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Coretronic Corporation

2019 Annual Shareholders' Meeting

Meeting Agenda

(Translation)

June 13, 2019

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Coretronic Corporation
2019 Annual General Shareholders' Meeting Procedure

1. Call the Meeting to Order
2. Chairman's Address
3. Report Items
4. Ratification Items
5. Discussion and Election Items
6. Extraordinary Motions
7. Meeting Adjournment

Coretronic Corporation
2019 Annual General Shareholders' Meeting Agenda

Time : 9:00 a.m., June 13 (Thursday), 2019

Place : Chunan Science Park (No. 2, Ke Bei 5th Rd., Science Park, Chu-Nan, Miao-Li County)

I. Chairman's Address

II. Report Items

1. 2018 Annual Business Report.
2. Audit Committee's Review Report.
3. The distribution of 2018 employees' compensation.

III. Ratification Items

1. Ratification of 2018 Annual Business Report and Financial Statements.
2. Ratification of the Proposal for the Distribution of 2018 Earnings.

IV. Discussion and Election Items

1. Proposal for the cash distribution of additional paid-in capital.
2. Proposal of Amending the Company's Articles of Incorporation.
3. Proposal of Amending the Company's Procedures of Acquisition or Disposal of Assets.
4. Proposal of Amending the Company's Procedures of Loaning of Funds and Making of Endorsements /Guarantees.
5. Proposal for the Company's election of Directors.
6. Proposal to release the newly-elected Directors from non-competition restrictions.

V. Extraordinary Motions

VI. Meeting Adjournment

Report Items

1. 2018 Annual Business Report

Description: 2018 Annual Business Report is attached as Attachment 1.

2. Audit Committee's Review Report

Description: 2018 Audit Committee's Report is attached as Attachment 2.

3. The distribution of 2018 employees' compensation.

Description: In accordance with Company Act and the Company Article of Incorporation ,
10%~20% of profit of the current year shall be distributed as employees' compensation.
The board of directors resolved to distribute NT \$ 290,397,559 as 2018's employee compensation in cash.

Ratification Items

1. Ratification of 2018 Business Report and Financial Statements. (Proposed by the Board of Directors)

Description:

- (1) The 2018 financial statements of the Company had been audited by Ernst & Young.
- (2) Please refer to attachment 1 and 3 for 2018 Business Report and financial statements.
- (3) Please resolve.

Resolution:

2. Ratification of the Proposal for the Distribution of 2018 Earnings. (Proposed by the Board of Directors)

Description:

- (1) The proposed earnings distribution is allocated from Earnings in 2018 Available for Distribution, The earnings distribution table please refer to attachment 4.
- (2) Record date for paying cash dividend: Upon the approval of the 2019 shareholders' meeting, it is proposed to authorize the Chairman to determine the ex-dividend date.
- (3) In the event that, before the distribution record date, the outstanding shares are affected, it is proposed that the Chairman shall be authorized to adjust the cash dividend per share based on the number of actual shares outstanding on the record date for distribution.
- (4) Please resolve.

Resolution:

Discussion and Election Items

1. Proposal for the cash distribution of additional paid-in capital (Proposed by the Board of Directors)

- (1) The Company intends to pay back NT\$651,634,665 additional paid-in capital, the excess paid by investors over and above the par-value price of the previous stock issued, to the shareholders in accordance with Article 241 of the Company Act. It is proposed to pay NT\$1.5 per share based on the number of shares issued by the record date. Cash distribution ratio is calculated on the basis of whole NT dollar, rounded down to whole NT dollar, for total fractional dollars less than whole NT dollar, arrogant by decimal digit to low and account number from the front to rear adjustment order to meet the total cash.
- (2) Record date for paying additional paid-in capital: Upon the approval of the 2019 shareholders' meeting, it is proposed to authorize the Chairman to determine the distribution date.
- (3) In the event that, before the distribution record date, the outstanding shares are affected, it is proposed that the chairman be authorized to adjust the cash dividend per share based on the number of actual shares outstanding on the record date for distribution.
- (4) Please resolve.

Resolution:

2. Proposal of Amending the Company's Articles of Incorporation. (Proposed by the Board of Directors)

- (1) To accommodate the Company's future business plan, comply applicable laws and accommodate the Company's actual business practice, it is proposed to make certain provision to the Articles of Incorporation of the Company.
- (2) The comparison table of amendments to the Company's Articles of Incorporation is attached as Attachment 5.
- (3) Please resolve.

Resolution:

3. Proposal of Amending the Procedures of Acquisition or Disposal of Assets. (Proposed by the Board of Directors)

- (1) To comply with applicable laws and accommodate the Company's actual business practice, it is proposed to amend the Procedures of Acquisition or Disposal of Assets.
- (2) The comparison table of amendments to the Procedures of Acquisition or Disposal of Assets is attached as Attachment 6.
- (3) Please resolve.

Resolution:

4. Proposal of Amending the Company's Procedures of Loaning of Funds and Making of Endorsements /Guarantees. (Proposed by the Board of Directors)

- (1) To comply with applicable laws, it is proposed to amend the Loaning of Funds and Making of Endorsements /Guarantees.
- (2) The comparison table of amendments to the Procedures of Loaning of Funds and Making of

Endorsements/Guarantees is attached as Attachment 7.

(3) Please resolve.

Resolution:

5. Proposal for the Company's election of Directors. (Proposed by the Board of Directors)

(1)The ninth term of the office of Directors will expire on June 14, 2019, old Directors retiring on the date of election of new Directors. According to the Company's Articles of Incorporation and the Board resolution, there shall be a board of Directors consisting of seven persons including three Independent Directors. The terms of the new Directors will be three years. The tenth term of the office of Directors start from June 13, 2019 and expire on June 12, 2022.

(2)The Company adopts the candidate nomination system for electing Directors. Directors should be elected form the condidate list. The information of the candidates please refer to attachment 8.

(3) Please elect.

Election Results:

6. Proposal to release the newly-elected Directors from non-competition restrictions. (Proposed by the Board of Directors)

(1)According to Article 209 of the Company Act, a director who conducts business within the business scope of the Company for himself or others shall explain at the shareholders' meeting the essential contents of such conduct and obtain the shareholders' approval.

(2)As certain Directors elected at this shareholders' meeting concurrently work for other companies, which may constitute the act restricted under Article 209 of the Company Act, it is proposed to release the non-competition restrictions on the directors without prejudice to the interests of the Company. The list of competition restrictions on Directors proposed to be released is attached as attachment 9.

(3) Please resolve.

Resolution:

Extraordinary Motions

Meeting Adjournment

Coretronic Corporation

2018 Business Report

For the fiscal year of 2018, Coretronic reported a consolidated sales revenue of NT\$55,673 million, up 5% YoY. Consolidated operating income totaled NT\$2,302 million with a pre-tax income of NT\$2,867 million. Net income was reported at NT\$2,128 million. Net income attributable to equity holders of the parent Company was NT\$2,020 million up 15% YoY, and the EPS in 2018 was NT\$4.65.

Sales breakdowns by product lines in 2018 as below: (Consolidated)

Product	2018	2017	Diff.
Energy Saving Products (unit/pc)	47,620,992	47,589,426	0.07%
Visual Solutions Products (unit)	1,309,517	1,333,641	(1.81%)

Reflecting to 2018, in response to the ultra-thin, narrow edged, high-resolution, and energy-saving displays on the market, the Company continued to develop its core technology of light guide plates, display technology, and system integration technology to enhance product competency. In terms of injection-molded light guide plates, Coretronic introduced new IML light guide plates with special optical components to further increase at least 25% of efficiency compared to the traditional Laser pattern optimize LGP. It can be used in high dynamic range Imaging (HDR) module of 1.5D Local Dimming below 17.3" for NB application. The Company also kept advancing the technology in hot embossing light guide plates, successfully developing PC RS-IML in hybrid mini-structure that produces the same efficiency as the PMMA IML light guide plates. This technology features low internal stress, no need for mold, and high capacity. The thickness can be reduced to below 0.3T, which is suitable for ultra-narrow edge display. In the research and development of HDR, 1.5D Local Dimming and backlight module scanning were developed and furthered implemented in gaming PC and monitor display. For thin 2D Local Dimming demand, the Company continued to develop 512~1152 Local Dimming with 3~7mm OD (Optical Density) by using optical technology. Special diffuser printing techniques were utilized to produce monitor display products that are thin and cost-effective. The OD1.8 (overall LCM module < 6mm) that incorporates exclusive Lens LGP design was also optimized.

In addition, the Company developed the fifth-generation e-Privacy display technology with switchable viewing angles to achieve lower power consumption and better privacy performance. It utilizes the core technology of a light guide plate, backlight and special diaphragm technology rather than traditional louver film, which is inconvenient and compromising for picture contrast quality. The product's slim, narrow border and embedded touch feature are also co-design with customers. In automotive applications, exhaustive studies of LCMs for head-up displays through Picture Generation Unit have led to the development of effective multi-optical lenses with specific vertical viewing angles to improve visual quality, reduce volume and produce higher efficiency. Following future trends for high contrast display, the Company has successfully developed the one-piece optical lens with only a 4mm OD and a 2D dynamic dimming LCD display, with customer collaboration. Semi-system integration is another new business worth exploring. To provide one-stop solutions with better yield rates, product quality and niche designs, we have successfully developed an LCM touch module to brand customers for various applications.

Through extending the original core competence, we are developed a seamless, globally leading technology featuring special LCD display optical components for the border, so the borders of two neighboring LCD displays can be reduced to less than 0.5mm. The image becomes complete, offering a continuous distortion-free video wall without a conventional black seam. It also offers a user-friendly plug-and-play software design which uses a playback and layout management program

to make public information displays smart and easy to use. In addition to using special optical components, it creates an immersive gaming environment by connecting 2~3 LCD displays. This has been adapted to a product by a well know PC brand. A 55 inch dual public information display with less than 2cm thickness can play two different video footages or pictures. Another ultra-high brightness technology makes the displays sun-light readable. Interchangeable LCD All-in-One POS (Point of Sales) product lines have also seen extraordinary achievement. In the medical display series, Coretronic has also developed large-size surgical displays which can support multi -signal source inputs. The unification of the image information on the screen provides patient's physiological and medical information for physicians to get a comprehensive, quick review on the monitors. The Smart Home product team has also developed interactive Smart Mirror with mirrors, voice information streaming, clocks and other multi-functional smart home features so that the Company's core technology can be extended to applications in different fields. Coretronic will continue to develop the core capabilities in the display-related technology, to provide customers with fast, low-cost, high-quality and various semi-system and system products, in order to create higher value for the customers.

Visual solution products have not only made advancement in the innovative applications field, but the products have also been actively building on core technologies for key components and key modules. We are constantly in pursuit of technological advancements and breakthroughs in our product.

The first smart 4K LED projector with voice recognition was launched in mid of 2018, and it immediately became the benchmark on the market. Laser light source products continue to lead the projector industry. The performance and cost competitiveness of our projectors have increased due to the continuous optimization of dual-color laser light source ultra-short throw projectors. Toward the end of 2018, mainstream laser light source projectors began shipment and caught onto the rapid growth trend in the laser light source market. The smart home 4K ultra short-throw projector began mass productions at the beginning of 2018. This is initiated a new trend of transformation from home projections to home theater. As a result, Coretronic has achieved a very high market share.

In the education and corporate market sectors, Coretronic understands the underlying needs for interactive learning and the demands for intelligent offices for corporations. Our solution is achieved through the use of built-in and external touch screens. The goal is to retain more than 50% of China's laser projector market and maintain the number one worldwide position in shipment status.

ProAV products are in continued promotion of single-chip DLP products in 2018. The development of ProAV products headed towards higher brightness and high resolution 4K laser product extended to applications in staging and rental. Furthermore, the potential of approaching special applications has been made possible in simulators. To enhance the outdoor application experience, the development of laser light source with related customers can push products to new levels of brightness.

In 2018, key components and modules have achieved leading results, parking stronger competitive power and momentum to the Coretronic as a whole. In the development of the laser-based key component, the overall efficiency of the inorganic phosphor wheel has improved through optimization of thermal resistance, optimization compactness and transmittance of the inorganic glue. In addition, a special surface process is used to improve the surface property of the phosphor layer. This improves the thermal conductivity, excitation and reflective efficiency. Throughout the development of the phosphor wheel technology and material, Coretronic has retained key manufacturing technology and cloud coating control system for future intelligent production lines.

In order to enhance the brightness of the projector and maintain a small size and low noise design, the R&D team is also working to improve the performance of the cooling module, water cooling system and cooling fan. The development of intelligent cooling system increases the lifespan of the

solid state lighting projectors. This detection mechanism will increase the overall safety of the projector. A new generation of high efficiency power supplies is adapting semi-digital technology to reduce power consumption and electromagnetic interference of parts through the use of design and simulation technology.

The Company will continuously develop core technologies for various key components and modules. These developments will be applied efficiently to high energy density and high brightness laser projector models. These key components are essential for improving the performance of laser projectors, thus allowing the Company to maintain a leadership position in the laser projections market. Moreover, future development priorities will focus on high contrast, wide color gamut, and color saturation, allowing the pursuit of new laser projector applications.

In response to its sustainable development strategy, Coretronic will continue to connect with high growth potential industries. In addition, the Company will further develop a number of different technologies and new products. First, the Company integrated core technologies along with the appropriate use of external production resources to complete the development of the Calibre image processor embedded in the All-in-One LED display. At present, two LED display products are expected to be mass produced in the first quarter of 2019 (130" P1.5 and 118" P1.8) which boast high reliability, quick installation, and user-friendliness.

Coretronic group has developed the mobile spectrometer solution based on TI DLP technology. This technology is applied to both commercial and consumer applications, including the "Counterfeit Drug" quick screening solution with the reflective type near-infrared spectrometer being recognized by WHO, the petrochemical industry production process inspected by fiber-optic spectrometer solution, edible oil products and the milk quality screening application using the transmissivity type spectrometer. A new product extend the wavelength range from 900-1700nm to 1300-2200nm was designed and approved to expanding the scope of detection applications with the distinguished advantages of small size and portability. This will comprehensively complete the edge-detecting devices and lay the foundation for entering the cloud business in the near future.

In the development of drones, Coretronic integrated fleet management, a robotic operation system (ROS), and self-developed closed source flight control with artificial intelligence to successfully provide an intelligent security drone solution. The drone business model is extended from ODM to solution integration and service applications. Autonomous Drone (+AI) is the core technology in developing innovative technologies such as AI detection, identification, dynamic obstacle avoidance, and VIO 3D SLAM.

The security drone hardware platform was developed in cooperation with strategic partners from Silicon Valley. The hardware platforms are currently being mass produced for field security for the top 500 North American corporations. Furthermore, the smart city subsidy program has been enacted by the Ministry of Economic Affairs' in Taiwan (R.O.C). The autonomous drone proof of concept verification is in progress, and it is currently also in exploration for a service-based business model. The intelligent security drone program won the "2019 Smart City Innovation Application Award" from the Taipei Computer Association.

In addition, Coretronic development of artificial intelligence, deep learning, computer vision, data science, Internet of Things, and cloud computing, allows the business model to expand into the smart retail and smart health businesses. In smart retail, Coretronic has exclusively established a recommendation system, virtual shelf, customer system and a skin analysis and electronic label solution. All of these systems have won the favor of several leading retail customers in Taiwan, implementing into retail stores. In smart health, immersive platform technology and solutions have been developed. This technology has also been successfully imported into the Asia Pacific area and has already expanded into gym chains. The product can simultaneously collect data, analyze data,

and apply and add value. It cooperates closely with customers, industries, and academics through a comprehensive business model to branch into unique fields of data analysis for a data-based service platform.

