

Altek Corporation
2019 Annual General Shareholders' Meeting Minutes
(Translation)

Time and Date: June 13, 2019 at 9 a.m.

Place: No.2, Zhanye 1st Rd., Hsinchu City, Taiwan

Total outstanding shares: 274,011,325 shares

Total shares represented by shareholders present in person or by proxy:

172,535,552 shares (including 25,877,302 shares voted via electronic transmission)

Percentage of shares held by shareholders present in person or by proxy: 62.96 %

Chairman: Alex Hsia, the Chairman of the Board of Directors

Attendees: Ching Jen Hu, Independent Director& Chairman of the Audit Committee, Belle Liang, Director, Kwok-Wah Tsang, CPA of PricewaterhouseCoopers Taiwan and Jennifer Chen, Attorney.

Recorder: Gisele Chiu

A. Commencement (The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.)

B. Chairman's Address (omitted)

C. Report Items

I. 2018 business report (refer to Attachment 1)

II. Audit Committee's review report (refer to Attachment 2)

III. Distribution of 2018 profit sharing bonus to employees and directors 【use the same term as §3.3 of Annual Report】

Explanations:

i. According to Article 25 of the Company's Articles of Incorporation, the Company shall appropriate 10%~20% of the annual earnings, if any, as employees' profit sharing bonus and appropriate no more than 2% of the annual earnings as director's bonus.

ii. It's proposed to appropriate 15% of the annual earnings, equivalent to NT\$29,710,271, as employees' profit sharing bonus and 2% of the annual earnings, equivalent to NT\$3,961,369, as director's bonus. The aforementioned amounts are the same as the amounts estimated in 2018 and will all be paid in cash.

- IV. To report the status of issuance of new common shares in private placement and/or issuance of domestic or overseas convertible bonds in private placement.

Explanations:

- i. The Annual General Shareholders' Meeting held on June 15, 2018 approved to issue new common shares in private placement and/or issue domestic or overseas convertible bonds in private placement (hereinafter "the Fund Raising") not exceeding 60,000,000 shares subject to Article 43-6 of Securities and Exchange Act, and to carry out the Fund Raising in single or combo instruments, one or two run(s) within one year.
- ii. The Fund Raising has yet been executed and it will be due on June 14, 2019. The Board of directors has resolved to cease the Fund Raising in the remaining period.

D.Recognition Items

- I. 2018 business report and financial statements (Proposed by the Board of Directors)

Explanations:

- i.The Company's 2018 financial statements were audited by CPA Kwok-Wah Tsang and CPA Dian-Yi Lee of PricewaterhouseCoopers Taiwan which were presented and resolved along with the business report in the 9th board meeting of the 8th term of Board of Directors as well as reviewed by the Audit Committee.
- ii.Please refer to Attachment 1 for the business report and Attachment 3 for the independent auditor's report and financial statements.

Resolution: The result is as follows:

172,535,552 shares were represented at the time of voting (including 25,877,302 shares voted via electronic transmission), Votes in favor: 163,229,885 votes (94.60% of total represented shares), Votes against: 7,119 votes (0.00% of total represented shares), Votes abstained: 9,298,548 votes (5.38% of total represented shares), Votes invalid: 0 vote (0.00% of total represented shares).

It was resolved that the above proposal be and hereby were accepted as submitted.

II. Distribution of 2018 earnings (Proposed by the Board of Directors)

Explanations:

i. The Company plans to distribute the 2018 earnings in accordance with the Company Law and the Company's Articles of Incorporation as follows:

Unit: NTD	
Item	Amount
Unappropriated earnings – beginning	2,317,383,769
Add: Impact of IFRS9 retroactive application	23,600,085
Add: The actuarial benefits of the current defined benefit plan	426,565
Add: The 2018 net income	130,562,102
Less: 10% legal reserve	(13,056,210)
Less: Special reserve	(10,098,610)
Current earnings available for distribution	2,448,817,701
Distribution:	
Cash dividend (NT\$0.5 per share)	(137,005,663)
Unappropriated earnings - ending	2, 311,812,038
Note 1: The cash dividend per share for the aforementioned shareholder is computed in accordance with the 274,011,325 shares entitled to the dividend distribution as of March 7, 2019. The cash dividend less than NT\$1 for the odd shares will be booked as other income of the Company.	
Note 2: The distribution of earnings is based on the earnings generated in 2018 and the insufficient amount, if any, is to be replenished with the earnings of previous years according to the last-in-first-out principle.	

ii. The Board of Directors resolved to authorize the Chairman to schedule the ex-dividend date, dividend distribution date, and other relevant matters as soon as the proposal of earnings distribution resolved in the 2019 annual general shareholders' meeting. If the outstanding shares are affected by the changes in the capital stock of the Company and thus affects the distribution ratio to shareholders, the Chairman is authorized to handle the relevant matters discretionally.

Resolution: The result is as follows:

172,535,552 shares were represented at the time of voting (including 25,877,302 shares voted via electronic transmission), Votes in favor: 163,686,246 votes (94.87% of total represented shares), Votes against: 8,520 votes (0.00% of total represented shares), Votes abstained: 8,840,786 votes (5.12% of total represented shares), Votes invalid: 0 vote (0.00% of total

represented shares).

It was resolved that the above proposal be and hereby were accepted as submitted.

E. Discussion Items

I. To amend the Articles of Incorporation. (Proposed by the Board of Directors)

Explanations:

To comply with the Company Act and to accommodate the Company's actual operational needs, it is proposed to amend the Articles of Incorporation. Please refer to Attachment 4 for the comparison table of amendments.

Resolution: The result is as follows:

172,535,552 shares were represented at the time of voting (including 25,877,302 shares voted via electronic transmission), Votes in favor: 163,679,990 votes (94.86% of total represented shares), Votes against: 24,320 votes (0.01% of total represented shares), Votes abstained: 8,831,242 votes (5.11% of total represented shares), Votes invalid: 0 vote (0.00% of total represented shares).

It was resolved that the above proposal be and hereby were accepted as submitted.

II. To amend the Procedures of Acquisition or Disposal of Assets. (Proposed by the Board of Directors)

Explanations:

To comply with the laws and regulations of the competent authorities and to accommodate the Company's actual operational needs, it is proposed to amend the Procedures of Acquisition or Disposal of Assets. Please refer to Attachment 5 for the comparison table of amendments.

Resolution: The result is as follows:

172,535,552 shares were represented at the time of voting (including 25,877,302 shares voted via electronic transmission), Votes in favor: 163,655,989 votes (94.85% of total represented shares), Votes against: 32,317 votes (0.01% of total represented shares), Votes abstained: 8,847,246 votes (5.12% of total represented shares), Votes invalid: 0 vote (0.00% of total represented shares).

It was resolved that the above proposal be and hereby were accepted as submitted.

III. To amend the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees. (Proposed by the Board of Directors)

Explanations:

To comply with the laws and regulations of the competent authorities and to accommodate the Company's actual operational needs, it is proposed to amend the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees. Please refer to Attachment 6 for the comparison table of amendments.

Resolution: The result is as follows:

172,535,552 shares were represented at the time of voting (including 25,877,302 shares voted via electronic transmission), Votes in favor: 163,656,987 votes (94.85% of total represented shares), Votes against: 32,321 votes (0.01% of total represented shares), Votes abstained: 8,846,244 votes (5.12% of total represented shares), Votes invalid: 0 vote (0.00% of total represented shares).

It was resolved that the above proposal be and hereby were accepted as submitted.

IV. To amend the Procedures of Election of Directors. (Proposed by the Board of Directors)

Explanations:

To comply with the laws and regulations of the competent authorities and to accommodate the Company's actual operational needs, it is proposed to amend the Procedures of Election of Directors. Please refer to Attachment 7 for the comparison table of amendments.

Resolution: The result is as follows:

172,535,552 shares were represented at the time of voting (including 25,877,302 shares voted via electronic transmission), Votes in favor: 163,676,988 votes (94.86% of total represented shares), Votes against: 13,321 votes (0.00% of total represented shares), Votes abstained: 8,845,243 votes (5.12% of total represented shares), Votes invalid: 0 vote (0.00% of total represented shares).

It was resolved that the above proposal be and hereby were accepted as submitted.

- V. To approve the issuance of new common shares in private placement and/or issuance of domestic or overseas convertible bonds in private placement. (Proposed by the Board of Directors)

Explanations:

- i. To invest the high-end technologies, enrich working capital, repay borrowings, reinforce financial structures, invite strategic investors and support the Company's development funding needs, taking fund-raising flexibility into consideration and in accordance with Article 43-6 of the Securities and Exchange Act, it is proposed that the shareholders meeting to authorize the Board of Directors, within the limit of 60,000,000 common shares, to raise funds through private placement based on the Company's needs and market conditions. Afore-mentioned private placement includes single or combo instruments such as issuance of new common shares for cash in private placement ("Private Placement Common Shares") and/or issuance of overseas or domestic convertible bonds in private placement ("Private Placement CB"), and shall be executed by one or two run(s). For issuance of Private Placement CB, the number of common shares to be converted shall be calculated in accordance with the conversion price at the time of issuance and shall be no more than 60,000,000 shares. Considering the capital market's effectiveness, feasibility and costs to raise capital, the benefits to maintain long-term relationship with strategic partners and the no-trading period of 3 years by such security issuance of private placement, the Company proposed to raise funds through private placement, rather than public offering. Please refer to Attachment 8 for the amount of shares, the basis and rationality to determine the issue price, the method of determining specific investors, objective, necessity and anticipated benefit, the necessity for issuance of Private Placement Common Shares and the use of proceeds and the anticipated benefit.
- ii. It's proposed that the shareholders meeting to authorize the Board to adjust and process the Private Placements conditions, convertible bond issuance and conversion scheme, use of proceeds, schedule, anticipated benefit and other relevant matters based on the Company's needs, market conditions, relevant laws and regulations, instruction by competent authority.
- iii. The Chairman or designated personnel shall be authorized to process all matters related to the Private Placement and sign relevant contracts on behalf of the Company.
- iv. For matters not mentioned herein, the Board shall be authorized to process fully by relevant laws and regulations.

Resolution: The result is as follows:

172,535,552 shares were represented at the time of voting (including 25,877,302 shares voted via electronic transmission), Votes in favor: 155,938,202 votes (90.38% of total represented shares), Votes against: 7,765,106 votes (4.50% of total represented shares), Votes abstained: 8,832,244 votes (5.11% of total represented shares), Votes invalid: 0 vote (0.00% of total represented shares).

It was resolved that the above proposal be and hereby were accepted as submitted.

VI. To approve the issuance of Restricted Stock Awards (Proposed by the Board of Directors)

Explanations:

i. To attract, retain professional personnel and to enhance company competitiveness, growth and profitability, it is proposed to issue restricted stock awards ("RSA").

ii. Principal terms and conditions

1. Total amounts(shares) of issuance:

The number of shares issued under this plan shall not exceed 3,000,000 common shares with par value at NT10, for a total amount of NTD 30,000,000.

The issuance shall be filed to the competent authority in one tranche or multiple tranches within one (1) year from the date of the resolution of the Shareholders Meeting, and be granted in one tranche or multiple tranches within one (1) year from the date when the application becomes effective.

