contracts shall not exceed 20% (including) of the total contract amount.

Where the loss reaches the set forth in preceding paragraph maximum amount, the Financial Department shall submit the case in writing to the General Manager for approval concerning whether to close the position and stop loss.

(2) Subsidiaries:

- (i) The maximum loss amount for individual contracts shall not exceed 20% (including) of the contract amount.
- (ii) The maximum loss amount for all contracts shall not exceed 20% (including) of the total contract amount.

Where the loss reaches the set forth in preceding paragraph maximum amount, the Financial Department of each subsidiary shall submit the case in writing to its General Manager for approval concerning whether to close the position and stop loss.

- (5) Performance assessment: Hedging transactions shall be assessed at least twice per month, and the assessment report shall be submitted to the highest supervisor of the Financial Management Department for approval.

Article 4: Operating procedure:

(1) Authorized amount

1. Undertaking transactions

In accordance with the changes of Company revenue or risk position, the amount of single transaction or the accumulative transaction amount of the day not exceeding US\$3 million (including) shall be approved by the highest supervisor of the Financial Management Department, while the transaction amount between US\$3 million and US\$6 million (including) shall be approved by the General Manager, transaction amount between US\$6 million and US\$10 million (including) shall be approved by the Chairman, and transaction amount exceeding US\$10 million shall be approved by the Board of Directors. Where the Board of Directors is unable to approve the transaction in advance, the Chairman of the Company may approve the transaction and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting.

2. Delivery

Delivery operation shall be approved by the highest supervisor of the Financial Management Department. If the delivery is conducted ahead of schedule and the delivery loss of individual contract reaches 20% (including) or more of the contract amount, such delivery shall be approved by the General Manager.

(2) Execution procedure

- 1. Confirm trading position.
- 2. Analyze and judge related trends.
- 3. Determine transaction targets, positions, strategy, target price and interval.
- 4. Acquire trading approval: The Financial Department shall fill in Treasury Transaction Form, Replaced Foreign Currency Loans Form, or Purchase of Foreign Currency Option Form and submit it for approval.
- 5. Execute transactions.
 - (a) Counterparty: Domestic and offshore financial institutions only.
 - (b) Trading personnel: The Chairman shall approve the authorized trading personnel and shall report to the Board of Directors.

The notes are an integral part of these consolidated financial statements.

6. Transaction confirmation: After transaction, the trading personnel shall confirm whether the trading terms are consistent with the bills before submitting it to the Accounting Department for issuing vouchers and account entry and shall attach the forms set forth in (4) to the highest supervisor of the Financial Management Department for approval. **The trading personnel and confirming personnel for Derivatives transactions shall not be the same person.**
7. Delivery: Once the transaction is confirmed, the Financial Department shall prepare the amount and related bills on the delivery date for delivery at the negotiated price.
8. Trading personnel shall report the executed transactions to the next Board of Directors' meeting, which does not include the interim Board of Directors' meeting convened due to emergency reasons.

Article 5: Accounting treatments:

The accounting treatments for established transactions shall be conducted in accordance with IFRS 9 "Financial instruments" and IAS 32 "Financial instruments: Presentation".

Article 6: Internal control system:

(1) Risk management measures

1. Credit risk management: Trading counterparty is limited to domestic or offshore financial institutions.
2. Market risk management: The Company shall mainly conduct hedging trading and prevent creating extra position as less as possible.
3. Liquidity risk management: The derivatives trading types shall have certain market liquidity, and engaging financial institutions shall have sufficient equipment, information and trading capacity and be able to trade in any markets.
4. Operating risk management: The Company shall firmly comply with the authorized amount and operating procedure to prevent operating risks.
5. Legal risk management: Any foreign exchange main contracts between the Company and banks shall be reviewed by legal consultant before signing in order to prevent legal risks.
6. Cash delivery risk management: In addition to complying with the authorized amount, the trading personnel shall also pay attention to the cash flow of the Company to ensure that there are sufficient cash during the delivery.

(2) Internal control

1. Trading personnel and the confirmation or delivery personnel shall not be the same person.
2. The Company shall make reconciliation or check with the engaging financial institutions on a regular basis.
3. The Financial Department shall assess the income and prepare a report for the exchange rate, interest rate or product price as of the end of the previous month and shall submit it to the General Manager and Chairman by the 10th day of the next month.
4. Personnel from another department that is different from the trading personnel shall be responsible for reporting to measurement, supervision and control of trading risks to the Chairman.

(3) Regular assessment

1. The board of directors authorizes the highest supervisor of the Financial Management Department to assess whether the trading performance complies with the current operating strategy and whether the risk bearing is within the scope of acceptance of the Company on a regular basis.
2. The highest supervisor of the Financial Management Department shall assess

The notes are an integral part of these consolidated financial statements.

whether the current risk credit management procedure is proper and is firmly conducted in accordance with these Procedures on a regular basis.

3. Hedging trading shall be assessed at least twice per month.

4. Where there are irregular circumstances found in the market price assessment report, the highest supervisor of the Financial Management Department shall take necessary response actions and report to the Board of Directors. Where the Company or subsidiary establishes independent directors, independent directors shall attend the Board of Directors meeting and provide opinions.

Article 7: Internal audit system:

(2) The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on Derivatives and conduct a monthly audit of how faithfully Derivatives trading by the trading department adheres to the procedures for engaging in Derivatives trading, and prepare an audit report. If any material violation is discovered, the **Audit Committee** shall be notified in writing.

(3) The internal audit personnel shall submit the audit report set forth in preceding paragraph and the improvement of defects to the competent authority for reference on a regular basis in accordance with "Regulations Governing Establishment of Internal Control Systems by Public Companies".

Article 8: Log book and public announcement and regulatory filing:

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 under Article 6 and 7 shall be recorded in detail in the log book and shall make public announcement and regulatory filing in accordance with regulations by competent authority.

Article 9: Where managers and associated personnel of the Company or subsidiaries engaging in speculated derivatives transactions are in violation of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by the FSC and these Procedures, such personnel shall be reported to the Board of Directors for disciplinary actions. Where the severe violation results in the significant losses of the Company, such personnel shall also bear the legal liabilities.

Article 10: Control procedures for the Derivatives engaged by subsidiaries:

(1) A subsidiary shall establish its procedures for engaging in derivatives transactions in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by the FSC and these Regulations. After the procedures have been approved by the Audit Committee/Board of Directors and to a shareholders' meeting for approval; **the same applies when the procedures are amended.**

(2) Any subsidiaries that are not domestic public companies shall compile monthly reports on the status of engaging in derivatives transactions up to the end of the previous month by the 10th day of the month by the company and report to the Company.

Article 11: With respect to the enactment or amendment to these Procedures by the Company or a subsidiary that is subject to the approval of the Board of Directors, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to **the Audit Committee of the Company.**

Where the position of independent director has been created, when the enactment or amendment to these Procedures, a transaction involving the derivatives trading is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director

The notes are an integral part of these consolidated financial statements.

objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

Where an audit committee has been established by the Company or a subsidiary, any major derivatives transaction, which shall be approved by the audit committee, shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution in accordance with these Procedures or other laws and regulations. If approval of more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.

Article 12: These Procedures shall be implemented after approved by **Audit Committee** and **Board of Directors** and reported to the shareholders meeting for approval. The same applies when the procedures are amended.

If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.
The term “all members of Audit Committee” and “all directors” referred to in these Procedures shall be calculated by the number of audit committee members and directors who are actually in office.

Appendix 23

Amended by 2019 Shareholders' Meeting on June 5, 2019

Chicony Electronics CO., Ltd.

Comparison Table for the original articles and amendments of "Procedures for Loaning of Funds"

Article Number	Original Article	Amended Article	Description
2	Application: (1) For loaning of funds matters of the Company or subsidiaries, the applicants shall fill in "Application Form for Loaning of Funds" and attach required financial documents and shall make the application to the financial department of the Company or subsidiaries for the loan. (2) Where the financial department of the Company or subsidiaries reviews the loan application form and the purpose of lending, <u>determines the maximum loan amount, loan tenure, interest accrual means, collateral terms, reason of loaning, necessity, reasonableness, and conduct risk assessment and credit check, as well as assessing the impact on the operating risks, financial status, and shareholder equities of the Company,</u> the loan application shall be accepted after the approval by the Board of Directors. (3) For loans of funds for the Company or subsidiaries, in addition to the procedures set forth in preceding 2 paragraphs, the Chairman may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the Board of Directors, and within a period not to exceed one year, to give loans in installments or to make	Application: (1) For loaning of funds matters of the Company or subsidiaries, the applicants shall fill in "Application Form for Loaning of Funds" and attach required financial documents and shall make the application to the financial department of the Company or subsidiaries for the loan. (2) Where the financial department of the Company or subsidiaries reviews the loan application form and the purpose of lending on its necessity, reasonableness, and risk, <u>conduct risk assessment and credit check, as well as the impact on the operating risks, financial status, and shareholder equities of the Company, and determines the maximum loan amount, loan tenure, interest accrual means, collateral terms, reason of loaning,</u> the loan application along with the assessment result shall be submitted to the Board of Directors for approval. (3) For loans of funds for the Company or subsidiaries, in addition to the procedures set forth in preceding 2 paragraphs, the Chairman may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the Board of Directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down. (4) The "certain monetary limit" mentioned in the preceding	Amended some texts