Moving forward, Coretronic will adhere to its mission as a leader in the digital display system technology sector, continue to develop innovative display solutions and aim to implement Image Recognition, AI and Cloud Services as the new focus directions. The specific development strategies are as follows:

- (I) An intense development optical core technology to extend the cross-application of optical components, system products, and sub-system products to increase product added value and price competitiveness and consolidated a global competitive edge in the display and imaging technological fields.
- (II) In the backlight module technology, the Company continues to develop all kinds of new edge type of light guide plates, direct-type light guide lenses, and special optical control diaphragms. We continuously reduce the thickness, border width, optical films and usage of LED for the backlight modules to increase optical efficiency and develop high-value-value applications such as gaming, tablets, notebooks, industrial monitors, car head-up displays and touch screens that are thin, small, energy efficient, privacy protecting and high dynamic range imaging display monitors for medical fields, gaming purposes, AIO monitors, thin and smart high-end televisions, and smart home display module.
- (III) Due to changes in the market business model and customer demand, product development has been evolved away pure backlight module shipments to semi-system and integrated system products designed and manufactured in combination with tablet / notebook / car monitors, head-up displays, and TV outer parts. This move aims to provide the best possible design, production, and global after-sales services for Brand Name / SI and panel customers.
- (IV) Following the trend of 4K resolution, Coretronic will release more 4K products with smart function and SSI light sources to provide customers with more and better choices. Meanwhile, mainstream models will also be taken on along with SSI solution, which will bring more growth momentum to Coretronic. Embedded system products will keep growing this year and they also show potential via integration with customers' applications. Our Laser TV 4K model platform was established last year, and it received positive market feedback. We will keep utilizing this competitive platform to enlarge our business scope and market share. In light of the AR engine, we are continuously targeting compact size, scaling up, wide field of view, and high resolution. Through collaborating with different customers who have different domain know-how, we expect to create our own key position in the AR eco system.
- (V) Grounded on core technology, we will continuously optimize SSI products. A display platform will be accomplished which encompasses a full range of SSI, UST, 4K and interactivity product lineups. Additionally, we will also strengthen intelligent connection capabilities for integration with different market requirements. This is planned in hopes of delivering more immersive total projection solutions to different applications (education, corporate, public display, and entertainment). Meanwhile, we will also cooperate with our partners to design embedded elements in various forms to different end product solutions.
- (VI) We aim to develop more optimized high brightness and high-resolution products to expand our business in the commercial large venue niche market. Through the tightly integrated system software and hardware of the commercial display platform, we are able to enhance value by offering our customers and partners total display solutions.
- (VII) We intend to develop the digital service platform by combining AI, deep learning, computer vision, internet of things, and cloud-based computing to step into target markets of smart retail and smart health with the service business model. In the meantime, the Company will focus on developing relevant core technologies that integrate sensors, artificial intelligence, and robotics, striving for research, design and development of security control, security drone

software and hardware platform programs in developing the drone intelligence program and exploring collaboration opportunities with security control service providers and brand vendors.

- (VIII) By utilizing cutting-edge information technology, we hope to execute an overall plan for the Group's resource allocation and the assurance of information security to promote the integral efficiency of the organization. Another goal is to define information and resources for business operations to provide an integrated business information management platform. This platform will design, plan, and execute cloud-infrastructure, digital, and IOT platforms and apply to expedite the expansion of the Group's new businesses.
- (IX) To meet corporate business needs, low-cost funding is arranged to sustain operation growth and long-term development strength. Goals include building consensus through engagement to enable teamwork, innovation and execution, materializing the vision to build a technologies foundation for sustainable business and pursuing the ultimate interest of shareholders and employees.

Sincerely,

Chairman: Wade Chang

President: Sarah Lin, SY Chen

Accounting Officer: Franck Ho

Audit Committee's Review Report

To: 2019 General Annual Shareholders' Meeting of Coretronic Corporation

The Board of Directors of the Company has delivered the 2018 business report, the financial statements and the proposed 2018 earnings distribution. The aforesaid 2018 financial statements of the Company and the consolidated financial statements had been audited by Ernst & Young. The Audit Committee has examined the above statements and found nothing out of order and thus prepared this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your ratification.

Coretronic Corporation

Chairman of the Audit Committee : Ted Tu

March 25, 2019



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Independent Auditors' Report

To Coretronic Corporation

Opinion

We have audited the accompanying parent company only balance sheets of Coretronic Corporation ("the Company") as of December 31, 2018 and 2017, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, and notes to the parent company only financial statements, including the summary of significant accounting policies (together "the parent company only financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and cash flows for the years ended December 31, 2018 and 2017, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2018 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation for inventories

The Company recognized the allowance write-down of inventories amounted to NT\$37,034 thousand for the years ended December 31, 2018. Due to the rapid technological changes and innovation for projectors, backlight, and FPD-related products, management estimates the write-down of inventories. Considering the amount of inventories was significant and the assessment of the amount of inventories write-downs requires the management's important judgement, we determined this is a key audit matter. Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around inventories; evaluating the methodologies and assumptions used, including the reasonableness of the allowance write-down of inventories; testing the source of the basic data, including the aging and net realizable value of inventories, and recalculating its correctness; evaluating the overall adequacy of the allowance write-down of inventories through analytical review procedures. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 5 and 6 to the parent company only financial statements.

Maintenance warranties for products

The Company recognized the provision of maintenance warranties for products amounted to NT\$288,198 thousand for the years ended December 31, 2018, the provision was based on the experience of maintenance warranties for products, management judges and estimates the provision of maintenance warranties. Considering the assessment of the amount of the provision of maintenance warranties requires the management's important judgement, we determined this is a key audit matter. Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around the provision ratio of maintenance warranties; evaluating the reasonableness of accounting policies on the provision of maintenance warranties; testing the selected samples for the provision of maintenance warranties and confirming that whether to comply with the accounting policies; testing the source of the basic data. We also assessed the adequacy of disclosures of the provision of maintenance warranties for products. Please refer to Notes 5 and 6 to the parent company only financial statements.



Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of other auditors. These associates and joint ventures under equity method amounted to NT\$(11,397) thousand and NT\$22,695 thousand, representing (0.03)% and 0.06% of total assets as of December 31, 2018 and 2017, respectively. The related shares of loss from the associates and joint ventures under the equity method amounted to NT\$34,611 thousand and NT\$21,773 thousand, representing (1.7)% and (1.21)% of the net income before tax for the years ended December 31, 2018 and 2017, respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 auditing standards generally accepted in the Republic of China 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 parent company only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only 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.
2. 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 internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. 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 parent company only 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only 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 2018 parent company only financial statements 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.

Hsu, Hsin-Min

Chen, Chih-Chung

Ernst & Young, Taiwan

January 28, 2019

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such parent company only financial statements are those generally accepted and applied in the Republic of China.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2018 and 2017

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Notes	December 31, 2018	%	December 31, 2017	%
Current assets					
Cash and cash equivalents	4,6(1)	\$ 2,955,473	7.76	\$ 72,627	0.21
Financial assets at fair value through profit or loss-current	4,6(2)	49,189	0.13	23,097	0.07
Hedging derivative financial assets-current	4,6(3)	-	-	95,167	0.27
Hedging financial assets-current	4,6(3)	1,487	-	-	-
Note receivables, net	4,6(6)	-	-	1,324	-
Trade receivables, net	4,6(7)	5,091,575	13.36	5,449,345	15.49
Trade receivables-related parties, net	4,6(7),7	2,338,175	6.14	2,224,176	6.32
Other receivables	4,8	138,773	0.36	84,229	0.24
Other receivables-related parties	4,7	110,072	0.29	102,422	0.29
Inventories, net	4,5,6(8)	1,260,141	3.31	1,308,143	3.72
Prepayments		124,795	0.33	95,722	0.27
Other current assets		39,479	0.11	36,825	0.11
Total current assets		12,109,159	31.79	9,493,077	26.99
Non-current assets					
Financial assets at fair value through profit or loss-noncurrent	4,6(2)	20,065	0.05	-	-
Financial assets at fair value through other comprehensive income-noncurrent	4,6(4)	760	-	-	-
Financial assets measured at cost-noncurrent	4,6(5)	-	-	18,187	0.05
Investments accounted for using the equity method	4,6(9),(22)	24,420,833	64.10	24,281,252	69.04
Property, plant and equipment, net	4,6(10)	1,338,638	3.51	1,213,970	3.45
Intangible assets	4,6(11)	33,653	0.09	33,210	0.10
Deferred tax assets	4,5,6(23)	153,348	0.40	112,460	0.32
Other noncurrent assets		20,618	0.06	18,451	0.05
Total non-current assets		25,987,915	68.21	25,677,530	73.01
Total assets		\$ 38,097,074	100.00	\$ 35,170,607	100.00

(continued)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2018 and 2017

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2018	%	December 31, 2017	%
Current liabilities					
Short-term borrowings	6(12)	\$ 5,473,413	14.37	\$ 5,894,080	16.76
Financial liabilities at fair value through profit or loss-current	4,6(13)	12,658	0.03	31,774	0.09
Hedging derivative financial liabilities-current	4,6(13)	-	-	119,411	0.34
Hedging financial liabilities-current	4,6(13)	2,402	0.01	-	-
Contract liabilities-current	6(17)	171,472	0.45	-	-
Accounts payables		2,404,065	6.31	3,019,853	8.59
Accounts payables-related parties	7	3,307,902	8.68	1,913,402	5.43
Other payables		1,922,405	5.04	1,559,039	4.43
Other payables-related parties	7	1,066,038	2.80	42,540	0.12
Current tax liabilities	4,5,6(23)	475,235	1.25	301,882	0.86
Provision-current	4,5,6(15)	288,198	0.75	375,321	1.07
Other current liabilities		304,409	0.80	203,008	0.58
Total current liabilities		15,428,197	40.49	13,460,310	38.27
Non-current liabilities					
Deferred tax liabilities	4,5,6(23)	8,142	0.02	2,222	0.01
Net defined benefit liabilities-noncurrent	5,6(14)	129,632	0.34	154,130	0.44
Other noncurrent liabilities	6(9)	325,890	0.86	21,844	0.06
Total non-current liabilities		463,664	1.22	178,196	0.51
Total liabilities		15,891,861	41.71	13,638,506	38.78
Equity					
Share capital					
Common stock	6(16)	4,344,231	11.40	4,344,231	12.35
Capital surplus	6(16)	4,072,808	10.69	4,092,423	11.64
Retained earnings	6(16),(24)				
Legal reserve		3,572,543	9.38	3,397,480	9.66
Special reserve		2,483,647	6.52	1,962,450	5.58
Unappropriated retained earning		9,345,802	24.53	8,928,344	25.38
Total retained earnings		15,401,992	40.43	14,288,274	40.62
Other equity		(1,613,818)	(4.23)	(1,192,827)	(3.39)
Total equity		22,205,213	58.29	21,532,101	61.22
Total liabilities and equity		\$ 38,097,074	100.00	\$ 35,170,607	100.00

The accompanying notes are an integral part of parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2018 and 2017
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Notes	For the years ended December 31,		For the years ended December 31,	
		2018	%	2017	%
Net sales	4,5,6(17),7	\$ 19,698,298	100.00	\$ 19,561,266	100.00
Operating costs	4,5,6(8),(11),(14),(18),(20),7	16,702,647	84.79	16,813,824	85.95
Gross profit		2,995,651	15.21	2,747,442	14.05
Unrealized gross profit on sales	6(9)	280,243	1.42	222,648	1.14
Realized gross profit on sales		222,648	1.13	164,382	0.84
Gross profit, net		2,938,056	14.92	2,689,176	13.75
Operating expenses	6(11),(14),(20)				
Selling expenses		303,083	1.54	262,183	1.34
General and administrative expenses		1,153,392	5.86	879,293	4.50
Research and development expenses		1,740,982	8.84	1,394,009	7.13
Total operating expenses		3,197,457	16.24	2,535,485	12.97
Operating (loss) income		(259,401)	(1.32)	153,691	0.78
Non-operating income and expenses					
Other income	6(21)	134,081	0.68	148,842	0.76
Other gains and losses	6(21)	169,749	0.86	85,561	0.44
Finance costs	6(21)	(184,635)	(0.93)	(98,386)	(0.50)
Share of income of subsidiaries, associates and joint ventures for using equity method	4,6(9)	2,172,989	11.03	1,506,461	7.70
Total non-operating income and expenses		2,292,184	11.64	1,642,478	8.40
Income before income tax		2,032,783	10.32	1,796,169	9.18
Income tax expense	4,5,6(23)	(12,564)	(0.06)	(45,542)	(0.23)
Net income		2,020,219	10.26	1,750,627	8.95
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans	6(22)	(16,517)	(0.08)	74,161	0.38
Remeasurements of defined benefit pension plans of subsidiaries, associates and joint ventures accounted for using equity method	6(22)	679	-	11,924	0.06
Unrealized loss from equity instrument investments measured at fair value through other comprehensive income	6(22)	(2,237)	(0.01)	-	-
Unrealized loss from equity instrument investments measured at fair value through other comprehensive income from share of subsidiaries, associates and joint ventures accounted for using equity method	6(22)	(63,098)	(0.32)	-	-
Income tax related to items that will not be reclassified	6(22),(23)	5,740	0.02	(12,607)	(0.07)
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6(22)	(299,534)	(1.52)	(548,325)	(2.80)
Gain (loss) on effective portion of cash flow hedges	6(22)	7,823	0.04	(26,127)	(0.13)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures for using equity method reclassified subsequently to profit or loss	6(22)	-	-	48,813	0.25
Income tax related to items that may be reclassified subsequently to profit or loss	6(22),(23)	(3,939)	(0.02)	4,442	0.02
Other comprehensive income, net of tax		(371,083)	(1.89)	(447,719)	(2.29)
Total comprehensive income		\$ 1,649,136	8.37	\$ 1,302,908	6.66
Basic Earnings Per Share (in New Taiwan Dollars)	6(24)	\$ 4.65		\$ 4.03	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(24)	\$ 4.56		\$ 3.95	

The accompanying notes are an integral part of parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2018 and 2017
(Amounts in thousands of New Taiwan Dollars)

Description	Common stock	Capital surplus	Retained earnings			Exchange differences on translation of foreign operations	Other equity				Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings		Unrealized gains or losses on financial assets at fair value through other comprehensive income(loss)	Unrealized gains or losses from available-for-sale financial assets	Effective hedging instrument from cash flow hedge	Gains or losses from hedging instruments	
Balance as of January 1, 2017	\$ 4,344,231	\$ 4,627,479	\$ 3,201,027	\$ 1,290,820	\$ 8,841,168	\$ (639,887)	\$ -	\$ (35,113)	\$ 3,370	\$ -	\$ 21,633,095
Acquisition or disposal of the interest of subsidiaries	-	30,586	-	-	-	-	-	-	-	-	30,586
Changes in subsidiaries' ownership	-	85,993	-	-	-	-	-	-	-	-	85,993
Appropriation and distribution of 2016 earnings (Note)	-	-	196,453	-	(196,453)	-	-	-	-	-	-
Legal reserve	-	-	-	-	(671,630)	-	-	-	-	-	-
Special reserve	-	-	-	671,630	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(868,846)	-	-	-	-	-	(868,846)
Cash dividends distributed from capital surplus	-	(651,635)	-	-	-	-	-	-	-	-	(651,635)
Net income for the year ended December 31, 2017	-	-	-	-	1,750,627	-	-	-	-	-	1,750,627
Other comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	73,478	(548,325)	-	35,113	(7,985)	-	(447,719)
Total comprehensive income (loss)	-	-	-	-	1,824,105	(548,325)	-	35,113	(7,985)	-	1,302,908
Balance as of December 31, 2017	\$ 4,344,231	\$ 4,092,423	\$ 3,397,480	\$ 1,962,450	\$ 8,928,344	\$ (1,188,212)	\$ -	\$ -	\$ (4,615)	\$ -	\$ 21,532,101
Balance as of January 1, 2018	\$ 4,344,231	\$ 4,092,423	\$ 3,397,480	\$ 1,962,450	\$ 8,928,344	\$ (1,188,212)	\$ -	\$ -	\$ (4,615)	\$ -	\$ 21,532,101
Effects of retrospective application and restatement	-	-	-	-	189,639	-	(59,990)	-	4,615	(4,615)	129,649
Restated balance as of January 1, 2018	4,344,231	4,092,423	3,397,480	1,962,450	9,117,983	(1,188,212)	(59,990)	-	-	(4,615)	21,661,750
Acquisition or disposal of the interest of subsidiaries	-	197,582	-	-	-	-	-	-	-	-	197,582
Changes in subsidiaries' ownership	-	14	-	-	-	-	-	-	-	-	14
Appropriation and distribution of 2017 earnings (Note)	-	-	175,063	-	(175,063)	-	-	-	-	-	-
Legal reserve	-	-	-	-	(521,197)	-	-	-	-	-	-
Special reserve	-	-	-	521,197	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,086,058)	-	-	-	-	-	(1,086,058)
Cash dividends distributed from capital surplus	-	(217,211)	-	-	-	-	-	-	-	-	(217,211)
Net income for the year ended December 31, 2018	-	-	-	-	2,020,219	-	-	-	-	-	2,020,219
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	(10,082)	(299,534)	(65,351)	-	-	3,884	(371,083)
Total comprehensive income (loss)	-	-	-	-	2,010,137	(299,534)	(65,351)	-	-	3,884	1,649,136
Balance as of December 31, 2018	\$ 4,344,231	\$ 4,072,808	\$ 3,572,543	\$ 2,483,647	\$ 9,345,802	\$ (1,487,746)	\$ (125,341)	\$ -	\$ -	\$ (731)	\$ 22,205,213

The accompanying notes are an integral part of parent company only financial statements.