2. Conditions of Issuance

(1).Issuance Price: The issuing price is gratuitous.

(2).Vested Conditions:

Employees continuously employing with the Company or the company's domestic and foreign control or subordinate companies through the vesting dates to the following vested periods with personal performance B+ or higher, no violation any work rules, will receive the vested shares as below:

One Year: 40% of shares acquired.

Two Years: 30% of shares acquired.

Three Years: 30% of shares acquired.

(3).Type of shares to be issued: common shares.

(4).Handling of employee's failure to meet the vested conditions or in the event of inheritance.

The Company will redeem the issued RSA and cancel the full number of the shares in accordance with the terms of the issuance rules set by the Company.

3. Qualification, requirements and number of shares granted

(1).Qualification, requirements

Full-time employees of the company's domestic and foreign control or subordinate companies who are already employed on the date that such restricted shares are awarded shall be eligible to receive the RSA. The alleged control or subordinate company is in accordance with the standard identification about Article 369-2 of Company Act. The number of granted shares shall be determined by seniority, position, performance, overall contribution, special contribution and other factors in management. The list and shares to be granted shall be reviewed by the Chairman and be approved by Board. However, for employees who are managerial officers or Board members, the award of such shares shall obtain approval of the Compensation Committee in advance.

(2).Number of shares granted

For each employee, the cumulative number of shares of employee stock warrants to be subscribed, plus the cumulative number of new restricted employee shares granted, may not exceed 0.3 percent of the Company's total

issued shares. And the above in combination with the cumulative number of shares of employee stock warrants to be subscribed, may not exceed 1 percent of the issuer's total issued shares.

4. Necessity for issuing restricted stock awards

To attract and retain professional personnel, to motivate employees and enhance their centripetal force so as to jointly create the Company's and shareholders' interests.

5. Estimated expense amount

The Company shall evaluate the shares' fair market value on delivery day and recognize expenses annually during the vested period. The estimated maximum amount based on the closing price NTD 27.2 of February 27, 2019 is NTD 81,600,000. The estimated amortized expense from 2019 to 2022 is NTD 13,260,000, NTD 44,880,000, NTD 17,340,000 and NTD 6,120,000, respectively, under the assumption of issuance at the end of September 2019. The impact on the company's expense will be reduced accordingly if the restricted stock award would be issued to the full-time official employee of the domestic or foreign control or subordinate company.

6. Dilution of EPS and other factors affecting shareholder's equity

The maximum dilution of the Company's EPS from 2019 to 2022 is NTD 0.05, 0.16, 0.07, and 0.02, respectively. The influence on the Company EPS is limited, hence there's no material impact on the shareholder's equity.

iii. Please refer to Attachment 9 for the Regulations Governing the Grant of Restricted Stock Awards of 2019.

iv. If some revision or adjustment has to be made, after the proposal has been adopted by the 2019 Annual Shareholders Meeting, due to competent authority's instruction, amendment to the laws and regulations or other matters not mentioned herein, it is proposed that the Shareholders Meeting authorizes the Board of Directors with full power to handle all issues regarding the issuance of restricted stock awards.

Resolution: The result is as follows:

172,535,552 shares were represented at the time of voting (including 25,877,302 shares voted via electronic transmission), Votes in favor: 157,567,652 votes (91.32% of total represented shares), Votes against: 6,140,186 votes (3.55% of total represented shares), Votes abstained: 8,827,714 votes (5.11% of total represented shares), Votes invalid: 0 vote (0.00% of total represented shares).

It was resolved that the above proposal be and hereby were accepted as submitted.

VII. To approve the subsidiary, Altek Semiconductor (Cayman) Co., Ltd.'s application for listing of securities in the overseas securities market (Proposed by the Board of Directors)

Explanations:

- i. The purpose of the subsidiary's application for listing of securities in the overseas securities market.

The purpose for Altek Semiconductor (Cayman) Co., Ltd. (referred to as " Altek Semiconductor (Cayman) ") to apply for listing of securities in the overseas is to expand the global business, attract international excellent professionals, increase market influence and enhance the competitiveness of Altek Semiconductor (Cayman) and its subsidiaries.

- ii. Impact on the finance and business of the company

The success of Altek Semiconductor (Cayman)'s listing in the overseas market will increase the fund raising channels, diversify the financing resources, enhance the international visibility and attract talents for the Company (Group) which will benefit the Company's business. The proposed changes in the organizational structure and business are formulated from the relevant laws and regulations that will not effect on the Company significantly.

- iii. Method of shareholding dispersal, proposed reduction of shareholding, basis of price determination, to whom equities are to be assigned or specified persons

The new shares are issued by shareholding dispersal according to the relevant laws and regulations of the place of listing. The number of new shares to be issued will not be higher than 25% of the total share capital of the company. The price determination and the issued targets are formulated from the relevant laws and regulations of the place of listing. It's proposed to the shareholders' meeting to authorize the Board of Directors of Altek Corp. ,the Board of Directors of Altek Semiconductor (Cayman) or its authorized personnel to formulate the final issued numbers and price.

- iv. Whether continued listing of shares of the company on the TWSE will be affected. Continued listing of shares of the company on the TWSE will not be affected.

- v. It's proposed to the shareholders' meeting to authorize the Board of Directors or its designated personnel to handle with full power the related matters in connection with listing of securities in the securities market.

- vi. The proposal has been reviewed by the Audit Committee and approved by the Board of Directors.

Resolution: The result is as follows:

172,535,552 shares were represented at the time of voting (including 25,877,302 shares voted via electronic transmission), Votes in favor: 163,675,895 votes (94.86% of total represented shares), Votes against: 31,654 votes (0.01% of total represented shares), Votes abstained: 8,828,003 votes (5.11% of total represented shares), Votes invalid: 0 vote (0.00% of total represented shares).

It was resolved that the above proposal be and hereby were accepted as submitted.

7. **Extraordinary Motions:** None

8. **Adjournment:** Meeting ended at 9:36 am

Altek Corporation

2018 Business Report

2018 was a challenging year for Altek that confronted with the fast change in transforming technologies, innovations of applications and services, and the new consumer behaviors and corporate business models. Moreover, the market competitions are even more severe due to the rise of national protectionism that will cause the weaken growth in developed countries and the political risk is still existing in emerging markets. The climate change, strict labor regulations, and rising wages are also the uncertainties in the near future. With the support of all shareholders and colleagues, Altek has continued to transform and escalate on specialized territory of digital imaging fields in recent years. The consolidated revenue was NT\$11.2 billion in 2018, representing an increase of approximately 6% YoY growth. The net income was NT\$130 million with NT\$0.48 per share which showed a significant growth comparing the year of 2017.

Altek has been deeply cultivated in digital imaging fields more than 20 years with complete software and hardware solutions, ASIC chip design, and algorithm capabilities. Altek has defined as the Vision AI company and the market has proclaimed as "biometric application" since last year. The AI intelligent identification technology with deep learning is gradually spreading over various industries, such as smart home, retails, manufacturing, and medicals etc. Altek grasps the AI trend through cooperating with major international giant players such as Qualcomm, Microsoft, and Amazon. We also collaborate domestic leading software company CyberLin to provide Edge Vision AI solutions for diversified industry applications. Altek is ready to launch various products of home AI surveillance system, Vision AI Chip, 3D sensing solutions. We are optimistic to gain market attentions by Altek's capabilities, strategic partnerships and the uptrend for the applications of vision AI. Furthermore, medical electronic devices have been developing for many years such as glucose meters, insulin injection system and disposable endoscope that would ensure the steady growth in this year.

Looking to the future, Altek will continue to cultivate vision AI field to strengthen its technology capabilities, competitiveness, and collaboration with customers and suppliers to gain more market shares. The company's management team and all employees are going to make the best efforts to face the challenges, strengthen execution to increase the growth and profitability. Altek is expecting to achieve higher shareholders' value.

One more time we would like to thank our shareholders for your supports and encouragement to the Company.

Chairman & CEO

Alex Hsia

Audit Committee's Review Report

To: The 2019 Annual General Shareholders' Meeting

The Board of Directors has prepared the Company's 2018 Business Report, Financial Statements and proposal for allocation of earnings. The CPA firm of PricewaterhouseCoopers was retained to audit Altek's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Altek Corporation. According to relevant requirements of the Securities Exchange Act and the Company Act, we hereby submit this report.

Altek Corporation

Chairman of the Audit Committee

Ching Jen Hu

March 15, 2019

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR 18000250

(In Thousands of New Taiwan Dollars)

To the Board of Directors and Shareholders of Altek Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Altek Corporation 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, 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. 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 judgment, 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:

Allowance for inventory valuation losses

Description

Please refer to Note 4(14) for description of accounting policy on inventory valuation. Please refer to Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation. Please refer to Note 6(6) for description of allowance for inventory valuation losses.

The Group is primarily engaged in manufacturing and sales of digital image application products. As the Group is in a rapidly changing industry and the short life cycle of electronic products and the highly competitive nature of the market, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. The Group measures inventories sold at the lower of cost and net realisable value. For inventory that is over a certain age and individually identified obsolete or damaged inventory, the company recognises losses at net realisable value. Aforementioned allowance for inventory valuation losses mainly arises from individually identified obsolete or damaged inventory. Since the value of inventories is significant, involves various types of inventory, and the individual identification of inventory usually involves management judgement which is an area that also needs to be assessed using our judgement during the audit process. Thus, we identified valuation of allowance for inventory losses as one of the key audit matters.

How our audit addressed the matter

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

- A. Obtained an understanding and assessed the provision policy on inventory valuation losses.
- B. Obtained the statement of individually identified obsolete inventory prepared by management and checked the accuracy of stock age analysis report and relevant information.

- C. Checked the accuracy of net realisable value of inventory, assessed the consistency between valuation of market value decline and its provision policy, and assessed the reasonableness of allowance for valuation losses determined by the Group.

Timing of sales revenue recognition

Description

Please refer to Note 4(29) for accounting policies of revenue recognition. The Company and its subsidiaries' revenue mainly arises from export sales and the cash amounts are material. As the sales terms vary from customers who are located in Mainland China, Europe and America, the terms in customer orders and contracts needs to be properly assessed. Since this involves judgement in the determination of timing of control transfer, we consider the timing of revenue recognition as a key audit matter.

How our audit addressed the matter

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

- A. Assessed the appropriation of policies on sales revenue recognition.
- B. Assessed and tested the design of internal controls that are relevant to sales revenue recognition and the effectiveness of execution.
- C. Performed cutoff test on sales revenue in specific period around balance sheet date.
- D. Performed confirmation and substantive test on the balance of accounts receivable at the end of period to confirm accounts receivable and that relevant sales revenue have been recorded in the proper period.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Altek Corporation 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 Preparations 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 are responsible for overseeing the Group's financial reporting process.

Auditor'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:

- A. 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 control.

- B. Obtain an understanding of internal control 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 control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- E. 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.
- F. 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, among other matters, 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 auditor's 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.

Tsang, Kwok-Wah

Li, Tien-Yi

For and on behalf of PricewaterhouseCoopers, Taiwan

March 15, 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.

ALTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

				December 31, 2018		December 31, 2017	
Assets	Notes	AMOUNT	%	AMOUNT	%		
Current assets							
1100	Cash and cash equivalents	6(1)	\$ 6,495,017	40	\$ 5,874,982	39	
1110	Current financial assets at fair value through profit or loss	6(2)	-	-	584,799	4	
1136	Current financial assets at amortised cost, net	6(4)	261,228	2	-	-	
1150	Notes receivable, net	6(5)	1,387,222	8	30,335	-	
1170	Accounts receivable, net	6(5)	2,414,775	15	2,342,369	16	
1200	Other receivables		31,712	-	18,976	-	
1220	Current income tax assets		683	-	3,339	-	
130X	Inventories, net	6(6)	999,212	6	1,165,926	8	
1410	Prepayments		89,451	1	176,696	1	
1470	Other current assets		6,141	-	16,080	-	
11XX	Current Assets		11,685,441	72	10,213,502	68	
Non-current assets							
1510	Non-current financial assets at fair value through profit or loss	6(2)	23,683	-	-	-	
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	114,508	1	-	-	
1543	Non-current financial assets at cost	12(4)	-	-	138,011	1	
1550	Investments accounted for using equity method	6(7)	26,768	-	-	-	
1600	Property, plant and equipment, net	6(8)	3,376,345	21	3,648,788	24	
1760	Investment property, net	6(9)	770,551	4	777,368	5	
1780	Intangible assets, net	6(10)	100,142	1	121,538	1	
1840	Deferred income tax assets	6(28)	102,696	1	82,415	1	
1900	Other non-current assets	6(11)	70,336	-	67,349	-	
15XX	Non-current assets		4,585,029	28	4,835,469	32	
1XXX	Total assets		\$ 16,270,470	100	\$ 15,048,971	100	

(Continued)

ALTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2018		December 31, 2017	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 1,760,000	11	\$ 2,021,000	14
2110	Short-term notes and bills payable	6(13)	-	-	199,797	2
2150	Notes payable		1,049,446	6	30,335	-
2170	Accounts payable		1,878,509	12	2,097,254	14
2200	Other payables		415,658	3	420,452	3
2230	Current income tax liabilities		58,625	-	62,053	-
2250	Provisions for liabilities - current	6(17)	35,378	-	30,177	-
2300	Other current liabilities		223,054	1	181,824	1
21XX	Current Liabilities		5,420,670	33	5,042,892	34
Non-current liabilities						
2540	Long-term borrowings	6(14)	600,000	4	-	-
2550	Provisions for liabilities - noncurrent	6(17)	113,115	1	93,818	-
2570	Deferred income tax liabilities	6(28)	447,061	3	394,939	3
2600	Other non-current liabilities		28,043	-	32,097	-
25XX	Non-current liabilities		1,188,219	8	520,854	3
2XXX	Total Liabilities		6,608,889	41	5,563,746	37
Equity attributable to owners of parent						
Share capital		6(18)				
3110	Common stock		2,740,113	17	2,738,188	18
Capital surplus		6(19)				
3200	Capital surplus		2,262,397	14	2,256,692	15
Retained earnings		6(20)				
3310	Legal reserve		1,381,094	8	1,379,754	9
3320	Special reserve		425,580	3	142,456	1
3350	Unappropriated retained earnings		2,471,973	15	2,737,026	18
Other equity interest		6(21)				
3400	Other equity interest		(294,938)	(2)	(302,339)	(2)
3500	Treasury stocks	6(18)	-	-	(96,138)	-
31XX	Equity attributable to owners of the parent		8,986,219	55	8,855,639	59
36XX	Non-controlling interest		675,362	4	629,586	4
3XXX	Total equity		9,661,581	59	9,485,225	63
Significant contingent liabilities and unrecognised contract commitments		9				
3X2X	Total liabilities and equity		\$ 16,270,470	100	\$ 15,048,971	100

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

ALTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Year ended December 31			
		2018		2017	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(22) and 12(5)	\$ 11,193,569	100	\$ 10,552,773	100
5000 Operating costs	6(6)(26)(27)	(9,875,021)	(88)	(9,117,731)	(86)
5900 Net operating margin		1,318,548	12	1,435,042	14
Operating expenses	6(26)(27)				
6100 Selling expenses		(69,425)	(1)	(69,687)	(1)
6200 General and administrative expenses		(336,529)	(3)	(331,083)	(3)
6300 Research and development expenses		(814,075)	(7)	(874,826)	(9)
6450 Expected credit losses	12(2)	(7,262)	-	-	-
6000 Total operating expenses		(1,227,291)	(11)	(1,275,596)	(13)
6900 Operating profit		91,257	1	159,446	1
Non-operating income and expenses					
7010 Other income	6(23)	184,733	2	110,676	1
7020 Other gains and losses	6(24)	50,527	-	(105,995)	(1)
7050 Finance costs	6(25)	(25,497)	-	(26,565)	-
7000 Total non-operating income and expenses		209,763	2	(21,884)	-
7900 Profit before income tax		301,020	3	137,562	1
7950 Income tax expense	6(28)	(127,870)	(1)	(87,975)	(1)
8200 Profit for the year		\$ 173,150	2	\$ 49,587	-

(Continued)

ALTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

		Year ended December 31			
		2018		2017	
Items	Notes	AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	\$ 682	-	(\$ 1,798)	
8316	Unrealised gains from financial assets measured at fair value through other comprehensive income	(12,016)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(1,029)	-	306	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss	(12,363)	-	(1,492)	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361	Currency translation differences of foreign operations	33,267	-	(392,098)	(4)
8370	Share of other comprehensive income of associates and joint ventures accounted for under equity method	-	-	1,520	-
8399	Income tax relating to the components of other comprehensive income	6,219	-	65,160	1
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss	39,486	-	(325,418)	(3)
8300	Total other comprehensive income (loss) for the year	\$ 27,123	-	(\$ 326,910)	(3)
8500	Total comprehensive income (loss) for the year	\$ 200,273	2	(\$ 277,323)	(3)
Profit attributable to:					
8610	Owners of the parent	\$ 130,562	2	\$ 13,402	-
8620	Non-controlling interest	42,588	-	36,185	-
	Profit for the year	\$ 173,150	2	\$ 49,587	-
Comprehensive (loss) income attributable to:					
8710	Owners of the parent	\$ 144,490	1	(\$ 306,223)	(3)
8720	Non-controlling interest	55,783	1	28,900	-
	Total comprehensive income (loss) for the year	\$ 200,273	2	(\$ 277,323)	(3)
9750	Basic earnings per share	\$	0.48	\$	0.05
9850	Diluted earnings per share	\$	0.48	\$	0.05

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

ALTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent																													
Notes	Retained Earnings					Other equity interest		Treasury stocks	Total	Non-controlling interest	Total equity																		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Currency translation differences of foreign operations	Other equity-others																						
2017																													
Balance at January 1, 2017	\$	2,739,788	\$	1,862,914	\$	1,374,374	\$	142,456	\$	2,946,092	\$	35,009	(\$	60,530	(\$	129,393	\$	8,910,710	\$	122,283	\$	9,032,993							
Profit for the year		-		-		-		-		13,402		-		-		-		13,402		36,185		49,587							
Other comprehensive loss for the year	6(21)	-		-		-		-	(	1,492	)	(	318,133	)	-		-	(	319,625	)	(	7,285	)	(	326,910	)			
Total comprehensive income (loss)		-		-		-		-		11,910		(	318,133	)	-		-	(	306,223	)		28,900		(	277,323	)			
Appropriation of 2016 earnings	6(20)																												
Legal reserve		-		-		5,380		-	(	5,380	)	-		-		-		-		-		-		-					
Cash dividends		-		-		-		(	215,596	)	-		-	-		-		(	215,596	)	-	(	215,596	)	-				
Share-based payment transactions	6(16)(18)(19)(21)	1,300		2,404		-		-		-		33,806		-		-		37,510		-		37,510		-					
Retirement of employee restricted shares	6(16)(18)(19)(21)	(	2,900	)	(	4,609	)	-		-		-		7,509		-		-		-		-		-					
Sales of treasury shares		-		209		-		-		-		-		-		33,255		33,464		-		33,464		-					
Changes in ownership interests in subsidiaries	6(19)(30)	-		395,774		-		-		-		-		-		-		395,774		(	395,774	)	-						
Non-controlling interest		-		-		-		-		-		-		-		-		-		874,177		874,177		-					
Balance at December 31, 2017		\$	2,738,188	\$	2,256,692	\$	1,379,754	\$	142,456	\$	2,737,026	(\$	283,124	)	(\$	19,215	(\$	96,138	)	\$	8,855,639	\$	629,586	\$	9,485,225				
2018																													
Balance at January 1, 2018		\$	2,738,188	\$	2,256,692	\$	1,379,754	\$	142,456	\$	2,737,026	(\$	283,124	)	(\$	19,215	(\$	96,138	)	\$	8,855,639	\$	629,586	\$	9,485,225				
Effects of retrospective application	6(21)	-		-		-		-		23,600		-		(	23,600	)	-	-		-		-		-					
Equity at beginning of period after adjustments			2,738,188		2,256,692		1,379,754		142,456		2,760,626		(	283,124	)		(	42,815	)		(	96,138	)		8,855,639		629,586		9,485,225
Profit for the year		-		-		-		-		130,562		-		-		-		-		130,562		42,588		173,150					
Other comprehensive income (loss) for the year	6(21)	-		-		-		-		427		26,291		(	12,790	)	-		13,928		13,195		27,123						
Total comprehensive income (loss)		-		-		-		-		130,989		26,291		(	12,790	)	-		144,490		55,783		200,273						
Appropriation of 2017 earnings	6(20)																												
Legal reserve		-		-		1,340		-	(	1,340	)	-		-		-		-		-		-		-					
Special reserve		-		-		-		283,124	(	283,124	)	-		-		-		-		-		-		-					
Cash dividends		-		-		-		-	(	135,178	)	-		-		-		(	135,178	)	-	(	135,178	)	-				
Share-based payment transactions	6(16)(18)(19)(21)	3,200		6,624		-		-		-		-		14,060		-		23,884		-		23,884		-					
Retirement of employee restricted shares	6(16)(18)(19)(21)	(	1,275	)	(	2,165	)	-		-		-		3,440		-		-		-		-		-					
Treasury stock sold to employees	6(18)(19)	-		1,246		-		-		-		-		-		96,138		97,384		-		97,384		-					
Non-controlling interest		-		-		-		-		-		-		-		-		-		(	10,007	)	(	10,007	)				
Balance at December 31, 2018		\$	2,740,113	\$	2,262,397	\$	1,381,094	\$	425,580	\$	2,471,973	(\$	256,833	)	(\$	38,105	)	\$	8,986,219	\$	675,362	\$	9,661,581						