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	a revolving credit line available for the counterparty to draw down. (4) The "certain monetary limit" mentioned in the preceding paragraph on authorization for loans extended by the Company or subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements certified or audited by CPAs of the lending company, except in cases of companies in compliance with paragraph 3, Article 4.	paragraph on authorization for loans extended by the Company or subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements certified or audited by CPAs of the lending company, except in cases of companies in compliance with paragraph 3, Article 4.	
4	Loan amount limit [Omitted] (3) For loaning of funds between the Company and its 100 percent directly or indirectly owned offshore companies, the loan amount is not subject to the 40% of the net worth on the most current financial statements certified or audited by CPAs of the lending company. However, the total loan amount shall not exceed 40% of the net worth on the most current financial statements certified or audited by CPAs of the Company. The loan tenure shall not exceed three years. Loans to any single entity shall be subject to the following limits: 1. The total amount for lending to a company having business relationship with the Company shall not exceed the total transaction amount between the parties during the period of 12 months prior to the time of lending or 30% of the net worth on the most current financial statements certified	Loan amount limit [Omitted] (3) For loaning of funds between the Company and its 100 percent directly or <u>indirectly owned offshore companies, the loan amount is not subject to the 40% of the net worth on</u> the most current financial statements certified or audited by CPAs of the lending company. However, the total loan amount shall not exceed 40% of the net worth on the most current financial statements certified or audited by CPAs of the Company. The loan tenure shall not exceed three years. Loans to any single entity shall be subject to the following limits: 1. The total amount for lending to a company having business relationship with the Company shall not exceed the total transaction amount between the parties during the period of 12 months prior to the time of lending or 30% of the net worth on the most current financial statements certified or audited by CPAs of the Company, whichever is higher. 2. The total amount for lending to a	1. Amended in accordance with the timeframe provided by laws and regulations 2. Stipulated in accordance with the amended articles

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	or audited by CPAs of the Company, whichever is higher. 2. The total amount for lending to a company for funding for a short-term period shall not exceed 30 percent of the net worth on the most current financial statements certified or audited by CPAs of the Company. (4) In addition to the paragraph 3 herein, the term of each loan lent by the Company or subsidiaries to a borrower shall not exceed 1 year. (5) Where the Company or subsidiaries prepare the financial statements in accordance with IFRSs by the timeframe required by laws and regulations, the term “net worth” in these Procedures refers to the rights and interests that belong to the parent company on the balance sheet prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.	company for funding for a short-term period shall not exceed 30 percent of the net worth on the most current financial statements certified or audited by CPAs of the Company. (4) In addition to the paragraph 3 herein, the term of each loan lent by the Company or subsidiaries to a borrower shall not exceed 1 year. (5) The term “net worth” in these Procedures refers to the rights and interests that belongs to the parent company on the balance sheet prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.	
15	If, as a result of a change in circumstances, an entity does not meet the requirements of these Regulations or the loan balance exceeds the limit, the Company or its subsidiary shall adopt rectification plans and submit the rectification plans to all the <u>supervisors</u> , and shall complete the rectification according to the timeframe set out in the plan.	If, as a result of a change in circumstances, an entity does not meet the requirements of these Regulations or the loan balance exceeds the limit, the Company or its subsidiary shall adopt rectification plans and submit the rectification plans to <u>the Audit Committee</u> , and shall complete the rectification according to the timeframe set out in the plan.	Amended in compliance with the establishment of the Audit Committee
17	The Company's internal auditors shall audit these Procedures and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify <u>all the</u>	The Company's internal auditors shall audit these Procedures and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all <u>the Audit</u>	Amended in compliance with the establishment of the

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	<u>supervisors</u> in writing of any material violation found.	<u>Committee</u> in writing of any material violation found.	Audit Committee
18	Where a subsidiary of the Company intends to make loans to others, the Company shall instruct it to formulate its own Procedures for Loaning Funds in compliance with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by the FSC <u>and these Regulations and submit it to supervisors after the approval by the Board of Directors and report to the shareholders’ meeting for approval.</u> The same shall apply when making amendments. When loaning fund to others, subsidiaries shall provide related data to the Company and proceed loaning of funds after taking the opinions from the highest supervisor of the Financial Management Department of the Company. Subsidiaries shall report the status of loaning of funds to the Company on a regular basis.	Where a subsidiary of the Company intends to make loans to others, the Company shall instruct it to formulate its own Procedures for Loaning Funds in compliance with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by the FSC <u>and these Regulations and submit it to the Audit Committee/or Board of Directors and report to the shareholders’ meeting for approval.</u> The same shall apply when making amendments. When loaning fund to others, subsidiaries shall provide related data to the Company and proceed loaning of funds after taking the opinions from the highest supervisor of the Financial Management Department of the Company. Subsidiaries shall report the status of loaning of funds to the Company on a regular basis.	Amended in compliance with the establishment of the Audit Committee
19	With respect to the enactment or amendment to these Procedures by the Company or a subsidiary that is subject to the approval of the Board of Directors, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to <u>each supervisor.</u> Where the position of independent director has been created, when the enactment or amendment to these Procedures, a transaction involving the derivatives trading is submitted for discussion by the Board of Directors, the Board of Directors	With respect to the enactment or amendment to these Procedures by the Company or a subsidiary that is subject to the approval of the Board of Directors, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to <u>the Audit Committee of the Company.</u> Where the position of independent director has been created, when the enactment or amendment to these Procedures, a transaction involving the derivatives trading is submitted for discussion by the Board of Directors, the Board of Directors shall take into full	Amended in compliance with the establishment of the Audit Committee

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.	consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. <u>Where an audit committee has been established by the Company or a subsidiary, any major derivatives transaction, which shall be approved by the audit committee, shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution in accordance with these Procedures or other laws and regulations. If approval of more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.</u>	
20	These Procedures shall be implemented after approved by <u>Board of Directors</u> , submitted to supervisors and reported to <u>the shareholders meeting for approval</u> . The same applies when the procedures are amended.	These Procedures shall be implemented after approved by <u>Audit Committee</u> and <u>Board of Directors</u> and reported to the shareholders meeting for approval. The same applies when the procedures are amended. <u>If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.</u> <u>The term “all members of Audit Committee” and “all directors” referred to in these Procedures shall be calculated by the number of audit committee members and directors who are actually in office.</u>	Amended in compliance with the establishment of the Audit Committee

Appendix 24

Amended by 2019 Shareholders' Meeting on June 5, 2019

Chicony Electronics CO., Ltd.

Procedures for Loaning of Funds

1. The targets and terms for the loaning of funds from the Company or subsidiaries defined in IFRSs (hereinafter referred to as subsidiaries) are limited to:
 - (1) Between the Company and its subsidiary
 - (2) Among subsidiaries of the Company
 - (3) Subsidiaries and their subsidiariesThe term "loaning of funds" set forth in preceding paragraph refer to companies having business relationship with the Company or companies in need of funds for a short-term period.
2. Application::
 - (1) For loaning of funds matters of the Company or subsidiaries, the applicants shall fill in "Application Form for Loaning of Funds" and attach required financial documents and shall make the application to the financial department of the Company or subsidiaries for the loan.
 - (2) Where the financial department of the Company or subsidiaries reviews the loan application form and the purpose of lending on its necessity, **reasonableness, and risk, conduct risk assessment and credit check, as well as the impact on the operating risks, financial status, and shareholder equities of the Company, and determines the maximum loan amount, loan tenure, interest accrual means, collateral terms, reason of loaning,** the loan application along with the assessment result shall be submitted to the Board of Directors for approval.
 - (3) For loans of funds for the Company or subsidiaries, in addition to the procedures set forth in preceding 2 paragraphs, the Chairman may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the Board of Directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.
 - (4) The "certain monetary limit" mentioned in the preceding paragraph on authorization for loans extended by the Company or subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements certified or audited by CPAs of the lending company, except in cases of companies in compliance with paragraph 3, Article 4.
3. Credit check investigation:
 - (1) When applying loans, the borrower shall provide the most recent financial statements that have been audited and certified by CPAs for the purpose of credit check.
 - (2) Since the spending of loans, the borrowers shall provide their self-assessed financial statements of the previous month to the Financial Department of the Company or subsidiaries by the 20th day of each month. Where irregular circumstances are found, the Financial Department shall submit a report and response measures subject to approval before implementation.
4. Loan amount:
 - (1) The loaning of funds by the Company shall not exceed 40% of the net worth on the most current financial statements of the Company certified or audited by CPAs. and:
 1. The total amount for lending to a company having business relationship with the Company shall not exceed the total transaction amount between the parties during the period of 12 months prior to the time of lending or 30% of the net worth on the most current financial statements certified or audited by CPAs of the Company, whichever is higher.

The notes are an integral part of these consolidated financial statements.