Note: The amounts of employees' compensation was NT\$290,398 thousand and NT\$256,596 thousand as of December 31, 2018 and 2017, respectively.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2018 and 2017

(Amounts in thousands of New Taiwan Dollars)

Description	For the years ended December 31,		Description	For the years ended December 31,	
	2018	2017		2018	2017
Cash flows from operating activities :			Cash flows from investing activities :		
Net income before tax	\$ 2,032,783	\$ 1,796,169	Acquisition of investments accounted for using the equity method	\$ (69,917)	\$ (630,276)
Adjustments for:			Disposal of investments accounted for using the equity method	81,589	-
The profit or loss items which did not affect cash flows:			Acquisition of property, plant and equipment	(129,358)	(50,106)
Expected credit losses (gain)	1,048	(3,009)	Proceeds from disposal of property, plant and equipment	453	2,600
Depreciation	114,184	101,358	Acquisition of intangible assets	(14,562)	(21,124)
Amortization (including other noncurrent assets)	14,632	14,126	Proceeds from disposal of intangible assets	4,259	-
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(44,197)	38,969	Acquisitions through business combinations	1,191,135	-
Interest expenses	184,635	98,386	(Decrease) increase in other noncurrent assets	(1,830)	2,088
Interest income	(13,083)	(6,298)	Net cash provided by (used in) investing activities	1,061,769	(696,818)
Share of profit of subsidiaries, associates and joint ventures for using equity method	(2,172,989)	(1,506,461)			
Loss (gain) on disposal of property, plant and equipment	1,197	(298)			
Gain on disposal of intangible assets	(2,106)	-			
Gain from bargain purchase	-	(4,247)			
Unrealized gross profit on sales	280,243	222,648			
Realized gross profit on sales	(222,648)	(164,382)			
Changes in operating assets and liabilities:			Cash flows from financing activities :		
Notes receivables	1,324	(1,324)	(Decrease) increase in short-term borrowings	(420,667)	403,164
Accounts receivables	848,973	2,594,938	Increase in other payables-related parties	989,330	-
Accounts receivables-related parties	(113,999)	(433,714)	(Decrease) increase in other noncurrent liabilities	(555)	183
Other receivables	(52,168)	13,311	Cash dividends	(1,303,269)	(1,520,481)
Other receivables-related parties	(7,587)	69,023	Net cash used in financing activities	(735,161)	(1,117,134)
Inventories	48,002	420,753	Net increase (decrease) in cash and cash equivalents	2,882,846	(116,468)
Prepayments	7,949	(9,067)	Cash and cash equivalents at the beginning of the period	72,627	189,095
Other current assets	1,998	16,047	Cash and cash equivalents at the end of the period	\$ 2,955,473	\$ 72,627
Notes payables	171,472	-			
Accounts payables	(658,735)	(1,000,244)			
Accounts payables-related parties	1,394,500	(17,990)			
Other payables	308,629	(233,427)			
Other payables-related parties	7,146	3,306			
Provision-current	(134,218)	4,387			
Other current liabilities	59,776	(205,887)			
Net defined benefit liabilities	(23,061)	(17,423)			
Cash generated from operating activities	2,033,700	1,789,650			
Interest received	12,370	6,294			
Dividend received	766,557	55,753			
Interest paid	(182,708)	(95,700)			
Income tax paid	(73,681)	(58,513)			
Net cash provided by operating activities	2,556,238	1,697,484			

The accompanying notes are an integral part of parent company only financial statements.

Independent Auditors' Report

To Coretronic Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Coretronic Corporation and its subsidiaries ("the Group") as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and cash flows for the years ended December 31, 2018 and 2017, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2018 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation for inventories

The Group recognized the allowance write-down of inventories amounted to NT\$608,995 thousand for the year ended December 31, 2018. Due to the rapid technological changes and innovation for projectors, backlight, and FPD-related products, management estimates the write-down of inventories. Considering the amount of inventories was significant and the assessment of the amount of inventories write-downs requires the management's important judgement, we determined this is a key audit matter. Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around inventories; evaluating the methodologies and assumptions used, including the reasonableness of the allowance write-down of inventories; testing the source of the basic data, including the aging and net realizable value of inventories, and recalculating its correctness; evaluating the overall adequacy of the allowance write-down of inventories through analytical review procedures. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 5 and 6 to the Group's consolidated financial statements.

Maintenance warranties for products

The Group recognized the provision of maintenance warranties for products amounted to NT\$826,791 thousand for the year ended December 31, 2018, the provision was based on the experience of maintenance warranties for products, management judges and estimates the provision of maintenance warranties. Considering the assessment of the amount of the provision of maintenance warranties requires the management's important judgement, we determined this is a key audit matter. Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around the provision ratio of maintenance warranties; evaluating the reasonableness of accounting policies on the provision of maintenance warranties; testing the selected samples for the provision of maintenance warranties and confirming that whether to comply with the accounting policies; testing the source of the basic data. We also assessed the adequacy of disclosures of the provision of maintenance warranties for products. Please refer to Notes 5 and 6 to the Group's consolidated financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain consolidated subsidiary whose statements are based solely on the reports of other auditors. Total assets of the consolidated subsidiary amounted to NT\$99,624 thousand and NT\$95,736 thousand, representing 0.21% and 0.18% of consolidated total assets as of December 31, 2018 and 2017 respectively; and total operating revenues amounted to NT\$33,596 thousand and NT\$14,497 thousand, representing 0.06% and 0.03% of the consolidated total operating revenues for the years ended December 31, 2018 and 2017, respectively. We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of other auditors. These associates and joint ventures under equity method amounted to NT\$0 thousand, representing 0 % of consolidated total assets as of December 31, 2017. The related shares of loss from the associates and joint ventures under the equity method amounted to NT\$2,942 thousand, representing (0.13)% of the consolidated net income before tax for the years ended December 31, 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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China 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 ability to continue as a going concern of the Group, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Group.

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 auditing standards generally accepted in the Republic of China 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. 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 internal control of the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Group. 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.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, 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 2018 consolidated financial statements 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.

Others

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2018 and 2017.

Hsu, Hsin-Min

Chen, Chih-Chung

Ernst & Young, Taiwan

January 28, 2019

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the R.O.C. and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the R.O.C.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2018 and 2017

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Note	December 31, 2018	%	December 31, 2017	%
Current assets					
Cash and cash equivalents	4, 6(1)	\$ 17,226,050	35.86	\$ 17,966,117	34.54
Financial assets at fair value through profit or loss-current	4, 6(2)	63,250	0.13	67,435	0.13
Hedging derivative financial assets-current	4, 6(3), 12	-	-	147,519	0.29
Hedging financial assets-current	4, 6(3), 12	11,613	0.03	-	-
Note receivables, net	4, 6(6)	256,793	0.53	131,232	0.25
Trade receivables, net	4, 6(7)	13,358,726	27.81	16,366,797	31.46
Trade receivables-related parties, net	4, 6(7), 7	1,912	-	1,374	-
Other receivables	4, 8	510,870	1.06	625,469	1.20
Current tax assets	4, 5, 6(25)	19,146	0.04	6,570	0.01
Inventories, net	4, 5, 6(8)	7,882,359	16.41	7,903,924	15.20
Prepayments		483,352	1.01	581,456	1.12
Other current assets		169,225	0.35	146,811	0.28
Total current assets		39,983,296	83.23	43,944,704	84.48
Non-current assets					
Financial assets at fair value through profit or loss-noncurrent	4, 6(2)	20,065	0.04	-	-
Financial assets at fair value through other comprehensive income-noncurrent	4, 6(4)	359,859	0.75	-	-
Financial assets measured at cost-noncurrent	4, 6(5)	-	-	315,029	0.61
Property, plant and equipment, net	4, 6(10)	6,551,312	13.64	6,760,253	13.00
Investment property, net	4, 5, 6(11)	176,459	0.37	184,511	0.34
Intangible assets	4, 6(12)	156,402	0.33	171,728	0.33
Deferred tax assets	4, 5, 6(25)	302,673	0.63	237,983	0.46
Net defined benefit assets-noncurrent	5, 6(16)	10,676	0.02	10,117	0.02
Other noncurrent assets	8	476,463	0.99	394,684	0.76
Total non-current assets		8,053,909	16.77	8,074,305	15.52
Total assets		\$ 48,037,205	100.00	\$ 52,019,009	100.00

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2018 and 2017

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Note	December 31, 2018	%	December 31, 2017	%
Current liabilities					
Short-term borrowings	6(13)	\$ 6,414,641	13.35	\$ 8,176,659	15.72
Financial liabilities at fair value through profit or loss-current	4, 6(14)	23,475	0.05	66,910	0.13
Hedging derivative financial liabilities-current	4, 6(14), 12	-	-	156,598	0.30
Hedging financial liabilities-current	4, 6(14), 12	2,402	0.01	-	-
Contract liabilities-current	6, 19	353,528	0.74	-	-
Notes payable		-	-	581	-
Accounts payables		9,272,126	19.30	12,850,802	24.70
Accounts payables-related parties	7	40,422	0.08	39,911	0.08
Other payables		4,627,935	9.63	3,928,009	7.56
Current tax liabilities	4, 5, 6(25)	925,636	1.93	885,432	1.70
Provisions-current	4, 5, 6(17)	826,791	1.72	967,768	1.86
Other current liabilities		543,884	1.13	625,746	1.20
Current portion of long-term borrowings	6, 15	165,004	0.34	49,024	0.09
Total current liabilities		23,195,844	48.28	27,747,440	53.34
Non-current liabilities					
Long-term borrowings	6, 15	287,295	0.60	459,251	0.88
Deferred tax liabilities	4, 5, 6(25)	32,746	0.07	34,246	0.07
Net defined benefit liabilities-noncurrent	5, 6(16)	192,723	0.40	185,387	0.36
Other noncurrent liabilities		62,944	0.13	46,024	0.09
Total non-current liabilities		575,708	1.20	724,908	1.40
Total liabilities		23,771,552	49.48	28,472,348	54.74
Equity attributable to owners of the parent					
Share capital					
Common stock	6(18)	4,344,231	9.04	4,344,231	8.35
Capital surplus	6(18)	4,072,808	8.48	4,092,423	7.87
Retained earnings	6(18), 6(25), 6(26)				
Legal reserve		3,572,543	7.44	3,397,480	6.53
Special reserve		2,483,647	5.17	1,962,450	3.77
Unappropriated retained earnings		9,345,802	19.46	8,928,344	17.16
Total retained earnings		15,401,992	32.07	14,288,274	27.46
Other equity		(1,613,818)	(3.36)	(1,192,827)	(2.29)
Total equity attributable to owners of the parent		22,205,213	46.23	21,532,101	41.39
Non-controlling interests	4, 6(18)	2,060,440	4.29	2,014,560	3.87
Total equity		24,265,653	50.52	23,546,661	45.26
Total liabilities and equity		\$ 48,037,205	100.00	\$ 52,019,009	100.00

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2018 and 2017

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Note	For the years ended December 31,		For the years ended December 31,	
		2018	%	2017	%
Net sales	4, 5, 6(17), 6(19), 7	\$ 55,672,933	100.00	\$ 53,105,303	100.00
Operating costs	4, 5, 6(8), 6(12), 6(21), 6(22), 7	45,303,063	81.37	44,014,785	82.88
Gross profit		10,369,870	18.63	9,090,518	17.12
Operating expenses	6(12), 6(16), 6(21), 6(22)				
Selling expenses		2,112,270	3.80	1,940,482	3.66
General and Administrative expenses		2,484,040	4.46	2,391,602	4.50
Research and development expenses		3,471,941	6.24	3,027,153	5.70
Total operating expenses		8,068,251	14.50	7,359,237	13.86
Operating income		2,301,619	4.13	1,731,281	3.26
Non-operating income and expenses					
Other income	6(23)	598,873	1.08	602,050	1.13
Other gains and losses	6(23)	211,829	0.38	69,217	0.13
Finance costs	6(23)	(245,000)	(0.44)	(177,224)	(0.33)
Share of loss of associates and joint ventures accounted for using equity method	6(9)	-	-	(2,942)	(0.01)
Total non-operating income and expenses		565,702	1.02	491,101	0.92
Income before income tax		2,867,321	5.15	2,222,382	4.18
Income tax expense	4, 5, 6(25)	(739,137)	(1.33)	(517,804)	(0.97)
Net income		2,128,184	3.82	1,704,578	3.21
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans	6(24)	(15,326)	(0.03)	94,550	0.18
Unrealized gains from equity instrument investments measured at fair value through other comprehensive income	6(24)	(65,698)	(0.12)	-	-
Income tax related to items that will not be reclassified subsequently to profit or loss	6(24), 6(25)	4,805	0.01	(16,074)	(0.03)
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6(24)	(287,075)	(0.51)	(594,048)	(1.12)
Unrealized gain (loss) on available-for-sale financial assets	6(24)	-	-	35,113	0.06
Gain (loss) on effective portion of cash flow hedges	6(24)	7,823	0.01	(12,427)	(0.02)
Income tax related to items that may be reclassified subsequently to profit or loss	6(24), 6(25)	(3,939)	(0.01)	4,442	0.01
Other comprehensive loss, net of tax		(359,410)	(0.65)	(488,444)	(0.92)
Total comprehensive income		\$ 1,768,774	3.17	\$ 1,216,134	2.29
Net income (loss) for the periods attributable to:					
Shareholders of the parent	6(26)	\$ 2,020,219		\$ 1,750,627	
Non-controlling interests	6(18), 6(28)	\$ 107,965		\$ (46,049)	
Total comprehensive income (loss) for the periods attributable to:					
Shareholders of the parent		\$ 1,649,136		\$ 1,302,908	
Non-controlling interests		\$ 119,638		\$ (86,774)	
Basic Earnings Per Share (in New Taiwan Dollars)	6(26)	\$ 4.65		\$ 4.03	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(26)	\$ 4.56		\$ 3.95	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2018 and 2017
(Amounts in thousands of New Taiwan Dollars)