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

ALTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 301,020	\$ 137,562
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (included depreciation of investment property)	6(8)(9)(26)	218,896	264,329
Amortisation	6(10)(11)(26)	28,802	15,232
Provision for doubtful accounts	12(4)	-	(672)
Expected credit losses	12(2)	7,262	-
Net loss (gain) on financial assets at fair value through profit or loss		(13,944)	206
Interest expense	6(25)	25,497	26,565
Interest income	6(23)	(123,745)	(76,647)
Dividend income	6(23)	(915)	(3,113)
Share-based payment compensation cost	6(16)(27)	16,841	33,806
Loss (gain) on disposal of property, plant and equipment	6(24)	1,358	(470)
Reversal of impairment loss on investments accounted for under the equity method	6(24)	(26,272)	-
Impairment loss on financial assets	6(24) and 12(4)	-	17,050
Loss on disposal of investment	6(24)	-	4,191
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		581,745	108,704
Notes receivable		(1,383,249)	(29,667)
Accounts receivable		(101,648)	414,902
Other receivables		(12,602)	3,252
Inventories		150,526	272,099
Prepayments		86,624	31,027
Other current assets		9,853	3,414
Changes in operating liabilities			
Notes payable		1,039,044	30,011
Accounts payable		(186,687)	(278,214)
Other payables		9,556	(30,977)
Provisions for liabilities		24,908	(50,081)
Other current liabilities		41,550	(22,568)
Other non-current liabilities		81	130
Cash inflow generated from operations		694,501	870,071
Interest received		123,176	73,946
Dividends received		915	3,113
Interest paid		(23,434)	(26,802)
Income tax paid		(91,383)	(99,059)
Net cash flows from operating activities		703,775	821,269

(Continued)

ALTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 257,524)	\$ -
Acquisition of financial assets at cost		-	(13,517)
Loss on disposal of investments accounted for under the equity method		-	123,571
Proceeds from capital reduction of financial assets at cost		-	5,661
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		3,915	-
Acquisition of property, plant and equipment	6(32)	(29,373)	(92,123)
Proceeds from disposal of property, plant and equipment		41,831	21,339
Increase in intangible assets	6(32)	(7,927)	(52,941)
Acquisition of investment property		(8,000)	-
Increase (decrease) guarantee deposits paid		(4,656)	11,352
Net cash flows (used in) from investing activities		(261,734)	3,342
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings		(261,000)	(394,000)
Proceeds from issuance of short-term notes and bills payable	6(33)	798,756	199,724
Repayment of short-term notes and bills payable		(1,000,000)	-
Increase in long-term borrowings	6(33)	600,000	-
Increase (decrease) in guarantee deposits received	6(33)	(3,209)	13,954
Cash dividends for capital surplus	6(20)	(135,178)	(215,596)
Employee stock options exercised		9,824	3,704
Proceeds from sales of treasury shares		-	33,464
Treasury shares sold to employees		94,603	-
Changes in non-controlling interest		-	874,177
Net cash flows from financing activities		103,796	515,427
Effect of exchange rate		74,198	(315,045)
Net increase in cash and cash equivalents		620,035	1,024,993
Cash and cash equivalents at beginning of year	6(1)	5,874,982	4,849,989
Cash and cash equivalents at end of year	6(1)	<u>\$ 6,495,017</u>	<u>\$ 5,874,982</u>

Comparison Table for Articles of Incorporation

Article after Revision	Article before Revision	Reason for Revision
Article 1: The Company is duly organized under the Company Act of the Republic of China as a company limited by Shares and is named Altek Corporation <u>in English</u> (hereinafter “the Company”).	Article 1: The Company is duly organized under the Company Act of the Republic of China as a company limited by Shares and is named Altek Corporation (hereinafter “the Company”).	To accommodate the actual operational needs.
Article 2: The scope of business of the Company shall be as follows: 1. CC01080 Electronics parts and components manufacturing business. 2. F401010 International trade business ° 3. F401021 Restricted telecommunication radio frequency equipment and material import business ° Researching, developing, designing, producing, manufacturing, and selling the following products: <u>Digital Imaging-Related Product.</u> Conducting import and export trade relating to the Company’s business.	Article 2: The scope of business of the Company shall be as follows: 1. CC01080 Electronics parts and components manufacturing business. 2. F401010 International trade business ° 3. F401021 Restricted telecommunication radio frequency equipment and material import business ° Researching, developing, designing, producing, manufacturing, and selling the following products: Digital Still Camera. Conducting import and export trade relating to the Company’s business.	The scope of business of the Company shall be extended from Digital Still Camera to digital imaging related product. To accommodate the actual operational needs.
Article 4-1: <u>Employees of parents or subsidiaries of the Company meeting certain specific requirements are entitled to receive shares bought back by the Company.</u> <u>Employees of parents or subsidiaries of the Company meeting certain specific requirements are entitled to receive share subscription warrant issued by the Company.</u>	Article 4-1: New	To accommodate Article 167-1, Article 167-2, Article 267 of Company Act.

Article after Revision	Article before Revision	Reason for Revision
<u>Employees of parents or subsidiaries of the Company meeting certain specific requirements are entitled to receive new shares issued by the Company</u> <u>Employees of parents or subsidiaries of the Company meeting certain specific requirements are entitled to receive restricted stock awards issued by the Company</u>		
Article 6: The share certificates of the Company shall without exception be in registered form and affixed with the signatures or personal seals of <u>the director representing the company</u> three (3) or more directors of the Company. Also, the share certificates shall be duly certified or authenticated by the <u>bank which is competent to certify shares under the laws</u> competent authority or a certifying institution authorized by the competent authority before issuance. Shares issued by the Company may not be in certificate form but shall be placed under the custody of a centralized securities custody enterprise.	Article 6: The share certificates of the Company shall without exception be in registered form and affixed with the signatures or personal seals of three (3) or more directors of the Company. Also, the share certificates shall be duly certified or authenticated by the competent authority or a certifying institution authorized by the competent authority before issuance. Shares issued by the Company may not be in certificate form but shall be placed under the custody of a centralized securities custody enterprise.	To accommodate Article 162 of Company Act.
Article 15: The Company shall have seven (7) to nine (9) directors and to be elected by the shareholders' meeting from among candidates with disposing capacity. The term of office is three (3) years and they may continue in office if re-elected. Among the above-mentioned number of directors, the Company shall have not less than three (3) in number and not less than	Article 15: The Company shall have seven (7) to nine (9) directors and to be elected by the shareholders' meeting from among candidates with disposing capacity. The term of office is three (3) years and they may continue in office if re-elected. Among the above-mentioned number of directors, the Company shall have not less than three (3) in number and not less than	To accommodate the regulations and the actual operational needs.

Article after Revision	Article before Revision	Reason for Revision
one-fifth of the total number of directors as independent directors. <u>The directors of the Company</u> who shall be elected by the shareholders under the candidate nomination system. The election of independent and non-independent directors shall be held together but the votes shall be calculated separately. Following (omitted)	one-fifth of the total number of directors as independent directors, who shall be elected by the shareholders under the candidate nomination system. The election of independent and non-independent directors shall be held together but the votes shall be calculated separately. Following (omitted)	
Article 25: The Company shall distribute ten percent (10%) to twenty percent (20%) of profit of the current year as employees' compensation and not higher than two percent (2%) of profit of the current year as the directors compensation. However, the company's accumulated losses shall have been covered. Employees' compensation may be distributed in the form of shares or in cash. The employees of <u>parents of the Company meeting certain specific requirements or</u> the Company's subsidiaries which the Company owns more than fifty percent (50%) of the shares may be entitled to receive the employees' compensation. Profit of the current year mentioned in section one shall mean pre-tax benefit of the current year before deducting the employees' compensation and the directors compensation. The distribution of the employees' compensation and the directors' compensation shall be resolved by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors.	Article 25: The Company shall distribute ten percent (10%) to twenty percent (20%) of profit of the current year as employees' compensation and not higher than two percent (2%) of profit of the current year as the directors compensation. However, the company's accumulated losses shall have been covered. Employees' compensation may be distributed in the form of shares or in cash. The employees of the Company's subsidiaries which the Company owns more than fifty percent (50%) of the shares may be entitled to receive the employees' compensation. Profit of the current year mentioned in section one shall mean pre-tax benefit of the current year before deducting the employees' compensation and the directors compensation. The distribution of the employees' compensation and the directors' compensation shall be resolved by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors. Before the Company sets up the Audit Committee, the total remuneration of Directors and	To accommodate Article 235-1 of Company Act.

Article after Revision	Article before Revision	Reason for Revision
Before the Company sets up the Audit Committee, the total remuneration of Directors and Supervisors shall not exceed two percent (2%) of profit of the current year, and this article shall apply.	Supervisors shall not exceed two percent (2%) of profit of the current year, and this article shall apply.	
Article 26: If the Company has earnings after the annual final accounts, after paying profit-seeking enterprise income tax as well as making up losses of the previous years, the Company shall first set aside ten percent (10%) of said earnings as legal reserve. Where such legal reserve amounts to the total authorized capital, this provision shall not apply. Thereafter, the Company shall set aside or reverse a special reserve in accordance with the applicable laws and regulations. Any balance of the earnings together with the previous earnings which has not been distributed shall be distributed in accordance with the board of director's proposal. The Company may, resolved by the shareholders meeting, have the surplus profit distributed in the form of new shares <u>The distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.</u>	Article 26: If the Company has earnings after the annual final accounts, after paying profit-seeking enterprise income tax as well as making up losses of the previous years, the Company shall first set aside ten percent (10%) of said earnings as legal reserve. Where such legal reserve amounts to the total authorized capital, this provision shall not apply. Thereafter, the Company shall set aside or reverse a special reserve in accordance with the applicable laws and regulations. Any balance of the earnings together with the previous earnings which has not been distributed shall be distributed in accordance with the board of director's proposal approved by the shareholder's meeting.	To accommodate Article 240 of Company Act.
Article 26-1: <u>The distributable legal reserve</u>	Article 26-1: New	To accommodate Article 241 of Company

Article after Revision	Article before Revision	Reason for Revision
<u>and capital reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.</u>		Act.
Article 27: The amount of dividend distributed shall be based on the annual earnings and the cumulative surplus in the previous years of the Company as well as taking into consideration of the Company' earnings, capital structure and the future operational demand. The distribution of the dividend shall, depending on the factors of the capital demand and the dilution effect of earnings per share, adopt the policy of distributing stock dividends with cash dividends at the same time. As for the ratio of cash dividend distribution, it shall be not less than twenty percent (20%) of the total dividend distribution of the year. Actual amounts of distributions shall be based upon the resolution of the shareholders' meeting.	Article 27: The amount of dividend distributed shall be based on the annual earnings and the cumulative surplus in the previous years of the Company as well as taking into consideration of the Company' earnings, capital structure and the future operational demand. The distribution of the dividend shall, depending on the factors of the capital demand and the dilution effect of earnings per share, adopt the policy of distributing stock dividends with cash dividends at the same time. As for the ratio of cash dividend distribution, it shall be not less than twenty percent (20%) of the total dividend distribution of the year. Actual amounts of distributions shall be based upon the resolution of the shareholders' meeting.	To accommodate the regulations.
Article 32: With the consent of the promotes in the promoter's meeting, the Articles of Incorporations were duly stipulated on December 20, 1996. The Articles were duly amended on December 26, 1996 as the 1st amendment~ the 18th amendment....(omitted)	Article 32: With the consent of the promotes in the promoter's meeting, the Articles of Incorporations were duly stipulated on December 20, 1996. The Articles were duly amended on December 26, 1996 as the 1st amendment~ the 18th amendment....(omitted)	To add the date of revision.