2. The total amount for lending to any single entity for funding for a short-term period shall not exceed 30 percent of the net worth of the Company.
- (2) The loaning of funds by the subsidiaries of the Company shall not exceed the net worth on the most current financial statements of the Company certified or audited by CPAs. and:
 1. The total amount for lending to any single entity for funding for a short-term period shall not exceed 40 percent of the net worth of the subsidiary. The total amount for lending to any single entity for funding for a short-term period shall not exceed 40 percent of the net worth of the subsidiary.
 2. The total amount for lending to a company having business relationship with the subsidiary shall not exceed the total transaction amount between the parties during the period of 12 months prior to the time of lending or 50% of the net worth on the most current financial statements certified or audited by CPAs of the subsidiary, whichever is higher.
- (3) For loaning of funds between the Company and its 100 percent directly **or indirectly owned offshore companies,** the loan amount is not subject to the 40% of the net worth on the most current financial statements certified or audited by CPAs of the lending company. However, the total loan amount shall not exceed 40% of the net worth on the most current financial statements certified or audited by CPAs of the Company. The loan tenure shall not exceed three years. Loans to any single entity shall be subject to the following limits:
 1. The total amount for lending to a company having business relationship with the Company shall not exceed the total transaction amount between the parties during the period of 12 months prior to the time of lending or 30% of the net worth on the most current financial statements certified or audited by CPAs of the Company, whichever is higher.
 2. The total amount for lending to a company for funding for a short-term period shall not exceed 30 percent of the net worth on the most current financial statements certified or audited by CPAs of the Company.
- (4) In addition to the paragraph 3 herein, the term of each loan lent by the Company or subsidiaries to a borrower shall not exceed 1 year.
- (5) The term “net worth” in these Procedures refers to the rights and interests that belong to the parent company on the balance sheet prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.
5. Notifying the borrowers:
Once the loan has been approved, the associated personnel shall notify the borrower in shortest time possible via mails or phone calls, describing the terms of the loan, including the loan amount, tenure, interest rate, collateral and guarantor, and request the borrower to sign the contract before the deadline. Funds will be then allotted after completing the collateral quality pledge setting and guarantor confirmation procedures.
6. Signing and confirmation:
 - (1) Legal office shall draft the financing contract for loans, and the financial department shall confirm whether the context complies with the approved terms of loan before initiating signing procedure.
 - (2) When signing financing contract, borrower shall bring the seal of the juristic person or group registered at competent authority and the seal of the responsible person, and the financial department shall verify the seals and signature of the debtor and joint guarantor. However, when signing financing contracts with an offshore subsidiary, the Company may entrust the highest financial supervisor to conduct guarantee confirmation procedure.
7. Collateral pledge setting:

The notes are an integral part of these consolidated financial statements.

Where a loan requires financial collateral, the borrower shall provide collateral and conduct pledge setting procedure to ensure the obligation of the Company.

8. Insurance:

- (1) Apart from land and securities, all collaterals shall be insured with fire insurance, vessels and vehicles shall be insured against all risks, and the insurance amount shall not be lower than the pledge value of the collateral. The Company or subsidiary shall be specified as the beneficiary on the policy, and the name of the insured target, amount, deposit location, insurance terms, endorsement specified on the policy shall match the original terms of loan approved. Where the building does not have house number during the pledge setting, the address shall be indicated by the lot and land number of its location.
- (2) Associated personnel shall notify the borrower to renew insurance policy before the policy expires.

9. Allotment:

Where the loan has been approved and the legal procedures of the contract signed by the borrower has been completed and verified, the borrower may fill in the allotment application form to the financial department of the Company or subsidiary for one-time or installment payments within the amount and time limit set forth in paragraph 3 and 4, Article 2.

10. Interest accrual:

- (1) The interests for loaning fund to borrowers by the Company or subsidiary shall be accrued based on the cost of short-term funds of the Company or subsidiary with additional fees. Where circumstances set forth in Article 15 occur, the Company or subsidiary may, in addition to dispose the collateral and request for repayment of the debt, charge additional 10 percent default penalty based on the agreed interest rate.
- (2) Unless otherwise provided, the interest of the loan shall be paid once per month. The Company shall notify the borrower to pay the interest within a week starting from the agreed interest payment day.

11. Repayment:

- (1) After allotment, the Company shall pay attention to the financial, business and credit condition of the borrower and guarantor. Where the collateral is pledged, the Company shall pay attention that whether the collateral value has any changes. The Company shall notify the borrower to repay the remaining principles and interests 2 months prior to the loan tenure expires.
- (2) Where the borrower repays loan by the expiration of loan tenure, the borrower shall calculate the interest payables and repay the interest payables along with the remaining principles before the Company voids and returns debt certificate, such as cashier's cheque and acknowledgement of debt.
- (3) Where the borrower applies for cancellation of pledge, the Company shall verify that the loan balance is zero before agreeing to proceed the cancellation of pledge.

12. Public announcement and regulatory filing:

The financial department of the Company or subsidiaries shall make public announcement and regulatory filing in accordance with the regulations by competent authority.

13. Safekeeping of Reference Book for Loans and Debt Certificate::

- (1) The financial department of the Company or its subsidiaries shall establish a log book in which details of the borrower and amounts of loans, Board of Directors approval dates, loan allotment date, and the matters required to be carefully evaluated under paragraph 2, Article 2 shall be recorded in detail in the log book.
- (2) The financial department of the Company and subsidiaries shall store the loan contract and related certificates, cashier's cheques, collateral identification, and insurance policy in saves and shall prepare a custody registration book.

The notes are an integral part of these consolidated financial statements.

- (3) The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.
14. Procedures for handling delinquent creditor's rights:
 (1) Where a borrower is unable to fulfill the loan contract due to any reason, the associated unit of the Company or subsidiaries shall prepare a report for the irregular circumstances and submit it to the legal office, and the Company or subsidiaries shall dispose the collateral pledged or recover the debt from the guarantor in accordance with the laws.
15. Where the borrower no longer meets the requirement or the loan amount exceeds limits due to changes in circumstances, the Company or subsidiaries shall draft the improvement plan, submit it to the Board of Directors for approval, make improvement in accordance with the timeframe, and submit it to **the Audit Committee of the Company.**
16. Where managers and associated personnel of the Company or subsidiaries engaging in loaning of funds are in violation of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" promulgated by the FSC and these Procedures, such personnel shall be reported to the Board of Directors for disciplinary actions. Where the severe violation results in the significant losses of the Company, such personnel shall also bear the legal liabilities.
17. The Company's internal auditors shall audit these Procedures and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify **all the Audit Committee** in writing of any material violation found.
18. Where a subsidiary of the Company intends to make loans to others, the Company shall instruct it to formulate its own Procedures for Loaning Funds in compliance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" **and these Regulations and submit it to the Audit Committee/or Board of Directors and report to the shareholders' meeting for approval.** The same shall apply when making amendments.
 When loaning funds to others, subsidiaries shall provide related data to the Company and proceed loaning of funds after taking the opinions from the highest supervisor of the Financial Management Department of the Company.
 Subsidiaries shall report the status of loaning of funds to the Company on a regular basis.
19. With respect to the enactment or amendment to these Procedures by the Company or a subsidiary that is subject to the approval of the Board of Directors, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to **the Audit Committee of the Company.**
 Where the position of independent director has been created, when the enactment or amendment to these Procedures, a transaction involving the derivatives trading is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.
Where an audit committee has been established by the Company or a subsidiary, any major derivatives transaction, which shall be approved by the audit committee, shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution in accordance with these Procedures or other laws and regulations. If approval of more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.

The notes are an integral part of these consolidated financial statements.

20. These Procedures shall be implemented after approved by Audit Committee and Board of Directors and reported to the shareholders meeting for approval. The same applies when the procedures are amended.

If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.

The term “all members of Audit Committee” and “all directors” referred to in these Procedures shall be calculated by the number of audit committee members and directors who are actually in office.

Appendix 25

Amended by 2019 Shareholders' Meeting on June 5, 2019

Chicony Electronics CO., Ltd.