Description	Equity attributable to owners of the parent										Total	Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings			Other equity							
			Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income (loss)	Unrealized gains or losses from available-for-sale financial assets	Effective hedging instrument from cash flow hedge	Gains or losses from hedging instruments			
Balance as of January 1, 2017	\$ 4,344,231	\$ 4,627,479	\$ 3,201,027	\$ 1,290,820	\$ 8,841,148	\$ (639,887)	\$ -	\$ (35,113)	\$ 3,370	\$ -	\$ 21,633,095	\$ 2,121,580	\$ 23,754,675
Acquisition or disposal of the interest of subsidiaries	-	30,586	-	-	-	-	-	-	-	-	30,586	89,418	120,004
Changes in subsidiaries' ownership	-	85,993	-	-	-	-	-	-	-	-	85,993	(105,232)	(19,239)
Appropriation and distribution of 2016 earnings:													
Legal reserve	-	-	196,453	-	(196,453)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	671,630	(671,630)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(868,846)	-	-	-	-	-	(868,846)	-	(868,846)
Cash dividends distributed from capital surplus	-	(651,635)	-	-	-	-	-	-	-	-	(651,635)	-	(651,635)
Net income for the year ended December 31, 2017	-	-	-	-	1,750,627	-	-	-	-	-	1,750,627	(46,049)	1,704,578
Other comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	73,478	(548,325)	-	35,113	(7,985)	-	(447,719)	(40,725)	(488,444)
Total comprehensive income (loss)	-	-	-	-	1,824,105	(548,325)	-	35,113	(7,985)	-	1,302,908	(86,774)	1,216,134
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(4,432)	(4,432)
Balance as of December 31, 2017	\$ 4,344,231	\$ 4,092,423	\$ 3,397,480	\$ 1,962,450	\$ 8,928,344	\$ (1,188,212)	\$ -	\$ -	\$ (4,615)	\$ -	\$ 21,532,101	\$ 2,014,560	\$ 23,546,661
Balance as of January 1, 2018	\$ 4,344,231	\$ 4,092,423	\$ 3,397,480	\$ 1,962,450	\$ 8,928,344	\$ (1,188,212)	\$ -	\$ -	\$ (4,615)	\$ -	\$ 21,532,101	\$ 2,014,560	\$ 23,546,661
Effects of retrospective application and restatement	-	-	-	-	183,639	-	(59,990)	-	4,615	(4,615)	129,649	342	129,991
Restated balance as of January 1, 2018	4,344,231	4,092,423	3,397,480	1,962,450	9,112,983	(1,188,212)	(59,990)	-	-	(4,615)	21,661,750	2,014,902	23,676,652
Reduction of capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition or disposal of the interest of subsidiaries	-	197,582	-	-	-	-	-	-	-	-	197,582	(23,062)	173,920
Changes in subsidiaries' ownership	-	14	-	-	-	-	-	-	-	-	14	-	14
Appropriation and distribution of 2017 earnings:													
Legal reserve	-	-	175,063	-	(175,063)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	521,197	(521,197)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,086,058)	-	-	-	-	-	(1,086,058)	-	(1,086,058)
Cash dividends distributed from capital surplus	-	(217,211)	-	-	-	-	-	-	-	-	(217,211)	-	(217,211)
Net income for the year ended December 31, 2018	-	-	-	-	2,020,219	-	-	-	-	-	2,020,219	107,965	2,128,184
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	(10,062)	(299,534)	(65,351)	-	-	3,884	(371,083)	11,673	(359,410)
Total comprehensive income (loss)	-	-	-	-	2,010,157	(299,534)	(65,351)	-	-	3,884	1,649,136	119,638	1,768,774
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(50,438)	(50,438)
Balance as of December 31, 2018	\$ 4,344,231	\$ 4,072,808	\$ 3,572,543	\$ 2,483,647	\$ 9,345,802	\$ (1,487,746)	\$ (125,341)	\$ -	\$ -	\$ (711)	\$ 22,305,213	\$ 2,060,640	\$ 24,265,853

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2018 and 2017

(Amounts in thousands of New Taiwan Dollars)

Description	For the years ended December 31,		Description	For the years ended December 31,	
	2018	2017		2018	2017
Cash flows from operating activities :			Cash flows from investing activities :		
Net income before tax	\$ 2,867,321	\$ 2,222,382	Acquisition of subsidiaries (net of cash acquired)	\$ -	\$ (18,271)
Adjustments for:			Proceeds from disposal of available-for-sale financial assets	-	113,216
The profit or loss items which did not affect cash flows:			Proceeds from disposal of financial assets measured at cost	-	11,523
Expected credit loss	60,772	85,207	Acquisition of property, plant and equipment	(939,848)	(542,120)
Depreciation (including investment property)	1,020,667	1,137,161	Proceeds from disposal of property, plant and equipment	44,971	51,192
Amortization (including other noncurrent assets)	112,726	78,326	Acquisition of intangible assets	(102,769)	(74,561)
Interest expenses	245,000	177,224	Proceeds from disposal of intangible assets	303	897
Interest income	(404,389)	(304,800)	Increase in long-term prepaid rents	(75,863)	-
Dividend income	(7,712)	(2,261)	(Increase) decrease in other noncurrent assets	(41,418)	7,301
Transfer of property, plant and equipment to expense	610	727	Net cash used in investing activities	(1,114,624)	(450,823)
Loss (gain) on disposal of property, plant and equipment	7,695	(530)			
Loss on disposal of intangible assets	4	-			
Transfer of intangible assets to expense	228	1,350			
Gain from bargain purchase	-	(4,247)			
Gain on disposal of investments	-	(27,414)			
Share of loss of associates and joint ventures accounted for using equity method	-	2,942			
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(38,314)	90,927			
Impairment of non-financial assets	40,104	51,546	Cash flows from financing activities :		
Changes in operating assets and liabilities:			(Decrease) increase in short-term borrowings	(1,762,018)	1,547,351
Notes receivables	(125,561)	(77,176)	(Decrease) increase in long-term borrowings	(55,976)	467,272
Trade receivables	2,949,559	1,088,500	Increase in guarantee deposits	17,540	-
Trade receivables-related parties	(538)	(1,145)	(Decrease) increase in other noncurrent liabilities	(620)	1,627
Other receivables	139,578	(226,118)	Cash dividends	(1,303,269)	(1,520,481)
Inventories	26,689	(710,306)	Payment on subsidiaries' acquisition of treasury stock	-	(20,719)
Prepayments	98,104	(110,968)	Proceeds from disposal of subsidiaries' ownership (without a change of control)	242,115	57,685
Other current assets	(22,414)	37,890	Change in non-controlling interests	(113,662)	63,568
Contract liabilities	(34,894)	-	Net cash (used in) provided by financing activities	(2,975,890)	596,303
Notes payables	(581)	(2,196)	Effect of exchange rate changes on cash and cash equivalents	(253,954)	(470,963)
Accounts payables	(3,578,676)	375,715	Net (decrease) increase in cash and cash equivalents	(740,067)	2,663,928
Accounts payables-related parties	511	(939)	Cash and cash equivalents at the beginning of the period	17,966,117	15,302,189
Other payables	709,320	(238,604)	Cash and cash equivalents at the end of the period	\$ 17,226,050	\$ 17,966,117
Provision-current	84,162	118,312			
Other current liabilities	81,421	(230,678)			
Net defined benefit assets/liabilities	(8,764)	(27,934)			
Cash generated from operating activities	4,222,628	3,502,873			
Dividend received	7,712	2,261			
Interest received	394,410	295,940			
Interest paid	(245,661)	(173,495)			
Income tax paid	(774,688)	(638,168)			
Net cash provided by operating activities	3,604,401	2,989,411			

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

Coretronic Corporation
2018's Earnings Distribution Table

Unit : NTD

Item	Amount	
	Subtotal	Total
Beginning of Unappropriated Retained Earnings		7,146,026,166
Plus: Adjustments due to Adopting of IFRSs NO.9	189,639,324	
Minus: Remeasurement of Defined Benefit obligation	10,082,011	
Cumulative of Unappropriated Earnings		7,325,583,479
Net income of 2018	2,020,218,992	
Minus: Appropriated For Legal Reserve	202,021,899	
2018's Earnings Available For Distribution		1,818,197,093
Earnings Available For Distribution (Cumulative)		9,143,780,572
Cash Dividends To Shareholders (NTD2 per share)		868,846,220
End of Unappropriated Retained Earnings		8,274,934,352
<p>Note 1 : According to the ruling issued by MOF on April 30, 1998 (Ref. 871941343), when distributing earnings it should be taxed as per the year that the earnings were gained. Coretronic adopts last in first out method when distributing earnings, which is to say, first distribute earnings from the most current year and then the previous year's when not sufficient.</p> <p>Note 2 : Cash dividend distribution ratio is calculated on the basis of whole NT dollar, rounded down to whole NT dollar, for total fractional dollars less than whole NT dollar, arrogant by decimal digit to low and account number from the front to rear adjustment order to meet the total cash dividend.</p>		

Chairman: Wade Chang President : Sarah Lin, SY Chen Accounting Officer: Franck Ho

Comparison Table of Amendments to the Company's Articles of Incorporation

Current Provisions	Proposed Amendments	Note
<p>Article 1</p> <p>The Company is incorporated under those provisions of the Company Law relating to companies limited by shares, and is named as "Coretronic Corporation".</p>	<p>Article 1</p> <p>The Company is incorporated under those provisions of the Company Law relating to companies limited by shares, and is named as "Coretronic Corporation". <u>The Coompany's English is named as Coretronic Corporation.</u></p>	To comply with the applicable laws.
<p>Article 2</p> <p>The business engaged in by the Company shall be as follows :</p> <p>1.CC01110 Computers and Computing Peripheral Equipments Manufacturing</p> <p>2.CC01080 Electronic Parts and Components Manufacturing</p> <p>3.CE01030 Photographic and Optical Equipment Manufacturing</p> <p>4.CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacture</p> <p>5.F401021Restrained Telecom Radio Frequency Equipments and Materials Import</p> <p>6.CC01990 Electrical Machinery, Supplies Manufacturing (can only be manufactured outside Hsinchu Science Park)</p> <p>7.CC01990 Batteries Manufacturing (can only be manufactured outside Hsinchu Science Park)</p> <p>8.Research, develop, produce, manufacture and sale the following optical products :</p> <p>(1)Various LCDs, projections and the backlight modules</p> <p>(2)Multimedia presentation system equipments and software</p> <p>(3)Plasma display monitors/TVs, LCD internet personal computer, LCD Windows base terminal, digital transmission, LCD monitors</p> <p>(4)All kinds of consigned design and develop and consulting services regarding above products</p> <p>(5)Import and export trading business related to the above businesses (except the businesses requiring permit)</p> <p>9~10(skip)</p>	<p>Article 2</p> <p>The business engaged in by the Company shall be as follows :</p> <p>1.CC01110 Computers and Computing Peripheral Equipments Manufacturing</p> <p>2.CC01080 Electronic Parts and Components Manufacturing</p> <p>3.CD01060 Aircraft and Parts <u>Manufacturing</u></p> <p>4.CE01030 Photographic and Optical Equipment Manufacturing</p> <p>5.CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacture</p> <p>6.F401021Restrained Telecom Radio Frequency Equipments and Materials Import</p> <p>7.CC01990 Electrical Machinery, Supplies Manufacturing (can only be manufactured outside Hsinchu Science Park)</p> <p>8.CC01990 Batteries Manufacturing (can only be manufactured outside Hsinchu Science Park)</p> <p>9.Research, develop, produce, manufacture and sale the following products :</p> <p>(1)Various LCDs, projections and the backlight modules</p> <p>(2)Multimedia presentation system equipments and software</p> <p>(3)Plasma display monitors/TVs, LCD internet personal computer, LCD Windows base terminal, digital transmission, LCD monitors</p> <p><u>(4)LED displays and modules</u></p> <p><u>(5)Wearable device projection system</u></p> <p><u>(6)Commercial unmanned aerial vehicle system</u></p> <p><u>(7)All kinds of consigned design and develop and consulting services regarding above products</u></p>	To accommodate the Company's future business needs.

Current Provisions	Proposed Amendments	Note
	<p>(8)Import and export trading business related to the above businesses (except the businesses requiring permit)</p> <p>10~11(skip)</p>	
Article 7 (skip)	<p>Article 7 (skip)</p> <p><u>The Company buy back its shares according to Company Act. Qualification requirements of entitled employees, including the employees of the controlled companies meeting certain specific requirements.</u></p> <p><u>The company's employee stock option certificate is issued to including the employees of the controlled companies meeting certain specific requirements.</u></p> <p><u>When the company issues new shares, new shares reserved for employees of the controlled companies meeting certain specific requirements.</u></p> <p><u>The company issuing restricted stock for employees including the employees of the controlled companies meeting certain specific requirements.</u></p>	To comply with the applicable laws.
Article 19 The directors' meeting shall be convened by the chairman of the board. The initial directors' meeting of each term shall be convened by the director who receives the number of ballots representing the largest number of votes. If a director is unable to attend a directors' meeting, the director may appoint another director to attend the meeting as proxy; provided, however, that the proxy shall accept the appointment of one director only. A director who lives abroad may appoint in written form another shareholder domiciled within the territory of R.O.C. to attend regularly by proxy any directors' meeting. Such appointment of proxy shall be registered with the competent authority. (skip)	<p>Article 19</p> <p>The directors' meeting shall be convened by the chairman of the board. The initial directors' meeting of each term shall be convened by the director who receives the number of ballots representing the largest number of votes. If a director is unable to attend a directors' meeting, the director may appoint another director to attend the meeting as proxy; provided, however, that the proxy shall accept the appointment of one director only.</p> <p>(skip)</p>	To comply with the applicable laws.
Article 25 10%~20% of profit of the current year shall be distributed as employees' compensation.If the Company have losses from previous year, the losses shall be compensated in advance.Employee compensation distributed	<p>Article 25</p> <p>10%~20% of profit of the current year shall be distributed as employees' compensation.If the Company have losses from previous year, the losses shall be compensated in advance.Employee</p>	To comply with the applicable laws and to

Current Provisions	Proposed Amendments	Note
<p>shall be made in stocks or cash including employees of the Company and may include employees of the controlled companies.</p> <p>In the case that the annual final accounts audit results in surplus, funds shall be appropriated first for income tax payments and to compensate for losses from previous year; 10% of the surplus shall then be appropriated for the legal reserve, except when the accumulated amount of such legal reserve equals to the Company's total authorized capital, and to contribute or reserve certain surplus in accordance with applicable laws. The retained profits from previous years, and the BOD should propose the dividends distribution and determined by shareholders' meeting.</p> <p>(skip)</p>	<p>compensation distributed shall be made in stocks or cash including employees of the Company and may include employees of the controlled companies meeting certain specific requirements.</p> <p>In the case that the annual final accounts audit results in surplus, funds shall be appropriated first for income tax payments and to compensate for losses from previous year; 10% of the surplus shall then be appropriated for the legal reserve, except when the accumulated amount of such legal reserve equals to the Company's <u>total paid-in capital</u>, and to contribute or reserve certain surplus in accordance with applicable laws. The retained profits from previous years, and the BOD should propose the dividends distribution and determined by shareholders' meeting.</p> <p><u>The company authorizes 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></p> <p><u>The company authorizes the distributable legal reserve 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></p> <p>(skip)</p>	<p>accommodate the Company's actual business needs.</p>
<p>Article 30</p> <p>This Articles of Incorporation adopted on June 18, 1992;.....(Skip) ; 19th amended on June 17, 2014; 20th amended on June 15, 2016; The Articles of Incorporation shall be effective from the date they are approved by the shareholders meeting. The same applies in case of amendments.</p>	<p>Article 30</p> <p>This Articles of Incorporation adopted on June 18, 1992;.....(Skip) ; 19th amended on June 17, 2014; 20th amended on June 15, 2016; <u>21st amended on June 13, 2019;</u> The Articles of Incorporation shall be effective from the date they are approved by the shareholders meeting. The same applies in case of amendments.</p>	<p>Updating of the date of amendment.</p>