Article after Revision	Article before Revision	Reason for Revision
The Articles were duly amended on June 16, 2017 as the 19th amendment. <u>The Articles were duly amended on June 13, 2019 as the 20th amendment.</u>	The Articles were duly amended on June 16, 2017 as the 19th amendment.	

Comparison Table for Procedures of Acquisition or Disposal of Assets

Article after Revision	Article before Revision	Reason for Revision
Article 2 The scope of assets. 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 construction enterprise inventory) and equipment. 3.~4.(omitted) <u>5. Right-of-use assets.</u> <u>6.</u> Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). <u>7.</u> Derivatives. <u>8.</u> Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. <u>9.</u> Other major assets.	Article 2 The scope of assets. 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 construction enterprise inventory) and equipment. 3.~4.(omitted) 5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 6. Derivatives. 7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 8. Other major assets.	To accommodate the regulations.
Article 3 Terms used are defined as follows: 1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from <u>a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts</u>	Article 3 Terms used are defined as follows: 1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from asset, rate, index, or other interest; and compound contracts combining the above contracts. The term "forward contracts" does not include insurance contracts,	To accommodate the regulations.

Article after Revision	Article before Revision	Reason for Revision
<u>combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. 2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act. 3.~6.(omitted) <u>7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and</u>	performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. 2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-8 of the Company Act. 3.~6.(omitted) 7. Net worth: The financial statements of the Company that have recently been verified by the accountant for verification or audit are attributable to the equity of the owner of the parent company. 8. Total Assets: The total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.	

Article after Revision	Article before Revision	Reason for Revision
<u>are regulated by the competent financial authorities of the jurisdiction where they are located.</u> <u>8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u> <u>9. Over-the-counter venue ("OTC venue", "OTC"):</u> <u>"Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u> <u>10.</u> Net worth: The financial statements of the Company that have recently been verified by the accountant for verification or audit are attributable to the equity of the owner of the parent company. <u>11.</u> Total Assets: The total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.		

Article after Revision	Article before Revision	Reason for Revision
Article 4 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>shall meet the following requirements:</u> <u>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u> <u>2. May not be a related party or de facto related party of any party to the transaction.</u> <u>3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the</u>	Article 4 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions and clients to the transaction shall not be the related party.	To accommodate the regulations.

Article after Revision	Article before Revision	Reason for Revision
<u>personnel referred to in the preceding paragraph shall comply with the following:</u> <u>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u> <u>2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u> <u>3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u> <u>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u>		
Article 6 The procedures for the acquisition or disposal of assets of real property, equipment, <u>or right-of-use assets thereof.</u> 1. Appraisal procedures:	Article 6 The procedures for the acquisition or disposal of assets of real property and equipment. 1. Appraisal procedures: The Company acquired and	To accommodate the regulations.

Article after Revision	Article before Revision	Reason for Revision
The Company acquire and dispose real property, <u>equipment, or right-of-use assets thereof</u> in accordance with internal control system fixed asset cycle and the processing procedures. 2. Operating procedures: (1) The acquisition of real property, <u>equipment, or right-of-use assets thereof</u> shall be assessed by the user in advance and the capital expenditure budget shall be prepared. After signing the management unit, it shall be executed and controlled according to the plan. (2) The disposal of real property, <u>equipment, or right-of-use assets thereof</u> shall be carried out by the user to conduct a feasibility assessment. (3) The acquisition or disposal of real property, <u>equipment, or right-of-use assets thereof</u>, the handling unit shall refer to the present value of the announcement, the present value of the assessment, the actual transaction price of the adjacent real estate, etc., and shall be determined after inquiry, price comparison and bargaining. (4) The acquisition or disposal of real property, <u>equipment, or right-of-use assets thereof</u> that it should be approved by general manager if the amount is less than NT\$ 50,000,000; it should be approved by chairman if the amount is between NT\$ 50,000,000 to NT\$100,000,000; it should be	disposed real property and equipment in accordance with internal control system fixed asset cycle and the processing procedures. 2. Operating procedures: (1) The acquisition of real property and equipment shall be assessed by the user in advance and the capital expenditure budget shall be prepared. After signing the management unit, it shall be executed and controlled according to the plan. (2) The disposal of real property and equipment shall be carried out by the user to conduct a feasibility assessment. (3) The acquisition or disposal of real property and equipment, the handling unit shall refer to the present value of the announcement, the present value of the assessment, the actual transaction price of the adjacent real estate, etc., and shall be determined after inquiry, price comparison and bargaining. (4) The acquisition or disposal of real property and equipment that it should be approved by general manager if the amount is less than NT\$ 50,000,000; it should be approved by chairman if the amount is between NT\$ 50,000,000 to NT\$100,000,000; it should be approved by board of directors if the amount is more than NT\$ 100,000,000. (5) The Company acquired and disposed real property and equipment shall be submitted for verification according to the pre-examination authority, the	

Article after Revision	Article before Revision	Reason for Revision
approved by board of directors if the amount is more than NT\$ 100,000,000. (5) The Company acquired and disposed real property, <u>equipment, or right-of-use assets thereof</u> shall be submitted for verification according to the pre-examination authority, the user and the handling unit shall be responsible for the execution. (6) In acquiring or disposing of real property, <u>equipment, or right-of-use assets thereof</u> where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment <u>or right-of-use assets thereof</u> held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (i)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 <u>same</u> procedure shall also be followed <u>whenever there is any subsequent change to</u> the	user and the handling unit shall be responsible for the execution. (6) 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 NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (i)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 procedure shall be followed whenever the terms and conditions of the transaction in the future. (ii)~(v) (omitted) (7) (omitted)	

Article after Revision	Article before Revision	Reason for Revision
terms and conditions of the transaction. (ii)~(v) (omitted) (7) (omitted)		
Article 7 The procedure of transaction with a related party 1.(omitted) 2. Operating procedures: (1) When the Company intends to acquire or dispose of real property <u>or right-of-use assets thereof</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of <u>domestic</u> 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: (i)~(ii) (omitted) (iii) With respect to the acquisition of real property <u>or right-of-use assets thereof</u> from a related party, information regarding appraisal of the reasonableness of the	Article 7 The procedure of transaction with a related party 1.(omitted) 2. Operating procedures: (1) When the Company intends to acquire or dispose of real property thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property 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 NT\$300 million or more, except in trading of 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: (i)~(ii) (omitted) (iii) With respect to the acquisition of real property thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with 1 and 4 of the second paragraph second item.	To accommodate the regulations.

Article after Revision	Article before Revision	Reason for Revision
preliminary transaction terms in accordance with 1 and 4 of the paragraph 2, subparagraph 2. (iv)~(viii) (omitted) (ix) With respect to the types of transactions listed below, when to be conducted between the company and its subsidiaries, <u>or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital</u>, except pursuant to Article 6, paragraph 2, subparagraph 4 and ratified by the next board of directors meeting: ①Acquisition or disposal of equipment or right-of-use assets thereof held for business use. ②Acquisition or disposal of real property right-of-use assets held for business use. (2) To evaluate the reasonableness of the transaction costs (i) The Company that acquires real property <u>or right-of-use assets thereof</u> from a related party shall evaluate the reasonableness of the transaction costs by the following means: ①~② (omitted) (ii) Where land and structures thereupon are combined as a single property purchased or <u>leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph. (iii) The Company that acquires real property <u>or right-of-use</u>	(iv)~(viii) (omitted) (ix) With respect to the types of transactions listed below, when to be conducted between the company and its subsidiaries, except pursuant to Article 6, paragraph 2, subparagraph 4 and ratified by the next board of directors meeting: (2) To evaluate the reasonableness of the transaction costs (i) The Company that acquires real property thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means: ①~② (omitted) (ii) Where land and structures thereupon are combined as a single property purchased or in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph. (iii) The Company that acquires real property thereof from a related party and appraises the cost of the real property thereof in accordance with 1 and 2 of paragraph2, subparagraph 2 of the Article shall also engage a CPA to check the appraisal and render a specific opinion. (iv) When the results of appraisal conducted that the Company acquired real property thereof in accordance with 1 and 2 of paragraph2, subparagraph 2 of the Article are uniformly lower than the	

Article after Revision	Article before Revision	Reason for Revision
<u>assets thereof</u> from a related party and appraises the cost of the real property <u>or right-of-use assets thereof</u> in accordance with 1 and 2 of paragraph2, subparagraph 2 of the Article shall also engage a CPA to check the appraisal and render a specific opinion. (iv) When the results of appraisal conducted that the Company acquired real property <u>or right-of-use assets thereof</u> in accordance with 1 and 2 of paragraph2, subparagraph 2 of the Article are uniformly lower than the transaction price, the matter shall be handled in compliance with 5 and 6 of paragraph2, subparagraph 2 of the Article. A. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: ① (omitted) ②Completed <u>transactions</u> by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale <u>or leasing</u> practices. <u>③ (eliminated)</u> B. Where the Company acquiring real property, or	transaction price, the matter shall be handled in compliance with 5 and 6 of paragraph2, subparagraph 2 of the Article. A. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: ① (omitted) ②Completed deal by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale practices. ③Completed leases by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market leasing practices. B. Where the Company acquiring real property through leasing, from a related party provides evidence that the terms of the deal are similar to the terms of completed deal involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed deal involving neighboring or closely valued	

Article after Revision	Article before Revision	Reason for Revision
<u>obtaining real property right-of-use assets thereof</u> through leasing, from a related party provides evidence that the terms of the <u>transaction</u> are similar to the terms of completed <u>transactions</u> involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed <u>transactions</u> involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; <u>transactions</u> involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the <u>right-of-use assets thereof</u>. (v) Where a public company acquires real property <u>or right-of-use assets thereof</u> from a related party and the results of appraisals conducted in accordance with 1,2,3,4,7 of paragraph2, subparagraph 2 of the Article are uniformly lower than the transaction price, the following steps shall be taken.	parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; deal involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the thereof. (v) Where a public company acquires real property thereof from a related party and the results of appraisals conducted in accordance with 1,2,3,4,7 of paragraph2, subparagraph 2 of the Article are uniformly lower than the transaction price, the following steps shall be taken. And the evaluation adopted equity method as the investments in the Company, a public company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made,	

Article after Revision	Article before Revision	Reason for Revision
And the evaluation adopted equity method as the investments in the Company, a public company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or they have been disposed of, <u>or the leasing contract has been terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent. A. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property <u>or right-of-use assets thereof</u> transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.	or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent. A. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. B. Supervisors shall comply with Article 218 of the Company Act. C. (omitted) (vi) A Company that acquires real property shall be conducted in accordance with 5 of paragraph 2, subparagraph 2 of the Article if there is other evidence that the transaction is not working properly rules. (vii) Where a public company acquires real property thereof from a related party and one of the following circumstances	