Comparison Table for the original articles and amendments of “Regulations Governing Endorsement and Guarantees”

Article Number	Original Article	Amended Article	Description
4	[Omitted] In the case of a subsidiary with shares having no par value or a par value other than NTD\$10, for the paid-in capital in the calculation under the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted. Where <u>the Company or subsidiaries prepare the financial statements in accordance with IFRSs by the timeframe required by laws and regulations</u>, the term “net worth” in these Procedures refers to the rights and interests that belongs to the parent company on the balance sheet prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.	[Omitted] In the case of a subsidiary with shares having no par value or a par value other than NTD\$10, for the paid-in capital in the calculation under the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted. The term “net worth” in these Procedures refers to the rights and interests that belongs to the parent company on the balance sheet prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.	Amended in accordance with the timeframe set forth in laws and regulations
9	If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, the Company or its subsidiary shall adopt rectification plans and submit the rectification plans to <u>all the supervisors</u>, and shall complete the rectification according to the timeframe set out in the plan.	If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, the Company or its subsidiary shall adopt rectification plans and submit the rectification plans to <u>the Audit Committee</u>, and shall complete the rectification according to the timeframe set out in the plan.	Amended in compliance with the establishment of the Audit Committee
11	The Company's internal auditors shall audit these Procedures and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify <u>all the supervisors</u> in writing of any material violation	The Company's internal auditors shall audit these Procedures and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the <u>Audit Committee</u> in writing of any material violation found.	Amended in compliance with the establishment of the Audit Committee

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	found.		
12	Where a subsidiary of the Company plans to make endorsement or guarantees due to business demands, the Company shall instruct it to formulate its own Regulations Governing Endorsements/Guarantees in compliance with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by the FSC <u>and these Regulations and submit it to supervisors and report to the shareholders’ meeting for approval.</u> The same shall apply when making amendments. When making endorsements or guarantees, subsidiaries shall provide related data to the Company and proceed loaning of funds after taking the opinions from the highest supervisor of the Financial Management Department of the Company. Subsidiaries shall report the status of making endorsements or guarantees to the Company on a regular basis.	Where a subsidiary of the Company plans to make endorsement or guarantees due to business demands, the Company shall instruct it to formulate its own Regulations Governing Endorsements/Guarantees in compliance with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by the FSC <19515<u>and these Regulations and submit it to Audit Committee/Board of Directors and shareholders’ meeting for approval.</u> The same shall apply when making amendments. When making endorsements or guarantees, subsidiaries shall provide related data to the Company and proceed loaning of funds after taking the opinions from the highest supervisor of the Financial Management Department of the Company. Subsidiaries shall report the status of making endorsements or guarantees to the Company on a regular basis.	Amended in compliance with the establishment of the Audit Committee
13	With respect to the enactment or amendment to these Regulations by the Company or a subsidiary that is subject to the approval of the Board of Directors, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to <u>each supervisor.</u> Where the position of independent director has been created, when the enactment or amendment to these Regulations, a transaction involving	With respect to the enactment or amendment to these Regulations by the Company or a subsidiary that is subject to the approval of the Board of Directors, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to <u>the Audit Committee of the Company.</u> Where the position of independent director has been created, when the enactment or amendment to these Regulations, a transaction involving	Amended in compliance with the establishment of the Audit Committee

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
	the derivatives trading is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.	the derivatives trading is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. <u>Where an audit committee has been established by the Company or a subsidiary, any major endorsements or guarantees, which shall be approved by the audit committee, shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution in accordance with these Procedures or other laws and regulations. If approval of more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.</u>	
14	These Regulations shall be implemented after approved by <u>Board of Directors, submitted to supervisors</u> and reported to the shareholders meeting for approval. The same applies when the procedures are amended.	These Regulations shall be implemented after approved by <u>Audit Committee</u> and <u>Board of Directors</u> and reported to the shareholders meeting for approval. The same applies when the procedures are amended. <u>If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.</u> <u>The term “all members of Audit Committee” and “all directors”</u>	Amended in compliance with the establishment of the Audit Committee

The notes are an integral part of these consolidated financial statements.

Article Number	Original Article	Amended Article	Description
		<u>referred to in these Regulations</u> <u>shall be calculated by the number of</u> <u>audit committee members and</u> <u>directors who are actually in office.</u>	

The notes are an integral part of these consolidated financial statements.

Chicony Electronics CO., Ltd.

Regulations Governing Endorsement and Guarantees

1. The endorsements or guarantees by the Company and any subsidiaries in which the Company directly and indirectly holds more than 50 percent of the voting shares (hereinafter referred to as subsidiaries) shall be conducted in accordance with these Regulations Governing Endorsement and Guarantees (hereinafter referred to as these Regulations).
2. Endorsements or guarantees set forth in herein include endorsements or guarantees for financing, customs, and other endorsements and guarantees. The term "financing endorsements or guarantees" refers to bill discount financing, endorsement or guarantee made to meet the financing needs of another company, and issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company and its subsidiaries; customs endorsements or guarantees refers to an endorsement or guarantee for the Company, its subsidiaries or another company with respect to customs duty matters. Other endorsements or guarantees, meaning endorsements or guarantees beyond the scope of the above preceding 2 paragraphs.

Any creation by the Company or its subsidiaries of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these Regulations.

3. The targets and terms for making endorsements in accordance with these Regulations are as follows:
 - (1) Between the Company and its subsidiary.
 - (2) Among subsidiaries of the Company.
 - (3) Subsidiaries and their subsidiaries.
 - (4) Between the Company and any subsidiaries in which the Company directly and indirectly holds more than 90 percent of the voting shares.
 - (5) Companies directly and indirectly holds more than 50 percent of the voting shares of the Company.

Endorsements or guarantees made in accordance with preceding paragraph may, if necessary, request for collaterals.

4. The total amount of endorsements or guarantees made by the Company shall not exceed 50% of the net worth on the most current financial statements certified or audited by CPAs of the Company, and the endorsement or guarantees amount to any single entity shall not exceed 50% of the total amount of endorsements or guarantees.

The total amount of endorsements or guarantees made by any subsidiaries of the Company shall not exceed 50% of the net worth on the most current financial statements certified or audited by CPAs of the subsidiary, and the endorsement or guarantees amount to any single entity shall not exceed 50% of the total amount of endorsements or guarantees.

The total amount of endorsements or guarantees made by the Company and its subsidiaries shall not exceed 50 percent of the net worth on the most current financial statements certified or audited by CPAs of the Company, and the endorsement or guarantees amount to any single entity shall not exceed 50 percent of the total amount of endorsements or guarantees.

In addition to the limited set forth in preceding 3 paragraphs, the total amount for endorsements or guarantees to a company having business relationship with the Company shall not exceed the total transaction amount between the parties during the period of 12 months

prior to the time of endorsements or guarantees.

The amount of endorsements or guarantees made between the Company and any subsidiaries in which the Company directly and indirectly holds more than 90 percent of the voting shares shall not exceed 50 percent of the net worth on the most current financial statements certified or audited by CPAs of the Company. This provision does not apply to the endorsements or guarantees made between the Company and any 100 percent directly or indirectly owned subsidiaries.

Where the Company or any of its subsidiaries makes endorsements or guarantees for any companies with the net worth lower than 50 percent of its paid-in capital, in addition to the limits set forth in preceding 5 paragraphs, the total amount of endorsements or guarantees made by the Company or any of its subsidiaries shall not exceed the net worth on the most current financial statements certified or audited by CPAs.

In the case of a subsidiary with shares having no par value or a par value other than NTD\$10, for the paid-in capital in the calculation under the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

The term “net worth” in these Procedures refers to the rights and interests that belongs to the parent company on the balance sheet prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers

5. When making endorsements or guarantees, the associated department shall fill in guarantee application form and attach required financial information and apply to the financial department for endorsement or guarantee amount.

Where the financial department of the Company or subsidiaries reviews the endorsement or guarantee application form and the reason of guarantee on its necessity, reasonableness, and risk, conduct risk assessment and credit check, as well as the impact on the operating risks, financial status, and shareholder equities of the Company, and determines the maximum amount for endorsements or guarantees, guarantee tenure, collateral terms, the application shall be submitted to the Board of Directors for approval. The Chairman of the Company may approve the endorsement or guarantee with the amount not exceeding 30% of the net worth on the most current financial statements certified or audited by CPAs and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting.

Where the Company or any of its subsidiaries makes endorsements or guarantees for any companies with the net worth lower than 50 percent of its paid-in capital, the period shall not exceed 1 year. The Company or any of its subsidiaries shall report to the Board of Directors meeting for approval prior to endorsements or guarantees. Once the Board of Directors approved the endorsement or guarantees, the Financial Department of the Company shall review its financial condition by the end of each quarter and stipulate response measures before reporting to the next Board of Directors meeting for approval.

Endorsements or guarantees made between the Company and any subsidiaries in which the Company directly and indirectly holds more than 90 percent of the voting shares shall be submitted to the Board of Directors meeting of the Company. This provision does not apply to the endorsements or guarantees made between the Company and any 100 percent directly or indirectly owned subsidiaries.

Where the Company or any of its subsidiaries has established the position of independent director, when it makes endorsements/guarantees for others, it shall take into full consideration each independent director's opinions; independent directors' opinions

specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting.

6. The financial department of the Company or any of its subsidiaries shall prepare a memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the nature, the date of passage by the Board of Directors or of authorization by the chairman of the board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under paragraph 2 of Article 5.

7. The Company and its domestic subsidiaries shall use the company seal registered at the Ministry of Economic Affairs as the special seal for endorsement or guarantees. The custody and usage of company seal shall be conducted in accordance with the operating procedures of the Company.

When making guarantees for offshore companies, the guarantee letter presented by the Company shall be signed by a person authorized by the board of directors.

8. The Company or its subsidiaries shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.

9. If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, the Company or its subsidiary shall adopt rectification plans and submit the rectification plans to **the Audit Committee**, and shall complete the rectification according to the timeframe set out in the plan.

10. Where managers and associated personnel of the Company or subsidiaries engaging in endorsements or guarantees are in violation of “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by the FSC and these Regulations, such personnel shall be reported to the Board of Directors for disciplinary actions. Where the severe violation results in the significant losses of the Company, such personnel shall also bear the legal liabilities.