Comparison Table of Amendments to the Procedures of Acquisition or Disposal of Assets

Current Provisions	Proposed Amendments
<p>2.The term "assets" as used in this Procedure includes the following :</p> <p>2.1Investments 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.</p> <p>2.2Real property (including land, houses and buildings, investment property, rights to use land) and equipment.</p> <p>2.3Memberships.</p> <p>2.4Intangible assets such as patents, copyrights, trademarks, and franchise rights.</p> <p>2.5Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>2.6Derivatives.</p> <p>2.7Assets acquired or disposed in accordance with legal mergers, demergers, acquisitions, or transfer of shares.</p> <p>2.8Other major assets.</p>	<p>2.The term "assets" as used in these Procedure includes the following :</p> <p>2.1Investments 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.</p> <p>2.2Real property (including land, houses and buildings, investment property) and equipment.</p> <p>2.3Memberships.</p> <p>2.4Intangible assets such as patents, copyrights, trademarks, and franchise rights.</p> <p>2.5<u>Right-of-use assets.</u></p> <p>2.6Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>2.7Derivatives.</p> <p>2.8Assets acquired or disposed in accordance with legal mergers, demergers, acquisitions, or transfer of shares.</p> <p>2.9Other major assets.</p>
<p>3.Terms used in this Procedure are defined as below :</p> <p>3.1Professional appraiser : Real property appraiser or other persons who are legally engaged in real property or equipment valuation.</p> <p>3.2Related party and subsidiary : As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>3.3Derivatives : Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, and compound contracts composed of the above commodities whose values are derived from assets, interest rates, foreign exchange rates, indices or other interests. The so-called "forward contract" does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, or long-term purchase (sales) agreements.</p> <p>3.4Assets acquired or disposed through legal mergers, demergers, acquisitions, or transfer of shares : Assets acquired or disposed through mergers, demergers, or acquisitions that are conducted under the Business Mergers and</p>	<p>3.Terms used in this Procedure are defined as below :</p> <p>3.1Professional appraiser : Real property appraiser or other persons who are legally engaged in real property or equipment valuation.</p> <p>3.2Related party and subsidiary : As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>3.3Derivatives : Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts whose values are derived from <u>specific interest rates, financial instrument price, commodity price, foreign exchange rates, price or rate indices, credit rating or credit indices, or other variables; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u> The so-called "forward contract" does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, or long-term purchase (sales) <u>contracts</u>.</p> <p>3.4Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in</p>

Current Provisions	Proposed Amendments
<p>Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or issue new shares as consideration for share exchange (hereinafter referred to as "share transferee") according to Article 156, Paragraph 8 of the Company Act.</p> <p>3.5~3.6 (skip)</p> <p>3.7~3.9 New Clause</p> <p>3.7Net value : The equity attributable to owners of the parent stated in the company's balance sheet under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>3.8Total Asset : The total assets stated in the most recent period parent company only financial report or individual financial report under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>3.9In the case of a company whose shares have no par value or par value other than NT\$10, the transaction amount of 20 percent of the paid-in capital under this Procedure is calculated at 10 percent of equity attributable to owners of the parent company.</p>	<p>accordance with law: 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 issue new shares as consideration for share exchange (hereinafter referred to as "share transferee") according to Article 156<u>3</u> of the Company Act.</p> <p>3.5~3.6 (skip)</p> <p>3.7Investment professional : Financial holding companies, banks, insurance companies, <u>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 legally established and governed by local competent financial authorities.</u></p> <p>3.8Stock exchange : "Domestic stock exchange" <u>refers to the Taiwan Stock Exchange Corporation; "Foreign stock exchange" refers to any organized stock exchange market that is regulated by local competent securities authorities.</u></p> <p>3.9Over-the-counter venue ("OTC") : "Domestic OTC" is where security firms governed by <u>Regulations Governing Securities Trading conduct OTC trading; "Foreign OTC" is where financial institutions governed by foreign securities competent authorities and permitted to conduct securities business conduct OTC trading.</u></p> <p>3.10Net value : The equity attributable to owners of the parent stated in the company's balance sheet under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>3.11Total Asset : The total assets stated in the most recent period parent company only financial report or individual financial report under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>3.12 In the case of a company whose shares have no par value or par value other than NT\$10, the transaction amount of 20 percent of the paid-in capital under this Procedure is calculated at 10</p>

Current Provisions	Proposed Amendments
	percent of equity attributable to owners of the parent company.
<p>4.Segregation of duties</p> <p>4.1(Skip)</p> <p>4.2Accounting department : Responsible for the execution of the accounting principle, evaluation, and inventory plan of the acquisition or disposal of securities investment, membership cards, intangible assets, and derivatives.</p> <p>4.3Asset management unit : Responsible for the management of real property and equipment, scrapping and disposal work. The execution of the relevant asset management business is supervised by the accounting department.</p> <p>4.4Legal department : Responsible for the acquisition or disposal of intangible assets such as patents, copyrights, trademarks, concessions etc.</p> <p>4.5Audit department : Responsible for auditing the acquisition or disposal of assets such as securities investment, real estate, equipment and other important assets, membership cards or intangible assets, and derivatives.</p>	<p>4.Segregation of duties</p> <p>4.1(Skip)</p> <p>4.2Accounting department : Responsible for the execution of the accounting principle, evaluation, and inventory plan of the acquisition or disposal of assets under the scope of this Procedure.</p> <p>4.3Asset management unit : Responsible for the management of real property, equipment, <u>and right-of-use asset</u>, scrapping and disposal work. The execution of the relevant asset management business is supervised by the accounting department.</p> <p>4.4Legal <u>intelligence</u> department : Responsible for the acquisition or disposal of intangible assets such as patents, copyrights, trademarks, concessions, <u>right-of-use asset</u> etc.</p> <p>4.5Audit department : Responsible for auditing the acquisition or disposal of assets <u>under the scope of this Procedure.</u></p>
<p>6.1Procedures for the acquisition or disposal of assets</p> <p>6.1.1Appraisal procedures :</p> <p>1) and 2)a, c, and d(skip)</p> <p>b.Companies that further comply with any of the following provisions may exempt from the issuance of the most recent period financial statement certified or reviewed by a certified public accountant. If the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million, a certified public accountant's opinion on the reasonableness of the transaction price may also be exempted.</p> <p>b.1Those who acquire securities through cash contribution in an incorporation by promotion or public offering.</p> <p>b.2Those who participate in the subscription of new shares issued in accordance with the law and at face value.</p> <p>b.3Those who participate in the subscription of new shares issued by its' re-investment 100% owned invested companies.</p> <p>b.4Securities listed and traded on Stock exchange or Over-the-counter ("OTC") and emerging stocks.</p>	<p>6.1Procedures for the acquisition or disposal of assets</p> <p>6.1.1Appraisal procedures :</p> <p>1) and 2)a, c, and d(skip)</p> <p>b.Companies that further comply with any of the following provisions may exempt from the issuance of the most recent period financial statement certified or reviewed by a certified public accountant. If the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million, a certified public accountant opinion on the reasonableness of the transaction price may also be exempted.</p> <p>b.1Acquire securities through cash contribution in an incorporation by promotion or public offering <u>in accordance with the law and the rights recognized by the securities are equivalent to the proportion of capital contribution.</u></p> <p>b.2Participate in the subscription of new shares issued in accordance with the law and at face value.</p> <p>b.3Participate in the subscription of new shares issued by its' <u>directly or indirectly</u> 100% owned invested companies <u>or its' 100% owned</u></p>

Current Provisions	Proposed Amendments
<p>b.5 Government bonds or repurchase agreements or reverse purchase agreements.</p> <p>b.6 Domestic or overseas funds.</p> <p>b.7 Listed securities acquired or disposed in accordance with the Stock Exchange's or Over-the-counter's rules governing the purchase of listed securities or the auction of listed securities.</p> <p>b.8 Those who acquire by participating in the subscription of new shares issued by public companies where the acquired shares are not private placements.</p> <p>b.9 Those who subscribe fund shares prior to its' establishment in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act and with the Financial Supervisory Commission.</p> <p>b.10 Those who purchase or buy back domestic private placement funds where the trust agreement states that except for securities credit transactions and open positions held in securities-related products the remaining investment scope is the same as the public funds.</p>	<p><u>subsidiaries participate in the subscription of new shares issued between themselves.</u></p> <p>b.4 Securities listed and traded on Stock exchange or Over-the-counter ("OTC") and emerging stocks.</p> <p>b.5 <u>Domestic</u> government bonds or repurchase agreements or reverse purchase agreements.</p> <p>b.6 <u>Public offered</u> funds.</p> <p>b.7 Listed securities acquired or disposed in accordance with the <u>Taiwan Stock Exchange or Taipei Exchange</u> rules governing the purchase of listed securities or the auction of listed securities.</p> <p>b.8 Participate in the subscription of new shares issued by <u>domestic</u> public companies <u>or of corporate bonds (including financial bonds)</u> where the acquired shares are not private placements.</p> <p>b.9 Those who subscribe <u>domestic private placement</u> fund shares prior to its' establishment in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act; <u>or in the case of purchasing buying</u> back domestic private placement funds, the trust agreement states that except for securities credit transactions and open positions held in securities-related products the remaining investment scope is the same as the public funds.</p>
<p>6.2 Procedures for the acquisition or disposal of real property or equipment</p> <p>6.2.1 Appraisal procedures :</p> <ol style="list-style-type: none"> 1) To acquire or dispose real property or equipment, each unit should prepare a capital expenditure plan in advance. After feasibility assessment and with asset management department's consent, the unit will prepare the capital expenditure budget and will execute and control according to the plan. 2) To dispose real property or equipment, the feasibility assessment shall be carried out by the user in advance and then executed after approval. 3) Price determination method and reference basis: To acquire or dispose real property or equipment, the asset management unit should refer to the announced present value, assessment present value, the actual transaction price of real estate nearby etc. and such value should be determined after 	<p>6.2 Procedures for the acquisition or disposal of real property, <u>equipment, or its' right-of-use asset.</u></p> <p>6.2.1 Appraisal procedures :</p> <ol style="list-style-type: none"> 1) To acquire or dispose real property, <u>equipment, or its' right-of-use asset,</u> each unit should prepare a capital expenditure plan in advance. After feasibility assessment and with asset management department's consent, the unit will prepare the capital expenditure budget and will execute and control according to the plan. 2) To dispose real property, <u>equipment, or its' right-of-use asset,</u> the feasibility assessment shall be carried out by the user in advance and then executed after approval. 3) Price determination method and reference basis: To acquire or dispose real property, <u>equipment, or its' right-of-use asset,</u> the asset management unit should refer to the announced present value, assessment present

Current Provisions	Proposed Amendments
<p>inquiry, price comparison and bargaining.</p> <p>6.2.2Investment amount The transaction amount of the real property purchased by the Company for non-business use should not exceed 30% of the net value of the most recent period certified or reviewed financial statements.</p> <p>6.2.3Obtain professional appraisal report and expert opinion : In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the paid-in capital or NT\$300 million, the Company, unless dealing with the government, building on its own land, building on rented land, or acquiring or disposing equipment for business use, should obtain an appraisal report prior to the date of occurrence from a professional appraiser and should further comply with the following provisions :</p> <p>1)Due to special circumstances, a limited price, specific price, or special price is required as a reference for the transaction price, the transaction should be submitted for approval by the board of directors in advance and the procedure mentioned above should be followed for future changes in the terms and conditions of the transaction.</p> <p>2)~4)(Skip)</p> <p>6.2.4Operating procedures : 1)Authorized amount and level : The acquisition or disposal of real property or equipment should be made after approval by the competent authority in accordance with the relevant internal regulations and should be reported to the board of directors after the end of each quarter.</p> <p>2)The execution unit : The acquisition or disposal of real property or equipment should be executed in accordance with the amount and level stated in the preceding paragraph by the user department and the competent department and should be implemented according to the internal control standards of the company.</p>	<p>value, the actual transaction price of real estate nearby, <u>rental price</u> etc. and such value should be determined after inquiry, price comparison and bargaining.</p> <p>6.2.2Investment amount The transaction amount of the real property, <u>equipment, or its' right-of-use asset acquired</u> by the Company for non-business use should not exceed 30% of the net value of the most recent period certified or reviewed financial statements.</p> <p>6.2.3Obtain professional appraisal report and expert opinion : In acquiring or disposing of real property, <u>equipment, or its' right-of-use asset</u> where the transaction amount reaches 20 percent of the paid-in capital or NT\$300 million, the Company, unless dealing with <u>domestic</u> government, building on its own land, building on rented land, or acquiring or disposing equipment <u>or its' right-of-use asset</u> for business use, should obtain an appraisal report prior to the date of occurrence from a professional appraiser and should further comply with the following provisions :</p> <p>1)Due to special circumstances, a limited price, specific price, or special price is required as a reference for the transaction price, the transaction should be submitted for approval by the board of directors in advance; the <u>corresponding</u> procedure should be followed for <u>subsequent</u> changes in the terms and conditions of the transaction.</p> <p>2)~4)(Skip)</p> <p>6.2.4Operating procedures : 1)Authorized amount and level : The acquisition or disposal of real property, <u>equipment, or its' right-of-use asset</u> should be made after approval by the competent authority in accordance with the relevant internal regulations and should be reported to the board of directors after the end of each quarter.</p> <p>2)The execution unit : The acquisition or disposal of real property, <u>equipment, or its' right-of-use asset</u> should be executed in accordance with the amount and level stated in the preceding paragraph by the user department and the competent department</p>

Current Provisions	Proposed Amendments
	and should be implemented according to the internal control standards of the company.
<p>6.3 Procedures for related party transactions</p> <p>6.3.1(Skip)</p> <p>6.3.2When the company intends to acquire or dispose real property from a related party or acquire or dispose assets other than real property from a related party and the transaction amount reaches 20 percent of the paid-in capital, 10 percent of the total assets, or NT\$300 million, except for those trading of government bonds, repurchase agreements or reverse purchase agreements, or purchasing or buying back domestic money market fund issued by securities, the following materials should be submitted to the Audit Committee and the Board of Directors for approval. The contract then can be signed and paid thereafter.</p> <ol style="list-style-type: none"> 1)The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2)The reason for choosing the related party as the trading counterparty. 3)Acquire real property from related parties and appraise related information regarding the reasonableness of the transaction terms in accordance with Article 6.3.3 and 6.6.4. 4)The date and price at which the related party originally acquired the real property, the trading counterparty, and the relationship between the Company and the related party. 5)Provide monthly cash flow forecasts for a year commencing from the scheduled month of signing of the contract and evaluate the necessity of the transaction and reasonableness of the application of funds. 6)Obtain an appraisal report from a professional appraiser or an opinion from a certified public accountant in accordance with Article 6.3.1. 7)Restrictive terms and other important stipulations associated with the transaction. <p>The calculation of the transaction amounts in the preceding paragraph should be in accordance with Article 6.7.1, paragraph 2. The term "within the preceding year" refers to the year before the date of the current</p>	<p>6.3 Procedures for related party transactions</p> <p>6.3.1(Skip)</p> <p>6.3.2When the company intends to acquire or dispose real property <u>or its' right-of-use asset</u> from a related party or acquire or dispose assets other than real property <u>or its' right-of-use asset</u> from a related party and the transaction amount reaches 20 percent of the paid-in capital, 10 percent of the total assets, or NT\$300 million, except for those trading of <u>domestic</u> government bonds, repurchase agreements or reverse purchase agreements, or purchasing or buying back domestic money market fund issued by securities, the following materials should be submitted to the Audit Committee and the Board of Directors for approval. The contract then can be signed and paid thereafter.</p> <ol style="list-style-type: none"> 1)The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2)The reason for choosing the related party as the trading counterparty. 3)Acquire real property <u>or its' right-of-use asset</u> from related parties and appraise related information regarding the reasonableness of the transaction terms in accordance with Article 6.3.3 and 6.6.4. 4)The date and price at which the related party originally acquired the real property, the trading counterparty, and the relationship between the Company and the related party. 5)Provide monthly cash flow forecasts for a year commencing from the scheduled month of signing of the contract and evaluate the necessity of the transaction and reasonableness of the application of funds. 6)Obtain an appraisal report from a professional appraiser or an opinion from a certified public accountant in accordance with Article 6.3.1. 7)Restrictive terms and other important stipulations associated with the transaction. <p>The calculation of the transaction amounts in the preceding paragraph should be in accordance with Article 6.7.1, paragraph 2.</p>