Article after Revision	Article before Revision	Reason for Revision
B. Supervisors shall comply with Article 218 of the Company Act. <u>Where an audit committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee.</u> C. (omitted) (vi) A Company that acquires real property <u>or right-of-use assets thereof</u> shall be conducted in accordance with 5 of paragraph 2, subparagraph 2 of the Article if there is other evidence that the transaction is not working properly rules. (vii) Where a public company acquires real property <u>or right-of-use assets thereof</u> from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with paragraph 2, subparagraph 1 of the Article, and 1,2,3 of paragraph 2, subparagraph 2 of the Article do not apply with evaluating the reasonableness of the transaction costs. A. The related party acquired the real property <u>or right-of-use assets</u> thereof through inheritance or as a gift. B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property <u>or right-of-use assets thereof</u> to the signing date for the current transaction. C. (omitted) <u>D. The real property right-of-use assets for business</u>	exists, the acquisition shall be conducted in accordance with paragraph 2, subparagraph 1 of the Article, and 1,2,3 of paragraph 2, subparagraph 2 of the Article do not apply with evaluating the reasonableness of the transaction costs. A. The related party acquired the real property thereof through inheritance or as a gift. B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property thereof to the signing date for the current transaction. C. (omitted)	

Article after Revision	Article before Revision	Reason for Revision
<u>use are acquired by the Company and subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u>		
Article 8 The procedures for the acquisition or disposal of assets of intangible assets <u>or right-of-use assets thereof or memberships.</u> 1. Appraisal procedures: The Company acquired and dispose with intangible assets <u>or right-of-use assets thereof or memberships</u> in accordance with internal control system fixed asset cycle and the processing procedures. 2. Operating procedures: (1) To acquire and dispose with intangible assets <u>or right-of-use assets thereof or memberships</u>, It should be evaluated by the user first, and did after approval. It is also necessary for the authority refer to fair market price and expert evaluation report, etc., and determined it after inquiry, price comparison and bargaining. (2) The acquisition or disposal of intangible assets <u>or right-of-use assets thereof or memberships</u> that it should be approved by general manager if the amount is less than NT\$ 50,000,000; it should be approved by chairman if the amount is between NT\$ 50,000,000 to NT\$100,000,000; it should be approved by board	Article 8 The procedures for the acquisition or disposal of assets of memberships or intangible assets. 1. Appraisal procedures: The Company acquired and dispose with memberships or intangible assets in accordance with internal control system fixed asset cycle and the processing procedures. (1) To acquire and dispose with memberships and intangible assets, It should be evaluated by the user first, and did after approval. It is also necessary for the authority refer to fair market price and expert evaluation report, etc., and determined it after inquiry, price comparison and bargaining. (2) The acquisition or disposal of memberships and intangible assets that it should be approved by general manager if the amount is less than NT\$ 50,000,000; it should be approved by chairman if the amount is between NT\$ 50,000,000 to NT\$100,000,000; it should be approved by board of directors if the amount is more than NT\$ 100,000,000. (3) The Company acquired and disposed memberships and intangible assets shall be	To accommodate the regulations.

Article after Revision	Article before Revision	Reason for Revision
of directors if the amount is more than NT\$ 100,000,000. (3) The Company acquired and disposed intangible assets <u>or right-of-use assets thereof or memberships</u> shall be submitted for verification according to the pre-examination authority, the user and the handling unit shall be responsible for the execution. (4) Where the Company acquires or disposes of intangible assets <u>or right-of-use assets thereof or memberships</u> and the transaction amount reaches 20 percent or more of paid-in capital or NT\$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. (5) (omitted)	submitted for verification according to the pre-examination authority, the user and the handling unit shall be responsible for the execution. (4) Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a 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. (5) (omitted)	
Article 10 Real property <u>and right-of-use assets thereof</u> and securities invested by the company and each subsidiary not for business use, and limits on securities. 1. Real property <u>and right-of-use assets thereof</u> and securities invested by the company and each subsidiary not for business use that not exceed 25% of the total amount for net worth of the Company's	Article 10 Real property and securities invested by the company and each subsidiary not for business use, and limits on securities. 1. Real property and securities invested by the company and each subsidiary not for business use that not exceed 25% of the total amount for net worth of the Company's recent financial report and long-term liabilities. 2. (omitted)	To accommodate the regulations.

Article after Revision	Article before Revision	Reason for Revision
recent financial report and long-term liabilities. 2. (omitted)		
Article 11 The procedures for the acquisition or disposal of assets of derivatives trading. 1.~3. (omitted) 4. internal audit The 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. <u>Where independent directors have been appointed in accordance with the provisions of the Act, for matters for which notice shall be given to the supervisors under the preceding paragraph, written notice shall also be given to the independent directors.</u> <u>Where an audit committee has been established in accordance with the provisions of the Act, the provisions of the preceding relating to supervisors shall apply mutatis mutandis to the audit committee.</u> 5. Faithfully supervised and managed (1) (omitted) (2) The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant	Article 11 The procedures for the acquisition or disposal of assets of derivatives trading. 1.~3. (omitted) 4. internal audit The 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. (1) (omitted) (2) The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading. (3) (omitted)	To accommodate the regulations.

Article after Revision	Article before Revision	Reason for Revision
personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading. (3) (omitted)		
Article 13 Written statement 1. The Company shall establish its procedures or other legal regulation for the acquisition or disposal of assets, If any 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 <u>independent director</u> supervisor. As the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, 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. 2. (omitted)	Article 13 Written statement 1. The Company shall establish its procedures or other legal regulation for the acquisition or disposal of assets, If any 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. As the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, 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. 2. (omitted)	To accommodate the regulations.
Article 14 Announce and report 1. Under any of the following circumstances, a public company acquiring or disposing of assets 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	Article 14 Announce and report 1. Under any of the following circumstances, a public company acquiring or disposing of assets 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	To accommodate the regulations.

Article after Revision	Article before Revision	Reason for Revision
event: (1) Acquisition or disposal of real property or <u>right-of-use assets thereof</u> from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by <u>domestic</u> securities investment trust enterprises. (2) (omitted) (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. (4) Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: A. Trading of <u>domestic</u> government bonds. B. (omitted) C. Acquisition or disposal by The	event: (1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by securities investment trust enterprises. Merger, demerger, acquisition, or transfer of shares. (2) (omitted) (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. (4) Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: A. Trading of government bonds. B. (omitted) C. Acquisition or disposal by The Company of real property for construction use, and	

Article after Revision	Article before Revision	Reason for Revision
Company of real property <u>or right-of-use assets thereof</u> for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million. D. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and <u>furthermore the transaction counterparty is not a related party</u>, and the amount the company expects to invest in the transaction reaches NT\$500 million. (5) The amount of the above subparagraphs (1) to (4) is calculated as below, "Within the preceding year" as used refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. A.~B. (omitted) C. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property <u>or right-of-use assets thereof</u> within the same development project within the preceding year. D. (omitted)	furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million. D. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million. (5) The amount of the above subparagraphs (1) to (4) is calculated as below, "Within the preceding year" as used refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. A.~B. (omitted) C. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year. D. (omitted) 2. The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and	

Article after Revision	Article before Revision	Reason for Revision
2. The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month. 3. (omitted) 4. 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. 5. (omitted)	enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month. 3. (omitted) 4. 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. 5. (omitted)	
Article 15 The subsidiaries of the Company shall be handled in accordance with the following regulations: 1.~2. (omitted) 3. The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred in determining whether, relative to <u>paid-in capital or total assets</u>, it reaches a threshold requiring public announcement and regulatory filing.	Article 15 The subsidiaries of the Company shall be handled in accordance with the following regulations: 1.~2. (omitted) 3. The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred in determining whether, relative to the calculation of transaction amounts of 20 percent or total assets of 10, it reaches a threshold requiring public announcement and regulatory filing.	To accommodate the regulations.

Article after Revision	Article before Revision	Reason for Revision
Article 16 Enforcement <u>The audit committee has been established by the Company in accordance with the provisions of the Act, when the procedures are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. 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 terms "all audit committee members" in paragraph 1 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions. After the procedures have been approved by the board of directors and then to a shareholders' meeting for approval; the same applies when the procedures are amended. When the procedures are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses</u>	Article 16 Enforcement 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. If any 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 and then to shareholders' meeting for discussion; the same applies when the Procedures are amended. When the Procedures are 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. After approved by a shareholders' meeting, the Procedures shall be publicly announced to the information reporting website designated by the competent authority. When the Company has established an Audit Committee to replace the Supervisors, the Company is not subject to the provisions regarding the Supervisors' during the Audit Committee's term of office. The Audit Committee and/or its Independent Directors will perform the duties subject to the relevant laws and regulations.	To accommodate the regulations.

Article after Revision	Article before Revision	Reason for Revision
<u>reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u> 1st amendment~ the 7th amendment....(omitted) <u>The Procedures were duly amended on June 13th, 2019 as the 8th amendment.</u>	1st amendment~ the 6th amendment....(omitted) The Procedures were duly amended on June 16th, 2017 as the 7th amendment.	

Comparison Table for Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees

Article after revision	Article before revision	Reason of revision
Article 1 Purpose and basis To organize the procedure for monetary loan, endorsement, or provision of guarantee. The Company revises this provision according to Section 36-1 of Security Act and the applicable regulations. The financial statement is made according to IFRSs, "Net Worth" set forth in this procedure means equity attributable to owners of the parent in the balance sheet as stated in Regulations Governing the Preparation of Financial Reports by Securities Issuers. If the Company set up an Audit Committee to replace the Supervisors, the Supervisor-related provision of this procedure shall be no longer applicable. And the Audit Committee and/or Independent Directors thereof to exercise powers as representative pursuant to applicable laws.	Article 1 Purpose and basis To organize the procedure for monetary loan, endorsement, or provision of guarantee. The Company revises this provision according to Section 36-1 of Security Act and the applicable regulations. The financial statement is made according to IFRSs, "Net Worth" set forth in this procedure means equity attributable to owners of the parent in the balance sheet as stated in Regulations Governing the Preparation of Financial Reports by Securities Issuers. If the Company set up an Audit Committee to replace the Supervisors, the Supervisor-related provision of this procedure shall be no longer applicable. And the Audit Committee and/or Independent Directors thereof to exercise powers as representative pursuant to applicable laws.	To accommodate the actual operational needs.
Article 3 Amount limits of Loans of Funds 1. The amount of Loans of Funds shall not exceed 40% of the net worth on the most current financial statements audited from accountants (referred to as t the net worth on the financial statements) of the company's most recent account audited by the accountant. The company operated loans of funds from holding 100% voting	Article 3 Amount limits of Loans of Funds 1. The amount of Loans of Funds shall not exceed 40% of the net worth on the most current financial statements audited from accountants (referred to as t the net worth on the financial statements) of the company's most recent account audited by the accountant. The company operated loans of funds from holding 100% voting	To accommodate the regulations and the actual operational needs.