11. The Company's internal auditors shall audit these Procedures and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the **Audit Committee** in writing of any material violation found.

12. Where a subsidiary of the Company plans to make endorsement or guarantees due to business demands, the Company shall instruct it to formulate its own Regulations Governing Endorsements/Guarantees in compliance with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” **and these Regulations and submit it to Audit Committee/Board of Directors and shareholders’ meeting for approval.**

The same shall apply when making amendments.

When making endorsements or guarantees, subsidiaries shall provide related data to the Company and proceed loaning of funds after taking the opinions from the highest supervisor of the Financial Management Department of the Company.

Subsidiaries shall report the status of making endorsements or guarantees to the Company on a regular basis.

13. With respect to the enactment or amendment to these Regulations by the Company or a subsidiary that is subject to the approval of the Board of Directors, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the

director's dissenting opinion to **the Audit Committee of the Company.**

Where the position of independent director has been created, when the enactment or amendment to these Regulations, a transaction involving the derivatives trading is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

Where an audit committee has been established by the Company or a subsidiary, any major endorsements or guarantees, which shall be approved by the audit committee, shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution in accordance with these Procedures or other laws and regulations. If approval of more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.

14. These Regulations shall be implemented after approved by **Audit Committee** and **Board of Directors** and reported to the shareholders meeting for approval. The same applies when the procedures are amended.

If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.

The term “all members of Audit Committee” and “all directors” referred to in these Regulations shall be calculated by the number of audit committee members and directors who are actually in office.

Appendix 27

Chicony Electronics CO., Ltd. List and related information of Director (including independent directors) candidates

No.		Name	Share holding number(note)	Main education and experience
1	Director	Hsu, Kun-Tai	81,615,782	Provincial Taipei Institute of Technology Honorary Doctorate of National Taipei University of Technology Chairman of Chicony Electronics CO., Ltd., Clevo Co., Buynow Group, ChiBuy Group, and Hongwell Group
2	Director	Lu, Chin-Chung	2,432,971	Department of Business Administration and MBA Program, National Chengchi University General Manager of Chicony Electronics CO., Ltd. Chairman of Chicony Power Technology Co. Ltd, XAVi Technologies Corporation, and Yokang Electronics Co., Ltd.
3	Director	Tsai, Ming-Hsien	29,355	Provincial Taipei Institute of Technology MBA program, National Chengchi University Vice Chairman and General Manager of Clevo Co. President of Buynow Group
4	Director	Liu, Chia-Sheng	11,171,329	Tong Ling Investment Co., Ltd. Representative of The Legal Entity Provincial Taipei Institute of Technology Director of Kuo Fong Motors
5	Director	Lee, Tse-Ching	828,037	National Taipei University of Business Senior accounting personnel at Hwanan Hotel in Beitou District, Taipei City Accounting director at Mingcheng Hotel, Taipei City
6	Indepent Director	Lee, Yen-Sung	0	Master's degree, Department of Accounting, Soochow University Vice Chairman, Republic of China Certified Public Accountant Lecturer of Department of Accounting of National Taiwan University and Soochow University Vice director of PwC Taiwan 17th term of Chairman of Taipei City Certified Public Accounts Director, Accounting Research and Development Foundation
7	Indepent Director	Lin, Ming-Ji	21,433	Doctorate in Business Administration, National Chengchi University Postdoctoral Fellow, Fulbright Visiting Scholar, Harvard University Visiting research, Yoshida Hideo Memorial Foundation

The notes are an integral part of these consolidated financial statements.

				Member, Industry Consultation Committee of Ministry of Economic Affairs Operating Consultant, Taiyen Biotech Co., Ltd Director, Taiwan Power Company
8	Indepent Director	Chu, Chia- Hsiang	0	Electrical Engineering, National Tsing Hua University MBA, National Cheng Kung University General Manager, HP Inc.

Note: The shareholding number as of the book closure date of this Shareholders' Meeting on April 7, 2019.

Amended by 2015 Shareholders' Meeting on June 17, 2015
Chicony Electronics CO., Ltd.

Regulations Governing Election of Directors and Supervisors

1. Except as otherwise provided by law and regulation or by the Company's Articles of Incorporation, elections of directors and supervisors shall be conducted in accordance with these Procedures.
2. The cumulative voting method shall be used for election of the directors and supervisors at the Company. Each share will have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

At least one supervisor position must be held by a person having neither a spousal relationship nor a relationship within the second degree of kinship with any other supervisor or with any director.

A supervisor may not serve concurrently as the director, managerial officer, or any other employee of this Corporation, and at least one of the supervisors must be domiciled in the Republic of China to be able to promptly fulfill the functions of supervisor.

Elections of both directors and supervisors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 and Article 216-1 of the Company Act. The Company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and supervisors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors and supervisors will be elected.

The qualifications and election for the independent directors of the Company shall comply with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies".

3. The number of directors and supervisors is specified in the Company's Articles of Incorporation. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Where a candidate is elected both director and supervisor in accordance with preceding paragraph, he/she shall determine to serve as either the director or supervisor, while the vacancy shall be filled by the candidate with the original second highest votes.

Where a director or supervisor elected in accordance with Paragraph 1 is found personal data noncompliance or the elected qualification is removed in accordance with related laws and regulations, the vacancy shall be filled by the candidate with the original second highest votes. Where the Company establishes independent directors in accordance with laws and regulations, the voting rights for independent directors and non-independent directors shall be calculated separately and shall be conducted in accordance with Paragraph 1.

4. Shareholders listed in the Shareholders List have to right to vote. Except for part or all shares without voting rights in accordance with laws and regulations, shareholders and persons with

legal capacity have suffrage. However, if a juristic person shareholder appoints a representative, the juristic person shareholder shall present the representative by correspondence and record in the shareholders' list.

5. The Board of Directors shall prepare and issue ballots containing the number of voting rights and attendance card number.
6. Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.
7. If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "Candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.
8. A ballot is invalid under any of the following circumstances:
 - (1) The ballot was not prepared by the Board of Directors.
 - (2) A blank ballot is placed in the ballot box.
 - (3) The writing is unclear and indecipherable or has been altered.
 - (4) 2 or more candidates are filled in on the same ballot.
 - (5) Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
 - (6) Shareholder account number or identity card number is not provided in the ballot.
 - (7) The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
9. The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.
10. The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.
11. The voting results shall be announced by the chair on the site. After the announcement, the following items shall be filled in the report, and the vote monitoring personnel shall sign or seal and report to the chair.
 - (1) The total number of votes.
 - (2) The number of valid votes.
 - (3) The number of void votes.
 - (4) Total number of votes of each candidate.The voting rights shall be calculated on site immediately after the chair receives the report, and the results of the calculation, including the list of persons elected as directors or supervisors and the numbers of votes with which they were elected, shall be announced by the chair on the site.
12. The ballots for the election shall be sealed between pages with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.
13. The Board of Directors of the Company shall issue notifications to the persons elected as directors or supervisors.
14. Where the number of directors is less than 5 directors due to dismissal for any cause, the

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Company shall hold a by-election in the coming Shareholders' Meeting. Where the vacancy of directors reaches one third of the total number of directors stipulated in the Company's Articles of Incorporation, the Company shall hold the by-election in accordance with Article 201 of the Company Act and related laws and regulations.

Where the number of independent directors is less than the number required by laws and regulations, the by-election shall be conducted in the most recent shareholders' meeting. Where all independent directors are dismissed, the Company shall convene an interim shareholders' meeting for the by-election within 60 days since the date of occurrence.

When the number of supervisors falls below that prescribed in this Corporation's Articles of Incorporation due to the dismissal of a supervisor for any reason, a by-election to fill the vacancy should ideally be held at the next shareholders meeting. When the supervisors are dismissed en masse, the Company shall hold the by-election in accordance with Article 217-1 and related laws and regulations.