Current Provisions	Proposed Amendments
<p>transaction. The amount approved by the audit committee and board of directors in accordance with this procedure is exempted.</p> <p>The board of directors may authorize the chairman to settle within NTD\$500 million and report at the next board meeting for the assets acquired or disposed for business use made between the Company and its subsidiaries.</p> <p>6.3.3 When acquiring real property from related parties, the reasonableness of transaction costs should be assessed by the following means :</p> <p>1)~2)(Skip)</p> <p>If the land and house is jointly purchased with the related parties, the transaction cost of the land and the houses should be assessed separately in accordance with any of the methods listed in the preceding paragraph.</p> <p>When the Company acquires real property from related parties and appraises the cost of the real property in accordance with paragraph 1 and 2 in this article, should be reviewed and opinioned by a certified public accountant.</p> <p>If the Company acquires real property from related parties in accordance with any of the following circumstances, it should comply with the provisions in Article 6.3.2. The preceding provisions of this Article should not apply :</p> <p>1)The real property was inherited or given as a gift to the related party.</p> <p>2)The related party has acquired the real property for more than 5 years from the date of the transaction.</p> <p>3)The real property was acquired through a joint development contract with the related party or through entrusting the related party to build on the Company's own land or rented land.</p> <p>6.3.4 If the appraisal results conducted under Article 6.3.3 are all lower than the transaction price, such matter should be handled in compliance with Article 6.3.5. However, if the following circumstances occur, and objective evidence has been submitted and opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, the Company will not be subjected to such restriction :</p>	<p>The term "within the preceding year" refers to the year before the date of the current transaction. The amount approved by the audit committee and board of directors in accordance with this procedure is exempted.</p> <p>The board of directors may authorize the chairman to settle within NTD\$500 million and report at the next board meeting for the <u>following transactions</u> made between the Company and its subsidiaries <u>or made between subsidiaries that are 100% directly or indirectly held by the Company in terms of issued shares or total capital</u> :</p> <p><u>1)Acquire or dispose equipment or its' right-of-use asset for business use.</u></p> <p><u>2)Acquire or dispose real property right-of-use asset for business use.</u></p> <p>6.3.3 When acquiring real property <u>or its' right-of-use asset</u> from related parties, the reasonableness of transaction costs should be assessed by the following means :</p> <p>1)~2)(Skip)</p> <p>If the land and house is jointly purchased <u>or rented</u> with the related parties, the transaction cost of the land and the houses should be assessed separately in accordance with any of the methods listed in the preceding paragraph.</p> <p>When the Company acquires real property <u>or its' right-of-use asset</u> from related parties and appraises the cost of the real property <u>or its' right-of-use asset</u> in accordance with <u>the preceding two paragraphs</u>, should be reviewed and opinioned by a certified public accountant.</p> <p>If the Company acquires real property <u>or its' right-of-use asset</u> from related parties in accordance with any of the following circumstances, it should comply with the provisions in <u>the preceding</u> Article. The preceding provisions of this Article should not apply :</p> <p>1)The real property <u>or its' right-of-use asset</u> was inherited or given as a gift to the related party.</p> <p>2)The related party has acquired the real property <u>or its' right-of-use asset</u> for more than 5 years from the date of the transaction.</p> <p>3)The real property was acquired through a joint development contract with the related party or through entrusting the related party</p>

Current Provisions	Proposed Amendments
<p>1)When the related party acquires undeveloped land or leased land for development, it may submit proof in compliance with one of the following conditions :</p> <p>a.The undeveloped land is appraised under the preceding Article and the house is calculated according to the construction cost of the related party plus the reasonable construction profit where the total amount exceeds the actual transaction price. The "Reasonable construction profit" should be valued at the lower of the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period announced by the Ministry of Finance.</p> <p>b.Case deals made by non-related parties within 1 year involving other floors of the same property or in adjacent areas, the land area are similar and the trading terms are equivalent to the reasonable floor or regional spreads as determined by the real estate trading practices.</p> <p>c.Leases made by non-related parties within 1 year involving other floors of the same property or in adjacent areas, the trading terms are equivalent to the reasonable floor or regional spreads as determined by the real estate leasing practices.</p> <p>2)The Company submits evidence that the trading terms of case deals for acquiring real property from related parties are equivalent to those in adjacent area made within 1 year by non-related parties and with similar land area.</p> <p>The term “case deals made in adjacent areas” stated in the preceding paragraph is based on either the same or adjacent block and within a distance of no more than 500 meters or either close to the publicly announced current value; the term “similar land area” is based on the case deals made by non-related parties with a land area no less than 50 percent of the area in the transaction; the term ‘within 1 year’ refers to the year preceding the date of the acquisition of the real property.</p> <p>6.3.5If the appraisal result conducted in accordance</p>	<p>to build on the Company's own land or rented land.</p> <p><u>4)The real property right-of-use asset for business use was acquired between the Company and its subsidiaries or between subsidiaries that are 100% directly or indirectly held by the Company in terms of issued shares or total capital.</u></p> <p>6.3.4If the appraisal results conducted under Article 6.3.3 are all lower than the transaction price, such matter should be handled in compliance with Article 6.3.5. However, if the following circumstances occur, and objective evidence has been submitted and opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, the Company will not be subjected to such restriction :</p> <p>1)When the related party acquires undeveloped land or leased land for development, it may submit proof in compliance with one of the following conditions :</p> <p>a.The undeveloped land is appraised under the preceding Article and the house is calculated according to the construction cost of the related party plus the reasonable construction profit where the total amount exceeds the actual transaction price. The "Reasonable construction profit" should be valued at the lower of the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period announced by the Ministry of Finance.</p> <p>b.<u>Transaction cases</u> made by non-related parties within 1 year involving other floors of the same property or in adjacent areas, the land area are similar and the trading terms are equivalent to the reasonable floor or regional spreads as determined by the real estate trading <u>or leasing</u> practices.</p> <p>2)The Company submits evidence that the trading terms of <u>transaction cases</u> for acquiring real property <u>or acquire right-of-use asset through leasing</u> from related parties are equivalent to those in</p>

Current Provisions	Proposed Amendments
<p>with Article 6.3.3 and 6.3.4 are all lower than the transaction price for acquiring real property from a related party, the Company should handle the matters in the following :</p> <ol style="list-style-type: none"> 1)A special reserve should be preserved in accordance with Article 41, paragraph 1 of the Securities and Exchange Act for the difference between the real property transaction price and the appraised cost and may not be distributed as cash or share dividends. For the investments that are valued by equity method, a special reserve under Article 41, paragraph 1 of the Securities and Exchange Act should also be preserved in consistent with the shareholder equity ratio of the investment company. 2)The member of the audit committee should comply with Article 218 of the Company Act. 3)The process taken in subparagraph 1 and subparagraph 2 should be reported in the shareholders meeting and the transactions details should be disclosed in the annual report and prospectus. <p>The special reserve preserved in accordance with the preceding paragraph may be used until the asset purchased at a high price has recognized loss on its' market value, disposed, properly compensated, recovered, or determined unreasonable evidence and approved by the FSC.</p> <p>If there is any other evidence indicating the acquisition of real property from a related party has irregular business practice, the Company should also comply with the preceding two subparagraphs.</p>	<p>adjacent area made within 1 year by non-related parties and with similar land area.</p> <p>The term “<u>transaction cases</u> made in adjacent areas” stated in the preceding paragraph is based on either the same or adjacent block and within a distance of no more than 500 meters or either close to the publicly announced current value; the term “similar land area” is based on the <u>transaction cases</u> made by non-related parties with a land area no less than 50 percent of the area in the transaction; the term ‘within 1 year’ refers to the year preceding the date of the acquisition of the real property <u>or its' right-of-use asset</u>.</p> <p>6.3.5If the appraisal result conducted in accordance with the <u>preceding two articles</u> are all lower than the transaction price for acquiring real property <u>or its' right-of-use asset</u> from a related party, the Company should handle the matters in the following :</p> <ol style="list-style-type: none"> 1)A special reserve should be preserved in accordance with Article 41, paragraph 1 of the Securities and Exchange Act for the difference between the real property <u>or right-of-use asset</u> transaction price and the appraised cost and may not be distributed as cash or share dividends. For the investments that are valued by equity method, a special reserve under Article 41, paragraph 1 of the Securities and Exchange Act should also be preserved in consistent with the shareholder equity ratio of the investment company. 2)The member of the audit committee should comply with Article 218 of the Company Act. 3)The process taken in <u>the above 2 subparagraphs</u> should be reported in the shareholders meeting and the transactions details should be disclosed in the annual report and prospectus. <p>The special reserve preserved in accordance with the preceding paragraph may be used until the asset purchased <u>or rented</u> at a high price has recognized loss on its' market value, disposed, <u>lease has been terminated</u>, properly compensated, recovered, or determined unreasonable evidence and approved by the FSC.</p> <p>If there is any other evidence indicating the</p>

Current Provisions	Proposed Amendments
	acquisition of real property <u>or its' right-of-use asset</u> from a related party has irregular business practice, the Company should also comply with the preceding two subparagraphs.
<p>6.4 Procedures for the acquisition or disposal of membership cards or intangible assets</p> <p>6.4.1 Appraisal procedures :</p> <p>1) To acquire or dispose intangible assets and membership cards, the feasibility assessment should be carried out by the user in advance and then executed after approval.</p> <p>2) Price determination method and reference basis: To acquire or dispose membership cards or intangible assets, the asset management unit collects relevant information in advance and refer to fair market value and should be determined after inquiry, price comparison and bargaining.</p> <p>6.4.2 Investment amount :</p> <p>The transaction amount of the membership cards or intangible assets by the Company for non-business use should not exceed 30% of the net value of the most recent period certified or reviewed financial statements.</p> <p>6.4.3 Expert Opinion :</p> <p>In acquiring or disposing of membership cards or intangible assets where the transaction amount reaches 20 percent of the paid-in capital or NT\$300 million, the Company, unless dealing with the government, should obtain an opinion prior to the date of occurrence from a certified public accountant and the certified public accountant should comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>6.4.4 Operation Procedure :</p> <p>1) Authorized amount and level : The acquisition or disposal of membership cards or intangible assets should be made after approval by the competent authority in accordance with the relevant internal regulations and should be reported to the board of directors after the end of each quarter.</p> <p>2) The execution unit : The acquisition or disposal of membership cards or intangible assets should be executed in accordance</p>	<p>6.4 Procedures for the acquisition or disposal of intangible assets, <u>its' right-of-use assets, or membership cards</u></p> <p>6.4.1 Appraisal procedures :</p> <p>1) To acquire or dispose intangible assets, <u>its' right-of-use assets, or</u> membership cards, the feasibility assessment should be carried out by the user in advance and then executed after approval.</p> <p>2) Price determination method and reference basis: To acquire or dispose intangible assets, <u>its' right-of-use assets, or membership cards</u>, the asset management unit collects relevant information in advance and refer to fair market value and should be determined after inquiry, price comparison and bargaining.</p> <p>6.4.2 Investment amount :</p> <p>The transaction amount of the intangible assets, <u>its' right-of-use assets, or membership cards</u> by the Company for non-business use should not exceed 30% of the net value of the most recent period certified or reviewed financial statements.</p> <p>6.4.3 Expert Opinion :</p> <p>In acquiring or disposing of intangible assets, <u>its' right-of-use assets, or membership cards</u> where the transaction amount reaches 20 percent of the paid-in capital or NT\$300 million, the Company, unless dealing with the <u>domestic</u> government, should obtain an opinion prior to the date of occurrence from a certified public accountant and the certified public accountant should comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>6.4.4 Operation Procedure :</p> <p>1) Authorized amount and level : The acquisition or disposal of intangible assets, <u>its' right-of-use assets, or membership cards</u> should be made after approval by the competent authority in accordance with the relevant internal regulations and should be reported to the board of directors after the</p>

Current Provisions	Proposed Amendments
<p>with the amount and level stated in the preceding paragraph by the user department and the competent department and should be implemented according to the internal control standards of the company.</p>	<p>end of each quarter. 2)The execution unit : The acquisition or disposal of intangible assets, <u>its' right-of-use assets, or membership cards</u> should be executed in accordance with the amount and level stated in the preceding paragraph by the user department and the competent department and should be implemented according to the internal control standards of the company.</p>
<p>6.5Procedures for engaging in derivatives trading 6.5.1~6.5.3(Skip) 6.5.4 1)(Skip) 2)Measurement, monitoring, and control of risk a.(Skip) b.Regular assessment method : Trading positions of derivatives should be evaluated weekly; however, positions held for hedge trades for business should be evaluated at least twice per month. Evaluation reports should be presented to senior executives authorized by the board of directors. 6.5.5Management responsibility 1)Supervision and management of the board of directors a.Designate senior executives to monitor and control derivatives trading risk. b.(Skip) 2)a~c(Skip) d.The derivatives should be traded pursuant to the level of this Procedure and be reported in the next board of directors meeting. 6.5.6Internal audit standard 1)To engage in derivatives trading, the Company should establish a log book in which details of the type, amount, board of directors approval date, and those required to be carefully evaluated in accordance with paragraph 2 of Article 6.5.4, subparagraph b of paragraph 1 of Article 6.5.5, and subparagraph a of paragraph 2 of Article 6.5.5 are recorded. 2)(Skip)</p>	<p>6.5Procedures for engaging in derivatives trading 6.5.1~6.5.3(Skip) 6.5.4 1)(Skip) 2)Measurement, monitoring, and control of risk a.(Skip) b.Regular assessment method : Trading positions of derivatives should be evaluated weekly; however, positions held for hedge trades for business should be evaluated at least twice per month. Evaluation reports should be <u>submitted</u> to senior executives authorized by the board of directors. 6.5.5Management responsibility 1)Supervision and management of the board of directors a.Designate senior executives to <u>pay full attention to the monitor and control of</u> derivatives trading risk. b.(Skip) 2)a~c(Skip) d.The derivatives should be traded <u>in accordance with</u> the level of this Procedure and be reported in the next board of directors meeting. 6.5.6Internal audit standard 1)To engage in derivatives trading, the Company should establish a log book in which details of the type, amount, board of directors approval date, and those required to be carefully evaluated in accordance with paragraph 2 of Article 6.5.4, subparagraph b of paragraph 1 and subparagraph a of paragraph 2 of <u>the preceding article</u> are recorded. 2)(Skip)</p>