Article after revision	Article before revision	Reason of revision
shares of foreign companies directly and indirectly, <u>the restriction in the preceding description shall not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares.</u> 2.~3. (omitted) 4. 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, a public company shall adopt rectification plans and submit the rectification plans to all the <u>Audit Committee</u> supervisors, and shall complete the rectification according to the timeframe set out in the plan.	shares of foreign companies directly and indirectly. 2.~3. (omitted) 4. 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, a public company shall adopt rectification plans and submit the rectification plans to all the supervisors, and shall complete the rectification according to the timeframe set out in the plan.	
Article 4 The Procedure When the borrower applied for a loan, the authority should investigate credit and evaluate risk by necessity and rationality, the business of the financing target, financial status, solvency and credit, profitability and borrowing purposes for loans of funds, and the impact of the Company's operational risk, financial position and shareholders' equity and the value of collateral , it shall be approved by Board of Directors to loan by evaluation report on the formulation of loans and maximum amount, duration and interest-bearing method. When the procedures are submitted for discussion by the board of directors pursuant to	Article 4 The Procedure When the borrower applied for a loan, the authority should investigate credit and evaluate risk by necessity and rationality, the business of the financing target, financial status, solvency and credit, profitability and borrowing purposes for loans of funds, and the impact of the Company's operational risk, financial position and shareholders' equity and the value of collateral , it shall be approved by Board of Directors to loan by evaluation report on the formulation of loans and maximum amount, duration and interest-bearing method. When the procedures are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of	To accommodate the regulations and the actual operational needs.

Article after revision	Article before revision	Reason of revision
the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions, <u>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> the clearly opinion of agree and disagree and the reason of disagree shall be recorded in the minutes of the board of directors meeting. Loans of funds between the public company and its parent company or subsidiaries, or between its subsidiaries, shall be submitted for a resolution by the board of directors pursuant to the preceding paragraph, and the chairperson 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. <u>The certain monetary limit mentioned in the preceding paragraph shall meet the regulation of Article 3, paragraph 1.</u> 2.~7. (omitted) 8. The Company's internal auditors shall audit the Operational Procedures for Endorsements/Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written	directors shall take into full consideration each independent director's opinions, the clearly opinion of agree and disagree and the reason of disagree shall be recorded in the minutes of the board of directors meeting. Loans of funds between the public company and its parent company or subsidiaries, or between its subsidiaries, shall be submitted for a resolution by the board of directors pursuant to the preceding paragraph, and the chairperson 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. The "certain monetary limit" mentioned in the preceding paragraph on authorization for loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the lending company, except in cases of companies in compliance with Article 3, paragraph 1. 2.~7. (omitted) The Company's internal auditors shall audit the Operational Procedures for Endorsements/Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall	

Article after revision	Article before revision	Reason of revision
records accordingly. They shall promptly notify all the <u>Audit Committee</u> supervisors in writing of any material violation found. 9.~10. (omitted)	promptly notify all the supervisors in writing of any material violation found. 9.~10. (omitted)	
Article 5 Announce and report 1.~3. (omitted) 4. <u>“Date of occurrence” in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction of loans of funds, whichever date is earlier.</u>	Article 5 Announce and report 1.~3. (omitted) 4. New	To accommodate the regulations.
Article 8 Amount limits of endorsements/guarantees 1.~2. (omitted) 3. 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, a public company shall adopt rectification plans and submit the rectification plans to all the <u>Audit Committee</u> supervisors, and shall complete the rectification according to the timeframe set out in the plan.	Article 8 Amount limits of endorsements/guarantees 1.~2. (omitted) 3. 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, a public company shall adopt rectification plans and submit the rectification plans to all the supervisors, and shall complete the rectification according to the timeframe set out in the plan.	To accommodate the actual operational needs.
Article 9 The Procedure 1. (omitted) 2. Before making an endorsement/guarantee for others, The Company shall resolved upon by the board of directors, but approved by the chairman of the board, where	Article 9 The Procedure 1. (omitted) Before making an endorsement/guarantee for others, The Company shall resolved upon by the board of directors, but approved by the chairman of the board, where	To accommodate the regulations and the actual operational needs.

Article after revision	Article before revision	Reason of revision
empowered by the board of directors within not exceeding the limit amount , for subsequent submission to and ratification by the next board of directors' meeting. When the procedures are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions, <u>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> the clearly opinion of agree and disagree and the reason of disagree shall be recorded in the minutes of the board of directors meeting. 3.~8. (omitted) 9. The Company's internal auditors shall audit the Operational Procedures for Endorsements/Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the <u>Audit Committee</u> supervisors in writing of any material violation found. 10.~11. (omitted)	empowered by the board of directors within not exceeding the limit amount , for subsequent submission to and ratification by the next board of directors' meeting. When the procedures are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions, the clearly opinion of agree and disagree and the reason of disagree shall be recorded in the minutes of the board of directors meeting. 3.~8. (omitted) 9. The Company's internal auditors shall audit the Operational Procedures for Endorsements/Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found. 10.~11. (omitted)	
Article 10 Announce and report The endorsements/guarantees of the Company that should announce and report in accordance with Regulations Governing Loaning of Funds and	Article 10 Announce and report The endorsements/guarantees of the Company that should announce and report in accordance with Regulations Governing Loaning of Funds and	To accommodate the regulations.

Article after revision	Article before revision	Reason of revision
Making of Endorsements/Guarantees by Public Companies, and the term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC). 1. (omitted) 2. The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence: (1)~(2) (omitted) (3) The balance of endorsements/guarantees by the public company and its subsidiaries for a single enterprise reaches NT\$10,000,000 or more and the aggregate amount of all endorsements/guarantees for, investment of <u>book amount by adopting the equity method</u>, and balance of loans to, such enterprise reaches 30 percent or more of public company's net worth as stated in its latest financial statement. (4) (omitted) 3. (omitted) 4. <u>"Date of occurrence" in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction of endorsements/guarantees, whichever date is earlier.</u>	Making of Endorsements/Guarantees by Public Companies, and the term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC). 1. (omitted) 2. The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence: (1)~(2) (omitted) (3) The balance of endorsements/guarantees by the public company and its subsidiaries for a single enterprise reaches NT\$10,000,000 or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of public company's net worth as stated in its latest financial statement. (4) (omitted) 3. (omitted) 4. New	

Article after revision	Article before revision	Reason of revision
Article 11 Enforcement <u>The audit committee has been established by the Company in accordance with the provisions of the Act, when the procedures are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.</u> <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 terms "all audit committee members" in paragraph 1 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</u> <u>After the procedures have been approved by the board of directors and then to a shareholders' meeting for approval; the same applies when the procedures are amended. When the procedures are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions.</u> <u>If an independent director objects to or expresses reservations about any matter, it shall be recorded in the</u>	Article 11 Enforcement The Company intending to loan funds to others shall formulate its Operational Procedures for Loaning Funds to Others in compliance with these Regulations, and, after passage by the board of directors, submit the Procedures to each supervisor and submit them for approval by the shareholders' meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion to each supervisor and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures. The board of directors shall take into full consideration each independent director's opinions, the clearly opinion of agree and disagree and the reason of disagree shall be recorded in the minutes of the board of directors meeting. 1st amendment ~ the 5th amendment....(omitted) The Procedures were duly amended on June 16th, 2017 as the 7th amendment.	To add the date of revision.

Article after revision	Article before revision	Reason of revision
<u>minutes of the board of directors meeting.</u> The Company intending to loan funds to others shall formulate its Operational Procedures for Loaning Funds to Others in compliance with these Regulations, and, after passage by the board of directors, submit the Procedures to each <u>independent director supervisor</u> and submit them for approval by the shareholders' meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion to each <u>independent director supervisor</u> and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.The board of directors shall take into full consideration each independent director's opinions, the clearly opinion of agree and disagree and the reason of disagree shall be recorded in the minutes of the board of directors meeting. 1st amendment ~ the 5th amendment....(omitted) The Procedures were duly amended on June 16th, 2017 as the 7th amendment. <u>The Procedures were duly amended on June 13th, 2019 as the 8th amendment.</u>		

Comparison Table for Procedures of Election of Directors

Article after revision	Article before revision	Reason of revision
Article 3 <u>The overall composition of the board of directors shall be taken into consideration in the selection of this Corporation's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:</u> <u>1.Basic requirements and values: Gender, age, nationality, and culture.</u> <u>2.Professional knowledge and skills:A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.</u> <u>Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:</u> <u>1.The ability to make judgments about operations.</u> <u>2.The ability to make judgments about operations.</u> <u>3.Business management ability.</u> <u>4.Crisis management ability.</u> <u>5.Knowledge of the industry.</u> <u>6.An international market perspective.</u> <u>7.Leadership ability.</u>	Article 3 Directors of the Corporation shall be elected from among persons with disposing capacity in accordance with these Rules. Where appointment of independent directors is required for the Corporation pursuant to the Articles of Incorporation of the Corporation, candidates' nomination system shall be adopted for the election and qualifications of the independent directors shall be consistent with the requirements under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	To accommodate the regulations and the actual operational needs.

<u>8.Decision-making ability.</u> <u>The board of directors of this Corporation shall consider adjusting its composition based on the results of performance evaluation.</u> Directors of the Corporation shall be elected from among persons with disposing capacity in accordance with these Rules. Where appointment of independent directors is required for the Corporation pursuant to the Articles of Incorporation of the Corporation, candidates' nomination system shall be adopted for the election and qualifications of the <u>composition of</u> independent directors shall be consistent with the requirements under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."		
Article 14 These Rules and any amendments hereto, shall be implemented after being passed by a shareholders' meeting. 1st amendment ~ the 3th amendment....(omitted) The Procedures were duly amended on June 16th, 2017 as the 4th amendment. <u>The Procedures were duly amended on June 13th, 2019 as the 5th amendment.</u>	Article 14 These Rules and any amendments hereto, shall be implemented after being passed by a shareholders' meeting. 1st amendment ~ the 3th amendment....(omitted) The Procedures were duly amended on June 16th, 2017 as the 4th amendment.	To add the date of revision.

Fund Raising Methods and Handling Principles of Private Placement

I.Amount of shares

It is proposed that the shareholders meeting to authorize the Board of Directors ("Board"), within the limit of 60,000,000 common shares, to raise funds through private placement based on the Company's needs and market conditions. Afore-mentioned private placement includes single or combo instruments such as issuance of new common shares for cash in private placement ("Private Placement Common Shares") and/or issuance of overseas or domestic convertible bonds in private placement ("Private Placement CB"), and shall be executed by one or two run(s). For issuance of Private Placement CB, the number of common shares to be converted shall be calculated in accordance with the conversion price at the time of issuance and shall be no more than 60,000,000 shares.

II.Issuance of Private Placement Common Shares

1.Basis and rationality to determine the issue price:

- (1) The reference price is set as the higher of the following two calculation methods: (a) the simple average closing price from either 1, 3 or 5 trading days prior to the pricing date; (b) the simple average closing price of 30 trading days prior to the pricing date, minus dividends adjustments, plus price discount due to capital reduction.
- (2) The issue price shall be no less than 80% of the reference price. It is proposed to authorize the Board to determine the issue price based on the results of negotiation with specific investors and market conditions.
- (3) The issue price of Private Placement Common Shares will be determined referring to the Company's share prices and Directions for Public Companies Conducting Private Placements of Securities which has set a no-trading period of 3 years on private placement securities. Therefore, determination of the issue price should be considered reasonable.

2.The method of determining specific investors, objective, necessity and anticipated benefit:

The specific investors shall meet the qualifications regulated in Article 43-6 of the Securities and Exchange Act and are limited to strategic investors. Priority will be given to the individual or institutional investors who could benefit the Company's long term development and competitiveness. The Board is fully authorized to determine the specific investors. By leveraging the strategic investor's capability and experience in technology, knowledge, business, finance or marketing channel, the Company could benefit from technology upgrades, product development, cost reduction, market expansion and ultimately to strengthen the Company's competitiveness and to enhance its operational efficiency and long term development.