15. In regard to all matters not provided for in these Rules, the Company Act and related laws and regulations shall govern.
16. These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Appendix 29

Chicony Electronics CO., Ltd.
Statement of New Directors concurrently Serving Other Posts in Other Corporations

Title/Name	Name of Corporation	Title
Director Hsu, Kun-Tai	Clevo Co. Ltd., Jing-Yuan Investment Co.Ltd., Hwa-Tai Investment Co. Ltd., Hongwell Group, Hongwell Shanghai, Hongwell Changchun Hotel, Xavi Technology Corporation (Suzhou), Buynow Shanghai, Buynow Da-ching, Buynow Tienchin, Buynow Beijing, Clevo Beijing Investment Co. Ltd., Buynow Shantou, Buynow China Investment Co., Ltd., Buynow Xian, Buynow Changchun, Buynow Nanjing, Buynow Nanchang, Buynow Harbin, Buynow Chongching, Buynow Huizhou, Buynow Wuxi, Buynow Fujian, Buynow Jinzhou, Buynow Yancheng, Buynow Chengdu, Buynow Zhengzhou, Buynow Shenyang, Changsha Hong-Yu Co., Ltd., Buynow Qingdao, Buynow Zibo, Buynow Hefei, Buynow Guiyang, Buynow Guangzhou, Buynow Guangdong, Buynow Taizhou, Buynow Dezhou, Buynow Loyang, Buynow Anshan, Buynow Hangzhou, Suzhou Jin-Zuo Co., Ltd.	Chairman
	Kapok Computer Co., Ltd., Clevo Investment Co., Ltd., Hongwell Siyuan Co., Ltd., Hongwell Hsinbei Co., Ltd., Hongwell Ruiguang Co., Ltd.	Chairman (Representative of the Legal Entiy)
	Buynow Shanghai Co., Ltd., Butnow Wuxi Co., Ltd.	Executive Director
	Chicony Electronics (Thailand) Co., Ltd., Xavi Technology Co., Ltd., XAVI Overseas Ltd., Directmax International Ltd., Sytemax Development Ltd., BUYNOW (ANSHAN) CORPORATION、BUYNOW (BEIJING) CORPORATION, BUYNOW (CHANGCHUN) CORPORATION, BUYNOW (CHENGDU) CORPORATION, BUYNOW (CHONGQING) LIMITED, BUYNOW (DAQING) CORPORATION, BUYNOW (DEZHOU) CORPORATION, BUYNOW (FUJIAN QUANZHOU) CORPORATION, BUYNOW (GUANGZHOU) CORPORATION, BUYNOW (GUIYANG) CORPORATION, BUYNOW (HANGZHOU) CORPORATION, BUYNOW (HARBIN) CORPORATION, BUYNOW (HUIZHOU) CORPORATION, BUYNOW (JINZHOU) CORPORATION, BUYNOW (LUOYANG) CORPORATION, BUYNOW (NANCHANG) CORPORATION, BUYNOW (SHANTOU) CORPORATION, BUYNOW (TAIZHOU)	Director

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	CORPORATION, BUYNOW (WUXI) CORPORATION, BUYNOW (XIAMEN) CORPORATION, BUYNOW (YANCHENG) CORPORATION, BUYNOW (YINGKOU) CORPORATION, BUYNOW (ZHENGZHOU) CORPORATION, BUYNOW (ZIBO) CORPORATION, BUYNOW GLOBAL CORPORATION, BUYNOW GROUP (CHANGSHA) CORPORATION, BUYNOW GROUP (QINGDAO) CORPORATION, BUYNOW GROUP (XIAN) CORPORATION, BUYNOW ON-LINE HOLDING CORPORATION, BUYNOW ON-LINE LIMITED, BUYNOW SZ. CORPORATION, CLEVO (CAYMAN ISLANDS) HOLDING COMPANY, CLEVO (HK) INVESTMENT HOLDING COMPANY, CLEVO COMPUTER SINGAPORE PTE LTD., FLYING INTERNATIONAL INVESTMENT LIMITED, FLYING WOLF INVESTMENT LIMITED, KAPOK COMPUTER (SAMOA) CORPORATION, SKILL DEVELOP INTERNATIONAL LIMITED, SMARTER CAPITAL LIMITED, WELL ASIA INVESTMENT LIMITED、Buynow Changzhou、Kunshan Kaishuo Co. Ltd., Kapok Computer (Kunshan) Co., Ltd., Buynow YingKou Corporation	
Director Lu, Chin-Chung	Chicony Power Technology Co., Ltd., Xavi Technology Co., Ltd.	Chairman (Representative of the Legal Entiy)
	Clevo Co. Ltd., Chicony Electronics (Thailand) Co., Ltd., Global Faith Inc., Suzhou Maochin Co. Ltd., Chicony Power Holdings Inc., Chicony Power International Inc., Chicony Power Technology Hong Kong Ltd., hicony Power USA, Inc., Chicony Power Technology (Dongguan) Co. Ltd., Chicony Power Technology (Suzhou) Co. Ltd., Chicony Power Technology (Chongching) Co. Ltd., Chicony Power Technology (Shanghai) Co. Ltd., GuagSheng Electronics (Nanchang) Co., Ltd., Chicony Power Trade (Dongguan) Co. Ltd.	Director
	SOE Co., Ltd., Newmax Technology Co., Ltd.	Director (Representative of the Legal Entiy)
Direcotr Tsai, Ming-Hsien	Kapok Computer (Kunshan) Co., Ltd.	Chairman
	Clevo Co. Ltd.	Vice Chairman
	Shanghai Buynow On-Line Ltd., Kunshan Kai-Ming Trade Co., Ltd.	Executive Director

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	Buynow Shanghai, Buynow Daching, Buynow Tienchin, Buynow Beijing, Clevo Beijing Investment Co. Ltd., Buynow Shantou, Buynow China Investment Co., Ltd., Buynow Xian, Buynow Changchun, Buynow Nanjing, Buynow Nanchang, Buynow Harbin, Buynow Chongching, Buynow Wuxi, Buynow Fujian, Buynow Jinzhou, Buynow Yancheng, Buynow Chengdu, Buynow Zhengzhou, Buynow Shenyang, Changsha Hong-Yu Co., Ltd., Buynow Qingdao, Buynow Zibo, Buynow Hefei, Buynow Guiyang, Buynow Guangzhou, Buynow Guangdong, Buynow Taizhou, Buynow Dezhou, Buynow Loyang, Buynow Anshan, Buynow Hangzhou, Suzhou Jin-Zuo Co., Ltd. Buynow Changzhou, Buynow Yingkou BUYNOW (ANSHAN) CORPORATION、BUYNOW (CHANGCHUN) CORPORATION、BUYNOW (CHENGDU) CORPORATION、BUYNOW (CHONGQING) LIMITED、BUYNOW (DAQING) CORPORATION、BUYNOW (DEZHOU) CORPORATION、BUYNOW (FUJIAN QUANZHOU) CORPORATION、BUYNOW (GUANGZHOU) CORPORATION、BUYNOW (GUIYANG) CORPORATION、BUYNOW (HANGZHOU) CORPORATION、BUYNOW (HARBIN) CORPORATION、BUYNOW (HUIZHOU) CORPORATION、BUYNOW (JINZHOU) CORPORATION、BUYNOW (LUOYANG) CORPORATION、BUYNOW (NANCHANG) CORPORATION、BUYNOW (SHANTOU) CORPORATION、BUYNOW (TAIZHOU) CORPORATION、BUYNOW (WUXI) CORPORATION、BUYNOW (XIAMEN) CORPORATION、BUYNOW (YANCHENG) CORPORATION、BUYNOW (YINGKOU) CORPORATION、BUYNOW (ZHENGZHOU) CORPORATION、BUYNOW (ZIBO) CORPORATION、 BUYNOW GLOBAL CORPORATION、BUYNOW GROUP (CHANGSHA) CORPORATION、BUYNOW GROUP (QINGDAO) CORPORATION、BUYNOW GROUP (XIAN) CORPORATION、BUYNOW ON-LINE HOLDING CORPORATION、BUYNOW ON-LINE LIMITED、BUYNOW SZ. CORPORATION、CLEVO COMPUTER SINGAPORE PTE LTD.、FLYING INTERNATIONAL INVESTMENT LIMITED、FLYING WOLF INVESTMENT LIMITED、KAPOK COMPUTER (SAMOA) CORPORATION、SMARTER CAPITAL LIMITED、WELL ASIA INVESTMENT LIMITED	Director
	Kapok Computer (Kunshan) Co., Ltd., Cleve Investment Holding Company	Director (Representative of the Legal

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		Entiy)
Director Liu, Chia-Sheng	Hongwell Siyuan Co., Ltd., Hongwell Hsinbei Co., Ltd., Hongwell Ruiguang Co., Ltd.	Director
Tong Ling Investment Co. Ltd. Representative of The Legal Entity	N/A	N/A
Director Lee, Tse-Ching	Chicony Power Technology Co., Ltd.	Director
Independent Director Lee, Yen-Sung	Taiwan FamilyMart Co.,Ltd., C.P. Food Products, Inc., Sincere Navigation Corporation	Independent Director
Independent Director Lin, Ming-Ji	GMI Technology Inc., C Sun Co. Ltd.	Independent Director
	Unitech Electronics Co., LTD.	Supervisor
Independent Director Chu, Chia-Hsiang	WK Technology Fund, Foxfortune Technology Fund	Chairman
	Beken Integrated Circuit (Shanghai) Co., Ltd., Googol Technology (HK) Ltd., Smartsens Technology(Cayman) Co.,Ltd 、Spintrol Limited Co.	Director
	Q Technology (Group) Company Limited	Independent Director

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Supplement 1

Amended by 2015 Shareholders' Meeting on June 17, 2015

Chicony Electronics CO., Ltd.

Rules for Procedures for Shareholders Meetings

1. These rules for procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be conducted as provided in these Rules.
2. Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the Board of Directors.

The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, 15 days prior to the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors or supervisors, amendments to the Articles of Incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Paragraph 1, Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders

meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

3. For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company 5 days prior to the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail, unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company 2 business days prior to the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

4. The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
5. If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Company. When the Chairman is on leave or for any reason unable to exercise the powers of the chairperson, the proxy shall be conducted in accordance with Paragraph 3, Article 208 of the Company Act.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the Board of Directors be chaired by the Chairman of the Company in person and attended by a majority of the directors and at least one supervisor in person. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

6. The time during which shareholder attendance registrations will be accepted shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

The notes are an integral part of these consolidated financial statements.