Current Provisions	Proposed Amendments
<p>6.7Public Disclosure of Information</p> <p>6.7.1If the Company acquires or disposes assets in accordance with any of the following circumstances, it should publicly announce relevant information on the FSC's designated website in the appropriate format as prescribed within 2 days counting inclusively from the date of the event :</p> <p>1)When the company intends to acquire or dispose real property from a related party or acquire or dispose assets other than real property from a related party and the transaction amount reaches 20 percent of the paid-in capital, 10 percent of the total assets, or NT\$300 million. Trading of government bonds, repurchase agreements or reverse purchase agreements, or purchasing or buying back domestic money market fund issued by securities are not subjected to such restriction.</p> <p>2)~3)(Skip)</p> <p>4)The type of asset acquired or disposed is equipment for business use where the trading counterparty is not a related party and the transaction amount reaches NT\$500 million.</p> <p>5)Real property is acquired through building on its own land, building on rented land, allocation of housing units under joint construction, allocation of ownership percentages under joint construction, or separate sale under joint construction. The Company expects to invest in NT\$500 million or more.</p> <p>6)The transaction amount in asset trading or Mainland China investment other than the above five paragraphs reaches 20% of the Company's paid-in capital or NT\$300 million. However, the following circumstances are not restricted :</p> <p>a.Trading of government bonds.</p> <p>b.Investment professionals trade securities on foreign or domestic securities exchanges or over-the-counter markets, or subscribe ordinary corporate bonds or no-equity general bank debentures issued in the domestic primary market.</p> <p>c.(Skip)</p> <p>The above transaction amount is calculated as below:</p>	<p>6.7Public Disclosure of Information</p> <p>6.7.1If the Company acquires or disposes assets in accordance with any of the following circumstances, it should publicly announce relevant information on the FSC's designated website in the appropriate format as prescribed within 2 days counting inclusively from the date of the event :</p> <p>1)When the company intends to acquire or dispose real property <u>or its' right-of-use assets</u> from a related party or acquire or dispose assets other than real property <u>or its' right-of-use assets</u> from a related party and the transaction amount reaches 20 percent of the paid-in capital, 10 percent of the total assets, or NT\$300 million. Trading of <u>domestic</u> government bonds, repurchase agreements or reverse purchase agreements, or purchasing or buying back domestic money market fund issued by securities are not subjected to such restriction.</p> <p>2)~3)(Skip)</p> <p>4)The type of asset acquired or disposed is equipment <u>or its' right-of-use asset</u> for business use where the trading counterparty is not a related party and the transaction amount reaches NT\$500 million.</p> <p>5)Real property is acquired through building on its own land, building on rented land, allocation of housing units under joint construction, allocation of ownership percentages under joint construction, or separate sale under joint construction <u>where the trading counterparty is not a related party</u>. The Company expects to invest in NT\$500 million or more.</p> <p>6)The transaction amount in asset trading or Mainland China investment other than the above five paragraphs reaches 20% of the Company's paid-in capital or NT\$300 million. However, the following circumstances are not restricted :</p> <p>a.Trading of <u>domestic</u> government bonds.</p> <p>b.Investment professionals trade securities on foreign or domestic securities exchanges or over-the-counter markets, or subscribe ordinary corporate bonds or no-equity general bank debentures <u>(excluding Subordinated Debt) issued in the domestic primary market, or</u></p>

Current Provisions	Proposed Amendments
<p>1)~3)(Skip)</p> <p>4)The cumulative transaction amount of acquiring or disposing (account acquisitions and disposals separately) the same property development plan within 1year.</p> <p>(Skip)</p> <p>6.7.2~6.7.3 and 6.7.5(Skip)</p> <p>6.7.4In acquiring or disposing assets, relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions should be placed at the Company for 5 years unless otherwise stipulated in other laws.</p>	<p><u>purchasing or buying back securities investment trust or futures trust fund.</u></p> <p>c.(Skip)</p> <p>The above transaction amount is calculated as below:</p> <p>1)~3)(Skip)</p> <p>4)The cumulative transaction amount of acquiring or disposing (account acquisitions and disposals separately) the same property <u>or its' right-of-use asset</u> development plan within 1year.</p> <p>(Skip)</p> <p>6.7.2~6.7.3 and 6.7.5(Skip)</p> <p>6.7.4In acquiring or disposing assets, relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions should be placed at the Company for 5 years unless otherwise stipulated in other laws.</p>
<p>6.8Control procedures for the acquisition and disposal of assets by subsidiaries</p> <p>6.8.1(Skip)</p> <p>6.8.2(Skip)</p> <p>The regulation regarding those reaching 20 percent of the paid-in capital or 10 percent of the total assets for the subsidiary subjected to the preceding Article 6.7.1, paragraph 1 should be the paid-in capital or total assets of the Company.</p>	<p>6.8Control procedures for the acquisition and disposal of assets by subsidiaries</p> <p>6.8.1(Skip)</p> <p>6.8.2(Skip)</p> <p>The regulation regarding the paid-in capital or the total assets for the subsidiary subjected to the preceding Article 6.7.1, paragraph 1 should be the paid-in capital or total assets of the Company.</p>
<p>6.9Professional 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 should not be related parties with the trading party.</p> <p>(Skip)</p>	<p>6.9Professional 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 should <u>meet the following requirements:</u></p> <p><u>1.Was not sentenced to more than one year of prison for violation of this Procedure, 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 commit crime for business. However, this provision does not apply if the service of the sentence is completed, the probation period is expired, or exempted from punishment for more than 3 years.</u></p> <p><u>2.May not be related parties or de facto related parties with the transaction party.</u></p>

Current Provisions	Proposed Amendments
	<p><u>3.If the Company is required to obtain appraisal reports from two or more professional appraisers, the professional appraisers or appraisal personnels may not be related parties or de facto related parties of each other.</u></p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph should comply with the following:</u></p> <p><u>1.Before taking a case, the personnel should prudently assess their own professional competence, practical experience, and independence.</u></p> <p><u>2.During case review, the personnel should appropriately plan and execute adequate working procedures to draw a conclusion as the basis for issuing the report or opinion. The related work procedures, collected data, and conclusion should be fully and accurately stated in the working papers.</u></p> <p><u>3.The data source, parameters and information used should be evaluated item by item for completeness, correctness and reasonableness as the basis for the issuance of appraisal reports or opinions.</u></p> <p><u>4.The statement should include the professionalism and independence of the relevant personnel, the information used for evaluation is reasonable and accurate, and the relevant laws and regulations are followed.</u></p> <p>(Skip)</p>

Comparison Table of Amendments to the Procedures of Loaning of Funds and Making of Endorsements/Guarantees

Current Provisions	Proposed Amendments
3.6 Date of Occurrence: As defined as the date of contract signing, date of payment, dates of boards of directors resolutions, or other date on which the counterparty and monetary amount of the transaction can be confirmed, whichever date is earlier.	3.6 Date of Occurrence: As defined as the date of signing, date of payment, dates of boards of directors resolutions, or other date on which the counterparty and monetary amount of the <u>lanning of funds and making of edorsements/guarantees</u> can be confirmed, whichever date is earlier.
6.1 The Procedures of Loaning of Funds 6.1.1、6.1.3~6.1.11(Skip) 6.1.2 (1)~(3)(Skip) (4)Among overseas companies holding directly or indirectly 100% voting shares that may extend short-term loans to each other, in addition, total amount of the loans extending to others and to one individual borrower shall not exceed 50% of the company's net worth. 6.1.12 Newly added	6.1 <u>The public company shall comply with the Procedures of Loaning of Funds</u> : 6.1.1、6.1.3~6.1.11(Skip) 6.1.2 (1)~(3)(Skip) (4)Among overseas companies holding directly or indirectly 100% voting shares that may extend loans to each other, <u>or among overseas companies holding directly or indirectly 100% voting shares that may extend loans to parent company</u> ,in addition, total amount of the loans extending to others and to one individual borrower shall not exceed 50% of the company's net worth. <u>6.1.12When the Directors violates the provisions of 6.1.1~6.1.2, it shall be responsible for the return of the loan with the borrower ; If the company suffers damage, it shall also be liable for damages.</u>
6.2 The Procedures of Making of Endorsements/Guarantees 6.2.1 To whom endorsements/guarantees is made 6.2.2.~6.2.10、6.2.12(Skip) 6.2.11 Information Disclosure (1)、(2)、(4)(Skip) (3)When the Company reach one of the following criteria , the company shall announce and report the matters on the date of its occurrence within two days : (A)~(B)及(D)(Skip) (C)The balance of endorsements / guarantees by the Company and its Subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/ guarantees for, investment a <u>long-term nature in</u> , and balance of loans to, such enterprise reaches 30 percent or more of Company's net worth as stated in its latest financial statement.	6.2 <u>The public company shall comply with the Procedures of Making of</u> Endorsements/Guarantees : 6.2.1 To whom endorsements/guarantees is made 6.2.2.~6.2.10、6.2.12(Skip) 6.2.11 Information Disclosure (1)、(2)、(4)(Skip) (3)When the Company reach one of the following criteria , the company shall announce and report the matters on the date of its occurrence within two days : (A)~(B)及(D)(Skip) (C)The balance of endorsements / guarantees by the Company and its Subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/ guarantees for, investment <u>of equity in book amount</u> , and balance of loans to, such enterprise reaches 30 percent or more of Company's net worth as stated in its latest financial statement.

List of Director Candidates

Candidates Category	Name	Education	Current/Selected Past Positions	Number of Shares
Director	Mr. Wade Chang	Master of NTU-Fudan EMBA , National Taiwan University	Chairman&CEO, Coretronic Corporation	7,921,463
	Hsun Chieh Investment Ltd.	-	Director, Coretronic Corporation	15,062,551
	Mr. Ted Tu	MBA, University of Houston	President, President International Development Corporation Chairman & President, LAFA LifeTech, Inc.	0
	Mr. Chual-Hsin Teng	Honorary Doctorate in Engineering of the National United University Master of Business Administration, National Taiwan University	Chairman & President , Thin Chang Co., Ltd	0
Independent Director	Mr. Houn-Gee Chen	Ph.D. in Industrial Engineering, and Master in Computer Science, University of Wisconsin–Madison	Deputy Director of Business Administration Dept. and CEO of EMBA, National Taiwan University Professor of Business Administration Dept., National Taiwan University	0
	Mr. Edward H. Chow (Note)	Ph.D. in Business, Indiana University-Bloomington	President, National Chengchi University Professor of Finance Dept., National Chengchi University	0
	Mr. Yao Chien (Note)	Kun Shan University Industrial Design Department	EMI Taiwan and VMC(Virgin Music Chinese) President and Mandarin Music Director General Manager of the Ursa Major Entertainment Ltd	0

(Note) Recommendation for Nomination of Independent Director candidate for the first term

- Mr. Edward H. Chow has considerable profound experiences in industries, government agencies, and universities. With professional competences in business management/ leadership decision/risk management/international finance/investment and entrepreneurial financial management, it helps the Company to advance corporate governance further and plan future business strategy.
- Mr. Yao Chien's rich experiences in creation and multimedia, as well as unique opinion in aesthetics and consumer behavior, it helps the Company to develop digital content in response to the need to transform from pure hardware supplier to Cloud Premium Service provider and step into new industries such as Mixed Reality.

List of competition restrictions on Directors proposed to be released

Position	Name	Released restriction
Director	Hsun Chieh Investment Ltd.	Director of Harvatek Corp., United Microelectronics Corp., PixArt Imaging Inc., Unimicron Technology Corp. ; Supervisor of Silicon Integrated Systems Corp.
	Mr. Ted Tu	Chairman and Director of Lafa LifeTech Corp. Independent Director of Mercuries & Associates Holding, Ltd. and SCI Pharmtech, Inc. ; Director of Cayenne's Ark Mobile Co., Ltd. ; Supervisor of Foresee Pharmaceuticals Co., Ltd.
	Mr. Chual-Hsin Teng	Chairman & President , Thin Chang Co., Ltd.
Independent Director	Mr. Houn-Gee Chen	Independent Director of Success Prime Corporation
	Mr. Yao Chien	General Manager of the Ursa Major Entertainment Ltd.

Coretronic Corporation

Articles of Incorporation

CHAPTER 1 : General Provisions

Article 1: The Company is incorporated under those provisions of the Company Law relating to companies limited by shares, and is named as "Coretronic Corporation".

Article 2: The business engaged in by the Company shall be as follows :

1. CC01110 Computers and Computing Peripheral Equipments Manufacturing
2. CC01080 Electronic Parts and Components Manufacturing
3. CE01030 Photographic and Optical Equipment Manufacturing
4. CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacture
5. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
6. CC01990 Electrical Machinery, Supplies Manufacturing (can only be manufactured outside Hsinchu Science Park)
7. CC01990 Batteries Manufacturing (can only be manufactured outside Hsinchu Science Park)
8. Research, develop, produce, manufacture and sale the following optical products :
 - (1) Various LCDs, projections and the backlight modules
 - (2) Multimedia presentation system equipments and software
 - (3) Plasma display monitors/TVs, LCD internet personal computer, LCD Windows base terminal, digital transmission, LCD monitors
 - (4) All kinds of consigned design and develop and consulting services regarding above products
 - (5) Import and export trading business related to the above businesses (except the businesses requiring permit)
9. Design, manufacturing and sales of Acrylics and relating consigned design, develop, consulting and import and export trading business of the products (can only be conducted outside Hsinchu Science Park)
10. Design, manufacturing and sales of the power supply, electronic car and fuel cell related products and its Components (can only be manufactured outside Hsinchu Science Park)

Article 3: Upon consent of the board of directors, the Company may provide guarantees for third parties in accordance with its Operational Measures Governing Guarantees and Endorsements which shall be separately enacted.

Article 4: When the Company invests in another company due to the need of operation, the total investments could exceed a specified percentage of the total paid-in capital, and the Company authorizes the board of directors to execute.

Article 5: The Company's principal executive offices shall be located in the Science-Based Industrial Park in Hsinchu, Taiwan, R.O.C. The Company may, upon approval of the board of directors and competent authority, establish branch offices in Taiwan or abroad. After the public offerings, the Company shall not go private without the resolution of the shareholder meeting. The article shall not be changed in the period of the Company lists in OTC or Taiwan Stock Market.

Article 6: The Company's processing rules of announcement affairs shall fully comply with pertinent laws and regulations promulgated by the authorities concerned.

CHAPTER 2 : Shares

Article 7: The total authorized capital of the Company shall be NT\$10 billion, divided into 1 billion (includes 70 million shares for the use of stock option certificates, preferred stock with warrants or corporate bonds with warrants) shares with a par value of NT\$10 each. Subject to practical need, the board of the directors is authorized to issue such shares by installments.

Article 8: The share certificate of the Company may adopt the issuance of non-physical, while shall be issued in registered form, as well as with other securities of the Company.

Article 9: The Company shall handle share matters in accordance with the Guidelines Governing Stock Matters of Public Offering Companies.

Article 10: No transfer of shares shall be handled within sixty days prior to a shareholder regular meeting, or within thirty days prior to a shareholder extraordinary meeting, or within five days prior to allocation of dividend bonus or any other benefits.

The period mentioned in the previous clause is calculated from the meeting date of the base date.

CHAPTER 3 : Shareholder Meeting

Article 11: Shareholder meetings shall be convened as follows:

- (1) General shareholder meetings shall be convened by the board of directors within six (6) months following the end of each fiscal year.
- (2) Special shareholder meetings may be convened according to the laws whenever it is necessary.

Directors may not convene the shareholders' meeting, the shareholders who own shares exceeds three percent (3%) of the total issued shares may convene the shareholder meeting by themselves with the permission of the authority.

Article 12: The chairman of the board shall preside at shareholder meetings if the shareholder meeting is convened by the board of directors. When the chairman of the board is unable to preside at a meeting, the directors present shall elect one from among themselves as proxy.

If the shareholder meeting is convened by others with legitimate right, the one who convenes it shall preside at the meeting. When more than one conveners are present,

they shall elect one from among themselves to preside.

Article 13: Notice shall be provided to each shareholder at least thirty (30) days prior to a general shareholder meeting. Notice shall be provided to each shareholder at least ten (10) days prior to an extraordinary shareholder meeting. The notice shall state the date and venue of the meeting and the purpose or purposes for which the meeting is called.