3.The necessity for issuance of Private Placement Common Shares :

Considering the capital market's effectiveness, feasibility and costs to raise capital, the benefits to maintain long-term relationship with strategic partners and the no-trading period of 3 years by such security issuance of private placement, the Company proposed to raise funds through private placement, rather than public offering.

The private placement will be executed by one or two run(s) according to the results of negotiation with specific investors and market conditions.

4. Use of proceeds and the anticipated benefit:

(1). Private placement with one run (adding issued Private Placement CB shall be no more than 60,000,000 shares in aggregate):

The proceeds will be used to invest in digital imaging related equipment and technology, expanding market, enriching working capital, repaying borrowings and reinforcing financial structures which will in turn strengthen the company's competitiveness, operating efficiency and boost shareholders' equity.

(2). Private placement with two runs

The first run: 10,000,000 ~ 50,000,000 shares (adding issued Private Placement CB shall be no more than 60,000,000 shares in aggregate)

The proceeds will be used to invest in digital imaging related equipment and technology, expanding market, enriching working capital, repaying borrowings and reinforcing financial structures which will in turn strengthen the company's competitiveness, operating efficiency and boost shareholders' equity.

The second run: 10,000,000 ~ 50,000,000 shares (adding issued Private Placement Common Shares and issued Private Placement CB shall be no more than 60,000,000 shares in aggregate)

The proceeds will be used to invest in digital imaging related equipment and technology, expanding market, enriching working capital, repaying borrowings and reinforcing financial structures which will in turn strengthen the company's competitiveness, operating efficiency and boost shareholders' equity.

5. The rights and obligations of Private Placement Common Shares are the same as the issued common shares except for the restriction on transfers specified in Article 43-8 of the Securities and Exchange Act.

III. Issuance of Private Placement CB

1. Duration : No more than seven years.

2. Rate : It is proposed to authorize the Board to decide the rate based on market conditions.

3. Par Value : NTD 100,000 or its multiple times ; USD 10, 000 or its multiple times.

4. Basis and rationality to determine the issue price:

(1) The issue price of Private Placement CB shall not be lower than 80% of the theoretical price which is determined by a pricing model considering all options in the issuance terms.

(2) It is proposed to authorize the Board to determine the issue price based on the results of negotiation with specific investors and market conditions.

(3) The issue price of the Private Placement CB will be determined referring to the Company's share prices and Directions for Public Companies Conducting Private

Placements of Securities which has set a no-trading period of 3 years on private placement securities. Therefore, determination of the issue price should be considered reasonable.

5.The method of determining specific investors, objective, necessity and anticipated benefit:

The specific investors shall meet the qualifications regulated in Article 43-6 of the Securities and Exchange Act and are limited to strategic investors. Priority will be given to the individual or institutional investors who could benefit the Company's long term development and competitiveness. The Board is fully authorized to determine the specific investors. By leveraging the strategic investor's capability and experience in technology, knowledge, business, finance or marketing channel, the Company could benefit from technology upgrades, product development, cost reduction, market expansion and ultimately to strengthen the Company's competitiveness and to enhance its operational efficiency and long term development.

6.The necessity for issuance of Private Placement CB :

Considering the capital market's effectiveness, feasibility and costs to raise capital, the benefits to maintain long-term relationship with strategic partners and the no-trading period of 3 years by such security issuance of private placement, the Company proposed to raise funds through private placement, rather than public offering.

The private placement will be executed by one or two run(s) according to the results of negotiation with specific investors and market conditions.

7.Use of proceeds and the anticipated benefits:

(1).Private placement with one run : (adding issued Private Placement Common Shares shall be no more than 60,000,000 shares in aggregate)

The proceeds will be used to invest in digital imaging related equipment and technology, expanding market, enriching working capital, repaying borrowings and reinforcing financial structures which will in turn strengthen the company's competitiveness, operating efficiency and boost shareholders' equity.

(2).Private placement with two runs

The first run: 10,000,000 ~ 50,000,000 shares (adding issued Private Placement Common Shares shall be no more than 60,000,000 shares in aggregate)

The proceeds will be used to invest in digital imaging related equipment and technology, expanding market, enriching working capital, repaying borrowings and reinforcing financial structures which will in turn strengthen the company's competitiveness, operating efficiency and boost shareholders' equity.

The second run:10,000,000 ~ 50,000,000 shares (adding issued Private Placement Common Shares and issued Private Placement CB shall be no more than 60,000,000 shares in aggregate)

The proceeds will be used to invest in digital imaging related equipment and technology, expanding market, enriching working capital, repaying borrowings and

reinforcing financial structures which will in turn strengthen the company's competitiveness, operating efficiency and boost shareholders' equity.

8.The restriction on transfer of Private Placement CB complies with Article 43-8 of the Securities and Exchange Act.

Regulations Governing the Grant of Restricted Stock Awards of 2019

1. Purpose

To attract and retain professional personnel, to motivate employees and enhance their centripetal force so as to jointly create the Company's and shareholders' interests, the Company hereby sets the Regulations Governing the Grant of Restricted Stock Awards (hereinafter referred to as the Regulations) pursuant to Article 267 of Company Act and relevant provisions prescribed under "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" (hereinafter referred to as "Offering and Issuance Regulations" promulgated by Financial Supervisory Commission.

2. Grant Period

The issuance shall be filed to the competent authority in one tranche or multiple tranches within one (1) year from the date of the resolution of the Shareholders Meeting, and be granted in one tranche or multiple tranches within one (1) year from the date when the application becomes effective. The Chairman is authorized by the Board of Directors to determine the actual grant date.

3. Qualifications and Conditions for the Awards

(1) Full-time employees of the company and the company's domestic and foreign control or subordinate companies who are already employed on the date that such restricted shares are awarded shall be eligible to receive the RSA. The alleged control or subordinate company is in accordance with the standard identification about(in?) Article 369-2 of Company Act.

(2) The number of granted shares shall be determined by seniority, position, performance, overall contribution, special contribution and other factors in management. The list and shares to be granted shall be reviewed by the Chairman and be approved by Board. However, for employees who are managerial officers or Board members, the award of such shares shall obtain approval of the Compensation Committee in advance.

(3) For each employee, the cumulative number of shares of employee stock warrants to be subscribed, plus the cumulative number of new restricted employee shares granted, may not exceed 0.3 percent of the Company's total issued shares. And the above in combination with the cumulative number of shares of employee stock warrants to be subscribed, may not exceed 1 percent of the issuer's total issued shares.

4. Total amounts (shares) of issuance

The number of shares issued under this plan shall not exceed 3,000,000 common shares with par value at NT10, for a total amount of NTD (the same hereinafter) 30,000,000.

5. Conditions of Issuance

(1) Issuance Price: The issuing price is gratuitous.

(2) Vested Conditions:

Employees continuously employing with the Company and the company's domestic and foreign control or subordinate companies through the vesting dates to the following vested periods with personal performance B+ or higher, no violation any work rules, will receive the vested shares as below:

One Year: 40% of shares acquired.

Two Years: 30% of shares acquired.

Three Years: 30% of shares acquired.

(3) Type of shares to be issued: common shares.

(4) Handling of employee's failure to meet the vested conditions

- A. The Company shall redeem shares for free from employee failing to meet the vested conditions.
- B. For employees voluntarily design, unemployed, laid-off and retired without being granted for vested shares, the Company shall buy back from employees for free.
- C. Leave without pay: In case the employee leaves without pay on the vested day, the employee shall be deemed as nonconformance with vested conditions and the Company shall recover the restricted stock awards.
- D. Transfer to affiliated company: In case the employee is approved by the Company for transfer to affiliated companies needed for company operation, the rights and obligations of non-vested restricted stock awards will not be affected but will still be processed by the regulations.
- E. In case the employee could not continue the job due physical disability as a result of occupational accident, the non-vested Restricted Stock Awards shall be deemed as conforming vested conditions annually by the period of vested conditions.
- F. For employee death due to occupational accident or natural death without vested Restricted Stock Awards, the successor can be deemed as completing the vested condition by the annual period of vested conditions upon the death of employees. The successor by law will complete the law necessary procedures and provide relevant document of proof pursuant to the relevant clauses of Civil Code and the inheritance transfer related provisions of "Criteria Governing Handling of Stock Affairs by Public Stock Companies" after the occurrence of facts to acquire the shares by agreement.
- G. Prior to the completion of vested conditions and if employees breach contract of item (7) of this Article, the Company shall buy back the stocks from employees for free.

(5) The Company shall cancel the redeemed restricted stock awards.

(6) Circumstances of nonconformance with previous restricted stock awards:

- A. Employees may not sell, pledge, transfer, give to other people, collateralize or dispose in other modes with the restricted stock awards during the vested period.
- B. In case the Company applies for capital reduction by cash and other capital reduction other than capital reduction by law during the vested period, Restricted Stock Awards shall be cancelled by pro rata of capital reduction. In case of capital reduction by cash, the cash returned must be given to trust and shall only be given to employees after meeting the vested conditions and period. Nonetheless in case the employees fail to meet the vested conditions upon the expiration, the Company shall recover the cash.

(7) Other matters of agreement:

- A. Restricted Stock Awards should be immediately given to trust or custody after issuance and the trustee may not be returned by request through any reason or mean prior to the completion of vested conditions.
- B. The company shall have full authority to process the contract on behalf of the employee and the trust custodian (including but not limited to) for the negotiation, signing, revision, extension, dissolution, termination, and given, utilization and disposal instructions.
- C. Restricted Stock Awards are eligible to participate in stock dividend, dividends and stock options at cash capital increase during the vested period. The Company shall give stock dividend and dividends received during the vested period to employees for free.

6. Contract signing and confidentiality

- (1) After verifying the total units, subscription price, principles of allocation and the list of receivers for the granting Restricted Stock Awards, the unit in charge shall notify the employees to sign the "Restricted Stock Awards Consent Form." Employees without signing the consent by requirement shall be deemed as waiving the eligibility for being granted with Restricted Stock Awards.
- (2) Employees shall comply with terms and conditions of confidentiality and not to disclose the relevant content of the proposal and personal rights and interest to others.
- (3) Holders acquiring Restricted Stock Awards and the rights and interests derived via the Regulations shall comply with the Regulations and the provisions specified under "Restricted Stock Awards Consent Form." Persons breaching contract will be disciplined according to the relevant regulations of the Company.

7. Other important matters

- (1) After the Regulations have been approved by the Board of Directors, with two thirds directors attending the meeting and the majority of attending directors reach agreement, the Regulations shall be submitted to the competent authority for approval. The same procedures shall apply to the revision before the Restricted Stock Awards are to be granted. In case a revision is requested by the competent authority, the Chairman is authorized to amend the Regulations and submit to the Board of Directors for ratification afterwards prior to the grant.
- (2) Prior to meeting vested conditions, the attendance, proposal, speaking, right to vote and other shareholder's equity related matters for the shareholder's meeting shall all be commissioned to the trust custodian for exercise.
- (3) Any other matters not set forth herein shall be dealt with in accordance with the Applicable Laws and/or the Articles.