7. The Company shall make an uninterrupted audio and video recording of the whole proceeding of the meeting, and the recorded materials shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.
8. Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
- The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.
- If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.
- When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.
9. If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.
- The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the Board of Directors.
- The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.
- The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.
10. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.
- A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.
- Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
- When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

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When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

11. Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

12. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Paragraph 2, Article 179 of the Company Act.

When the Company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means, and the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

A shareholder intending to exercise voting rights by electronic means under the preceding paragraph shall deliver a declaration of intent to the Company 2 days prior to the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, 2 business days prior to the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail.

When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

The voting rights of the proposals in Shareholders' Meeting may be exercised in writing or electronic form in accordance with related laws and regulations. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal,

based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

13. When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

14. The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

15. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS. The meeting minutes shall be retained for the duration of the existence of the Company.

The meeting minutes shall be retained for the duration of the existence of the Company.

Where the resolutions made in preceding paragraph are required to be publicly announced in accordance with laws and regulations, such announcement shall be made in accordance with laws and regulations.

Other matters of meeting minutes shall be conducted in accordance with Article 183 of the Company Act and laws and regulations concerned.

16. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

17. On the day of a shareholders meeting, the Company shall collect and compile in the prescribed format a statistical statement and shall make an express disclosure of the same at the place of the shareholders meeting in accordance with Article 12 and Article 13 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.
18. In regard to all matters not provided for in these Rules, the Company Act and regulations by competent authority shall govern.
19. These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

Supplement 2

Amended by 2018 Shareholders' Meeting on June 5, 2018

Articles of Incorporation of Chicony Electronics Co., Ltd.

Chapter 1 General Provisions

- Article 1: The Company shall be incorporated as a company limited by shares under the Company Act and its name shall be "Chicony Electronics Co., Ltd."
- Article 2: The scope of business of the Company is as follows:
1. CC01080 Electronic Parts and Components Manufacturing.
 2. CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing.
 3. CC01110 Manufacture of Computers and Peripheral Equipment.
 4. F108031 Wholesale of Drugs, Medical Goods.
 5. F113070 Wholesale of Telecom Instruments.
 6. F118010 Wholesale of Computer Software.
 7. F119010 Wholesale of Electronic Materials.
 8. F208031 Retail sale of Medical Equipments.
 9. F213060 Retail sale of Telecom Instruments.
 10. F218010 Retail sale of Computer Software.
 11. F219010 Retail sale of Electronic Materials.
 12. F401010 International Trade.
 13. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import.
 14. I301010 Software Design Services.
 15. I301020 Data Processing Services.
 16. I301030 Digital Information Supply Services.
 17. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The Company may engage in guarantee business in accordance with the "Regulations Governing Endorsement and Guarantees".
- Article 4: The Head Office of the Company locates at New Taipei City. The Company may, by the resolution of the Board of Directors when necessary, establish branch offices or subsidiaries domestically or overseas.

Chapter 2 Shares

- Article 5: The total capital amount of the Company shall be NTD\$8 billion, divided into 800 million shares, at a par value of NTD\$10 per share, and the Company may authorized the Board of Directors to issue shares separately.
An amount of NTD\$200 million out of the aforesaid capital amount is reserved to serve as subscription warrants for employees, divided into 20 million shares at a par value of NTD\$10 per share and may be issued separately according to the resolution of the Board of Directors.
- Article 6: The share certificates of the Company shall be in name-bearing form, printed and signed by, or affixed with the seals of, at least three directors, and authenticated in accordance with laws upon issuance. Shares issued by the Company need not be in certificate form, but they shall be registered in the securities depository institutions.
- Article 7: The transfer of shares shall be ceased 60 days prior to the meeting of the Shareholders' Meeting, 30 days prior to the interim Shareholders' Meeting, or 5 days prior to the base date that the Company determines to distribute dividends and bonus or other benefits.
- Article 7-1: Shareholders shall leave their seal cards with the Company for collecting dividends,

The notes are an integral part of these consolidated financial statements.

distributing bonus and exercise shareholders' rights. The transfer of shares and the establishment, termination and renewal of seal cards shall be conducted in accordance with the regulations provided by the competent authority.

Chapter 3 Shareholders' Meeting

- Article 8: Shareholders' meeting shall be of two types, namely general and interim shareholders' meeting. The former shall be convened once a year within 6 months after the close of each fiscal year and the latter shall be convened whenever necessary. Notices which clearly state the purpose(s) for convening meeting shall be sent to each shareholder at least 30 days in advance, in case of general meetings, and at least fifteen (15) days in advance, in case of interim meetings. For shareholders holding less than 1,000 shares, the notice shall be in the form of announcement. The Notice for convening meeting, where the respondents agree, may be in electronic form. The resolutions by the Shareholders' Meeting shall be recorded in the Meeting Minutes and shall be conducted in accordance with Article 183 of the Company Act.
- Article 8-1: A Shareholders' Meeting called by the Board of Directors shall be chaired by the Chairman. When the Chairman of the board is on leave or for any reason is unable to exercise the powers of the Chairman, the Vice Chairman shall do so in place of the Chairman, or, if the vice chairperson also is on leave or for any reason is unable to act, by a managing director designated by the Chairman. If the Chairman does not make such designation, the meeting shall be chaired by the director elected by and from among themselves. Where a Shareholders' Meeting is called by Directors outside of the Board of Directors, the meeting shall be chaired by such Director. In the event that there is more than one Director who has the power to convene such meeting, such Directors shall agree among themselves as to who shall act as the chairperson of the meeting.
- Article 9: In case a shareholder is unable to attend a shareholders' meeting in person, such shareholder may issue proxy in the form printed by the Company, setting forth the scope of authorization for the representative to be present on his/her/its behalf after signing or stamping on the proxy. The proxy attendance by a shareholder, in addition to the Company Act, shall be conducted in compliance with "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority.
- Article 10: Each share of the shareholders of the Company has one voting right. Where partial or whole of shares do not have voting rights in accordance with laws and regulations (including but not limited to circumstances listed in Paragraph 2, Article 179 and Paragraph 2, Article 197-1 of the Company Act), such shares are not subject to this provision.
- Article 11: Unless otherwise provided in related laws and regulations, a resolution shall be made at the meeting attended by shareholders, either in person or by proxy, holding and representing majority of the total number of issued and outstanding shares and at which meeting a majority of the shareholders shall vote in favor of the resolution. The voting rights of the proposals in Shareholders' Meeting may be exercised in writing or electronic form in accordance with related laws and regulations.

Chapter 4 Directors and Supervisors

- Article 12: The Company shall have 7 to 9 Directors to be elected at a shareholders' meeting through candidates nominating system from the nominees listed to serve a term of three years. A director may be re-elected.
- The aforesaid Board of Directors must have at least 2 or 1/5 of all directors, whichever is higher, independent directors. The professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of

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independence, method of nomination, and other matters for compliance with respect to independent directors shall be complied with in accordance with laws and regulations of the Competent Authority.

The election of the Directors and Supervisors of the Company adopts candidate nomination system in accordance with Article 192-1 and Article 216-1 of the Company Act. Shareholders shall elect Directors and Supervisors from the candidate list for Directors, Independent Directors, and Supervisors.

The total shares of nominal stock held by Directors and Supervisors shall be in compliance with “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies” promulgated by the Financial Supervisory Commission.

Article 12-1: The Company will establish the Audit Committee starting from 2019 in accordance with Article 14-4 of the Securities and Exchange Act. The Audit Committee shall be composed of all independent directors. The provisions regarding supervisors in the Company Act, Securities and Exchange Act, and other laws and regulations shall apply mutatis mutandis to the audit committee. Starting from the date of establishment of the Audit Committee, the term of the elected Supervisors shall end on the date of the establishment of the first term of the Audit Committee. Powers and other compliance matters of the Audit Committee shall be conducted in accordance with the Company Act, Securities and Exchange Act and other laws and regulations.

Article 13: The Board of Directors is organized by Directors. A Chairman and a Vice Chairman of the Board of Directors shall be elected from among the Directors by majority of directors present at a meeting attended by more than two thirds of directors. The Chairman shall externally represent the Company.

Article 13-1: The duties of the Board of Directors are as follows:

1. Determination of business goal and strategy.
2. Approval of all systems and operational rules.
3. Drafting of earnings distribution.
4. Drafting of increase or decrease of capital.
5. Approval of important contracts.
6. Approval of establishment or abolishment of branches.
7. Approval of appointment of assistant vice presidents or above.
8. Approval of external investments.
9. Approval of the lending amount.
10. Approval of endorsement/guarantee amount.
11. Approval of purchase and disposal of material properties.
12. Convene Shareholders' Meeting and execute its resolutions.
13. Proposal of enactment or amendment of the Company's Article of Incorporation.
14. Approval of the dividend distribution and ex-right base date.
15. Approval of other important cases.

Article 14: The Board of Directors shall be chaired by the Chairman. When the Chairman of the board is on leave or for any reason is unable to exercise the powers of the Chairman, the Vice Chairman shall do so in place of the Chairman, or, if the vice chairperson also is on leave or for any reason is unable to act, by a managing director designated by the Chairman, or, if the Chairman does not make such a designation, by a managing director or director elected by and from among themselves.

In case a director is on leave for any reason and appoints another director to attend a meeting of the Board of Directors in his/her behalf, the proxy shall be conducted in accordance with Article 205 of the Company Act.

The notes are an integral part of these consolidated financial statements.

Article 15: The Board of Directors meeting is held once every quarter and may be convened at any time if necessary.

Before convening a meeting of the Board of Directors, a notice shall be given to each director and supervisor no later than 7 days prior to the scheduled meeting date. However, the meeting may be convened at any time in case of urgency.

The aforesaid notice shall indicate the purpose in writing or via E-mail or fax.

Article 15-1: Where there are more than 2 supervisors, a managing supervisor shall be elected among these supervisors to jointly perform the duty. The duties of supervisors are as follows:

1. Investigate financial condition of the Company.
2. Inspect accounting books of the Company.
3. Investigate business condition of the Company.
4. Inspect final accounting books and statements and report to the Shareholders' Meeting.
5. In case the Board of Directors commits any act, in carrying out the business operations of the Company, in a manner in violation of the laws, regulations, the Articles of Incorporation or the scope of business registration, the supervisors shall forthwith advise, by a notice, to the Board of Directors, as the case may be, to cease such act.
6. Supervisors of a company may attend the meeting of the Board of Directors to their opinions without having the right to vote.

Article 15-2: The traveling expenses of Directors and Supervisors of the Company shall be determined by the Board of Directors of the Company.

Article 15-3: The Company may obtain liability insurance for Directors and important employees by the resolution of the Board of Directors.

Article 15-4: The remuneration of all Directors and Supervisors shall be determined by the Board of Directors based on the Director's participation level in the Company operation and the contribution value and on the remuneration level of the industry after the approval by the Remuneration Committee.

Chapter 5 Managers

Article 16: The Company may have one President and several vice presidents and assistant vice presidents. The appointment, dismissal and remuneration shall be determined by the resolution of the Board of Directors.

Chapter 6 Accounting

Article 17: The fiscal year of the Company starts from January 1 as of December 31 of the year. By the end of the fiscal year, the Board of Directors shall prepare following books and statements and report to the Shareholders' Meeting for approval after submitting them to Supervisors for review 30 days prior to the Shareholders' Meeting.

1. Business Report
2. Financial Statements
3. Proposals for earnings distribution or making-up losses

Article 18: The Company shall distribute no less than 11% of current pre-tax earnings before deducting the employee compensation and Directors and Supervisors' remuneration as the employee compensation and no more than 1% of such earnings as the remuneration for Directors and Supervisors. When the Company has accumulated losses (including adjusted retained earnings), the profits shall be used to offset accumulated losses first, and then the balance of which may be allocated to employees and Directors and supervisors in accordance with the aforesaid percentage.

The employee compensation described in the preceding paragraph may be distributed

The notes are an integral part of these consolidated financial statements.

in stocks or cash, and the receiver may include employees of subsidiaries provided in the Company Act. The remuneration for Directors and Supervisors shall only be distributed in cash.

Remuneration distribution for employees and Directors and Supervisors shall be determined by the Board of Directors and reported to the Shareholders' Meeting.

Article 18-1: The current year's net profit after tax of the Company, if any, shall first be used to offset prior years' accumulated losses (including adjusted retained earnings) and then set aside 10% as legal reserve. When such legal reserve amounts to the total paid-in capital, the Company shall not be exempted from this requirement. The Company may then appropriate or reverse a certain amount as special reserve according to the relevant regulations or requirements by competent authority. The remaining earnings, plus the accumulated retained earnings (including adjusted retained earnings), may be appropriated to shareholders as dividends or bonuses according to the distribution plan proposed by the Board of Directors in compliance with Article 19 of the Articles of Incorporation to the Shareholders' Meeting.

Article 19: The Company is currently at the development period of the electronic industry, so the dividend policy shall meet the goals of meeting the fund demand for new products and increasing the return on investment of shareholders. Therefore, the total dividend distributed shall not be higher than 90% of total earnings that is distributable as shareholders' dividends, and the cash dividend shall not be less than 10% of total amount of distributed dividends.

Where the par value of distributable dividends is less than \$0.5 per share, it shall be exempted from the preceding paragraph.

Article 20: The reinvestment amount of the Company in all businesses shall not be subject to Article 13 of the Company, providing that the investment amount shall not exceed 40% of paid-in capital.

Chapter 7 Supplementary Provisions

Article 21: In regard to all matters not provided for in these Company's Articles of Incorporation, the Company Act shall govern.

Article 22: This Company's Articles of Incorporation was enacted on February 5, 1983.

First amendment on April 20, 1983.

Second amendment on July 28, 1983.

Third amendment on March 4, 1985.

Fourth amendment on June 22, 1987.

Fifth amendment on July 15, 1988.

Sixth amendment on July 8, 1989.

Seventh amendment on April 30, 1990.

Eighth amendment on June 22, 1991.

Ninth amendment on May 30, 1992.

Tenth amendment on June 10, 1993.

Eleventh amendment on June 24, 1994.

Twelfth amendment on June 9, 1995.

Thirteenth amendment on June 24, 1996.

Fourteenth amendment on June 24, 1996.

Fifteenth amendment on October 17, 1997.

Sixteenth amendment on April 24, 1998.

Seventeenth amendment on September 25, 1998.

Eighteenth amendment on May 24, 1999.

Nineteenth amendment on May 15, 2000.

Twentieth amendment on May 30, 2001.

The notes are an integral part of these consolidated financial statements.

Twenty first amendment on May 30, 2002.
Twenty second amendment on June 9, 2003.
Twenty third amendment on May 18, 2004.
Twenty fourth amendment on June 10, 2005.
Twenty fifth amendment on June 9, 2006.
Twenty sixth amendment on June 13, 2007.
Twenty seventh amendment on June 13, 2008.
Twenty eighth amendment on June 10, 2009.
Twenty ninth amendment on June 9, 2010.
Thirtieth amendment on June 10, 2011.
Thirty first amendment on June 12, 2012.
Thirty second amendment on May 30, 2014.
Thirty third amendment on June 17, 2015.
Thirty fourth amendment on June 8, 2016.
Thirty fifth amendment on June 5, 2018.

Supplement 3

Chicony Electronics CO., Ltd.

Shareholding status of directors and supervisors

1. The paid-in capital of the Company is NTD\$7,344,975,210. Article 26 of Securities and Exchange Act and Article 2 of “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies” provide that:
 - (1) The total registered shares owned by all directors shall not be less than 4% and owned by supervisors shall not be less than 0.4% of the total issued shares.
 - (2) The shareholdings of independent directors elected by the Company shall not be counted in the total referred to in the preceding paragraph; if a public company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors and supervisors other than the independent directors and shall be decreased to 80 percent of original shareholding number.
2. The total number of shares issued by the Company is 734,497,521 share. The minimum shareholding number for all directors and supervisors is:
 - (1) The minimum shareholder number for all directors (not including independent directors) (3.2%): 23,503,921 shares.
 - (2) The minimum shareholder number for all supervisors (0.32%): 2,350,393.
3. The statement of shareholding number of individual and all directors and supervisors as of the book closure date of this Shareholders’ Meeting on April 7, 2019 is disclosed as follows in accordance with Article 3 of “Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies.” The detail information is as follows:

Title	Name	Elected Date	Shareholding number	Retained discretion over use of trust shares	Total shareholding number	Shareholding Ratio%
Chairman	Hsu, Kun-Tai	2016/6/8	81,615,782	0	81,615,782	11.11
Director and General Manager	Lu, Chin-Chung	2016/6/8	2,432,971	144,300	2,577,271	0.35
Director	Wei, Chuan-Pin	2016/6/8	826,740	0	826,740	0.11
Director	Tsai, Ming-Hsien	2016/6/8	29,355	0	29,355	0.00
Director	Liu, Chia-Sheng	2016/6/8	590,261	0	590,261	0.08
Total shares of Directors (exclude Independent Directors)			85,495,109	144,300	85,639,409	11.66
Independent Director	Lee, Yen-Sung	2016/6/8	0	0	0	0
Independent Director	Lin, Ming-Ji	2016/6/8	21,433	0	21,433	0.00
Total shares of all Directors			85,516,542	144,300	85,660,842	11.66
Supervisor	Huang, Chin-Hsuan	2016/6/8	662,429	0	662,429	0.09
Supervisor	Huang, Chen-Chih	2016/6/8	0	0	0	0
Supervisor	Dong Ling Investment Co., Ltd. Legal Representative: Chang, Su-Tien	2016/6/8	11,171,329	0	11,171,329	1.52
Total shares of all Supervisors			11,833,758	0	11,833,758	1.61

Note: The total shareholding number of directors and supervisors exceeds the statutory minimum shareholding number.

Supplement 4

The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate: N/A

The notes are an integral part of these consolidated financial statements.