Article 14: A shareholder of the Company shall be entitled to one vote for each share held except the shares provided by laws.

Article 15: Except as otherwise provided by the laws and regulations, a resolution may be adopted by the shareholders or proxy of a simple majority of the votes of the issued and outstanding capital stocks represented at a shareholder meeting at which the shareholders of a majority of issued and outstanding capital are present or by proxy. Shareholders' meeting will adopt electronic voting as one of the method to exercise the right to vote, and its related operation rules shall follow the competent authority regulations..

Article 16: When a shareholder of the Company is unable to attend a shareholder meeting for any reason, the shareholder may appoint proxies to attend the shareholder meeting published by the Company. Unless otherwise stipulated by the Company Act, attendance of shareholder's proxies shall be in accordance with the provisions of "Regulation Governing the Use of Proxies For Attendance of Shareholder Meeting of Public Companies".

Article 17: The resolution adopted at the shareholder meeting shall be recorded in the minutes of the meetings and be signed or sealed by the chairman. The minutes shall be issued to all shareholders within 20 days after the shareholder meeting.

The Company may provide the minutes via an announcement.

CHAPTER 4 : Directors, Audit Committee and Managers

Article 18: The Company will have a board of directors consisting of seven to nine directors, who will be elected by the shareholder meeting from persons with disposing capacity. Each director will serve an office term of three years and may be re-elected. The board of directors is authorized to approve the number of directors. Compensation for the directors shall be determined by the board of directors in accordance with the domestic and international business standards. The Company shall establish at least three (3) independent directors to be included in the number of directors. Election of directors shall adopt the candidate nomination measure and elected by shareholders' meeting from previous candidates. Matters regarding professional qualification, restrictions on shareholdings, concurrent positions held, determination of independency, method of nomination and election and other matters for compliance with respect to independent directors shall be subject to the rules prescribed by the securities governing authorities.

Article 18-1: The Company's audit committee is formed by all independent directors and one of whom shall serve as the convener. Effective from the establish date of the audit committee, the Audit Committee or the members of Audit Committee shall be responsible for those responsibilities of Supervisors specified under the relevant regulations.

Article 19: The directors' meeting shall be convened by the chairman of the board. The initial directors' meeting of each term shall be convened by the director who receives the number of ballots representing the largest number of votes. If a director is unable to attend a directors' meeting, the director may appoint another director to attend the meeting as proxy; provided, however, that the proxy shall accept the appointment of one director only. A director who lives abroad may appoint in written form another shareholder domiciled within the territory of R.O.C. to attend regularly by proxy any directors' meeting. Such appointment of proxy shall be registered with the competent authority.

The reasons for calling a board of directors meeting and audit committee meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.

The aforesaid meeting notice may be prepared in either written, fax or electronic format.

Article 20: The chairman of the board shall preside at directors' meeting. When the chairman is on leave or unable to exercise his/her official functions for whatever the reason, the acting chairman shall be designated in accordance with the relevant regulations.

Article 21: Except as otherwise provided in the relevant laws or this Articles of Incorporation, any resolution of a board of directors' meeting shall be adopted at a meeting which at least general majority of the directors attend and at which meeting more than 50% of the directors present vote in favor of such resolution.

Minutes of meetings shall be prepared for all resolutions adopted at a board of directors' meeting.

If the directors' meeting is conducted in a manner of digital videoconference, the Directors who participate in such conference via digital video shall be deemed be present in person.

Article 22: The Company may has managers, all of whom shall be duly appointed, discharged and paid by the board of directors through a majority vote in the meeting which is attended by a majority of the total number of of directors.

Subject to the authority prescribed by the board of directors, the officers shall be empowered or not to manage the operation of the company and to sign relevant business documents for the company.

CHAPTER 5 : Accounting

Article 23: The fiscal year of this Company shall commence on the first day of January each

year and shall end on the thirty-first day of December. A year-end accounting statement shall be prepared at the end of each fiscal year.

Article 24: Upon the close of each fiscal year, the board of directors shall work out the following documents to be audited by supervisors within thirty days prior to the regular meeting of shareholders before being acknowledged by the shareholder meeting:

- (1) Business report
- (2) Financial statements
- (3) Proposals of profit allocation or loss coverage

Article 25: 10%~20% of profit of the current year shall be distributed as employees' compensation. If the Company have losses from previous year, the losses shall be compensated in advance. Employee compensation distributed shall be made in stocks or cash including employees of the Company and may include employees of the controlled companies.

In the case that the annual final accounts audit results in surplus, funds shall be appropriated first for income tax payments and to compensate for losses from previous year; 10% of the surplus shall then be appropriated for the legal reserve, except when the accumulated amount of such legal reserve equals to the Company's total authorized capital, and to contribute or reserve certain surplus in accordance with applicable laws. The retained profits from previous years, and the BOD should propose the dividends distribution and determined by shareholders' meeting.

The Company's dividends policy is ordered by the Company Law and the Articles of Incorporation and decided according to the Company's capital and financial structure, operation situation, profits and the characters of the industry and business cycle. Distributions shall be made in cash dividends or in stock dividends. However, due to the Company is in expansion in its industry, the Company shall, in consideration of the financial, business and administrative needs, distribute more than ten percent (10%) of the total dividends if the Company decides to distribute cash dividends.

When the Company has no profits to distribute to the shareholders, the Company may, in consideration of the financial, business and administrative needs, to distribute all or partial reserve according to the relevant laws or regulations of authorities.

The board of directors of the Company may resolve to purchase liability insurance for the directors.

Article 26: If the Company issue employee stock option certificates or buy back shares to transfer to employees, and the subscription price or transferred price is lower than the limited price of the relevant laws, it shall be proposed to the shareholder

meeting according to the relevant laws.

Article 27: Dividends and bonuses shall be distributed to those shareholders whose names are listed on the registrar of shareholders as of the record date set for purposes of the distribution.

CHAPTER 6 : Supplementary Provisions

Article 28: Any rules or measures related to the Articles of Incorporation shall be stipulated separately by the board of directors.

Article 29: Matters not prescribed under the Articles of Incorporation shall be in accordance with the Company Law.

Article 30: This Articles of Incorporation adopted on June 18, 1992; 1st amended on September 6, 1993; 2nd amended on April 7th, 1994; 3rd amended on September 25th, 1995; 4th amended on November 8, 1996; 5th amended on September 26, 1997; 6th amended on June 12, 1998; 7th amended on April 20, 1999; 8th amended on April 25, 2010; 9th amended on June 18, 2001; 10th amended on May 29, 2002; 11th amended on May 29, 2002; 12th amended on May 25, 2004; 13th amended on May 26, 2005; 14th amended on June 2, 2006; 15th amended on June 16, 2007; 16th amended on June 13, 2008; 17th amended on June 15, 2010; 18th amended on June 12, 2012; 19th amended on June 17, 2014; 20th amended on June 15, 2016; The Articles of Incorporation shall be effective from the date they are approved by the shareholders meeting. The same applies in case of amendments.

Coretronic Corporation

Chairman : Wade Chang

Coretronic Corporation
Rules Governing the Conduct of Shareholders' Meetings

1. Purpose: The Rules are for the procedures of the shareholders' meeting.
2. Scope: The shareholders' meeting of the Company shall be proceeded with in accordance with these Rules, unless Company Laws, Rules Governing the Conduct of Shareholders Meetings by Public Companies and the Articles of Incorporation of the Company provides otherwise.
3. Definition: None.
4. Authorities:
 - 4.1 Shareholders' meeting shall be called by the board of directors, the proceedings of the meeting shall be formulated by the board of directors, and the meeting shall be proceeded with in accordance with the said proceedings. The proceedings shall not be changed without a resolution made by the shareholders' meeting.
 - 4.2 If a shareholders' meeting shall be called by any other person than the board of directors, the preceding provisions shall apply mutatis mutandis to the said meeting.
 - 4.3 The chairman shall not adjourn a meeting without resolution adopted by shareholders if the motions (including extraordinary motions) covered in the proceedings so arranged in the above Rule 4.1 and Rule 4.2 shall not have been resolved.
 - 4.4 If the chairman has violated the rules of procedure to declare the meeting is ended, one person may be elected the chairman with the consent of one half of the votes represented by shareholders present to resume the Meeting.
 - 4.5 After the meeting is declared ended, shareholders may not elect a chairman to resume the meeting at the original location or other premises.
 - 4.6 Shareholders' meeting shall be convened by the board of directors and the chairman of the board of directors shall be the chairman presiding at the Meeting. If the Chairman of BOD cannot preside at the Meeting for any reason, the agent shall be preceded in accordance with Company Law.
 - 4.7 If a shareholders' meeting is called by someone other than the board of directors who has the right to call the meeting, the said person shall chair the meeting. If more than one person has the right to call the meeting, one shall be elected to chair the meeting.
5. Reference: Rules Governing the Conduct of Shareholders' Meetings by Public Companies
6. Procedures:
 - 6.1 Shareholders (or agent) attending the shareholders' meeting shall sign-in. The sign-in procedure is performed by submitting the attendance card. The attendance card shall be worn to attend the shareholders' meeting. The number of shares represented by attending shareholders shall be calculated in accordance with the attendance card submitted by shareholders and those submitted by e-voting shares.

- 6.2 When it is time to convene a shareholders' meeting, the chairman shall immediately convene the meeting, provided, however, that if the shareholders present do not represent a majority of the total amount of issued shares, the chairman may postpone the meeting, provided, however, that the postponement of the said meeting shall be limited to two times, and the total time postponed shall not exceed one hour. If the meeting has been postponed for two times, but the shareholders present still do not represent a majority of the total amount of issued shares, a tentative resolution may be adopted in accordance with the Company Law by shareholders representing one-third of the total amount of issued shares. Before the close of the said meeting if the shareholders present represent a majority of the total amount of issued shares, the chairman may present the tentative resolution so adopted to the meeting for resolution in accordance with the Company Law.
- 6.3 During the proceedings of a meeting, the chairman may consider the schedule and announce for a break. If the meeting is not ended, the shareholders may resolve to postpone or resume the meeting within five days without further notice or public announcement.
- 6.4 A shareholder wishing to speak in a shareholders' meeting shall first fill out a slip, specifying therein the number of attendance, his name and major points of his speech, and the chairman shall determine his order of giving a speech.
- 6.5 An attending shareholder or proxy may question about report items on the agenda only after the chairman or person designated by the chairman has read or reported all report items. The proposals shall be discussed in accordance with the scheduled procedures. In the event that a shareholder violates the procedures, the chairman may prevent him from doing so.
- 6.6 An attending shareholder's explanation of proposal shall be limited to 5 minutes. The statement of discussion, inquiry and reply shall be limited to 3 minutes per person. The time may be extended for 3 minutes with the chairman's permission. After a shareholder present at the meeting speaks, the chairman may reply in person or assign concerned personnel to reply.
- 6.7 When an institutional person attends the shareholders' meeting as a proxy, the institutional person may assign only one representative to attend the meeting. When an institutional shareholder assigns two or more representatives to attend the shareholders' meeting, only one of them may speak for any single proposal.
- 6.8 Each shareholder may make statement on the same issue not more than twice unless the chairman consents otherwise. The chairman may restrain stockholders from speaking if that stockholders speak overtime, speak beyond the allowed frequency or content of the speech is beyond the scope of the proposal.
- 6.9 Over the proposal discussion, the chairman may conclude the discussion in a timely manner and where necessary announce discussion is closed.
- 6.10 For proposal in which discussion has been concluded or closed, the chairman shall submit it for voting. In voting, a proposal is considered approved if the chairman receives no dissenting opinions after requesting, which has the same effect as does voting by ballot.
- 6.11 Unless otherwise provided by The Company Law, a proposal shall be approved by the consent of more than half of the votes of shares represented by shareholders present. Each shareholder is entitled to one vote for each share held except the shares provided by

laws.

- 6.12 The chairman shall appoint monitors and ballot counters for voting on proposals. For qualifications, monitors must be shareholders. The results of each vote shall be announced on the spot and made into the minutes.
- 6.13 If there shall be an amendment or alternative to one proposal, the chairman may combine the amendment or alternative into the original proposal, and determine their orders for resolution. If any one of the above shall be resolved, the others shall be considered as rejected, upon which no further resolution shall be required.
- 6.14 Shareholders attend shareholders' meeting by proxy and process the soliciting of proxy letters and agent not belonging to the soliciting shall be proceeded in accordance with the relevant regulations of the Company Law and Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.
- 6.15 In case of incident of force majeure, the chairman may decide to temporarily suspend the meeting and decide, depending on the situation, how the meeting will resume.
- 6.16 The chairman may instruct the inspectors (or security personnel) to assist in maintaining order in the meeting venue. While assisting in maintaining order at the venue, the inspectors (or security personnel) shall wear arm-bands reading "Inspector."
- 6.17 These Rules shall come into force given the approval of the shareholders' meeting, and so shall be the amendment.

Coretronic Corporation**The Procedures for the Election of Directors**

1. Purpose : This Procedures is enacted for the purpose of election of directors.
2. Scope : The election procedure for the Company's directors shall be proceeded in accordance with the Company Act and relevant laws and regulations and the provisions under the Articles of Incorporation. The Procedures which are not provided herein shall be proceeded accordance with the procedures.
3. Definition : None.
4. Authority : NA.
5. Reference : "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" the Articles of Incorporation of the Company.
6. Procedures :
 - 6.1 The election of the directors shall be held in the shareholders' meeting.
 - 6.2 All persons with capacity may be elected as directors of the Company.
 - 6.3 The directors in such number as designated by the Articles of Incorporation.
 - 6.4 The election of the directors and supervisors adopts cumulative vote system, the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates.
 - 6.5 The directors in such number as designated by the Articles of Incorporation, the election of independent directors and non-independent directors shall take place together, and the number of votes of each shall be calculated separately; persons obtaining the most number of votes shall be elected and served as independent directors and non-independent directors accordingly. In the event two or more persons obtain the same number of votes and the number of such persons together with all other persons ranking prior to them exceeds the number as designated by the Articles of Incorporation and the Board's resolution, lots shall be drawn to decide which of such persons obtaining the same number of votes shall be elected; if any of such persons is not present, the chairman shall draw the lots on half of him/her.
 - 6.6 At the beginning of the election, the Chairman shall appoint several persons each to check and record the ballots. The persons to check the ballots may be appointed from among the Shareholders' present.
 - 6.7 The ballot box used for voting shall be prepared by this Company and checked in public by the person to check the ballots before voting. The Board shall prepare for ballots, clearly listing attendance card numbers and number of the weighted votes, and distribute to the shareholders who attend the shareholders' meeting. The registration of ballots may be replaced by the attendance card number printed on the ballots.

- 6.8 Name and shareholder's number of the candidate shall be written on the ballot by calligraphy, pen or ballpoint pen. If the candidate is the government or legal person, rules are the following:
- 6.8.1 Provided that, the government is the candidate, such names of the government shall be written.
 - 6.8.2 Provided that, the legal person is the candidate, such names of the legal person shall be written.
 - 6.8.3 In the event the representative of the legal person is the candidate, the name of legal person and its representatives shall be written.
 - 6.8.4 The government and legal person or their representatives shall be with capacity.
 - 6.8.5 In the event the representatives are two or more, , the names of the representatives shall be additionally written separately
- In addition, the votes of the candidates shall be written.
- 6.9 Ballots shall be deemed void under the following conditions:
- 6.9.1 Ballots not placed in the ballot box.
 - 6.9.2 Ballots not prepared by this Company, any of the voter's number and the voting shares.
 - 6.9.3 Blank ballots not completed by the voter.
 - 6.9.4 The name or shareholder's number of the candidate filled in the ballot inconsistent with the shareholders' register.
 - 6.9.5 Ballots with other written characters or symbols in addition to candidate's name, shareholder's number (ID number) and the number of votes cast for the candidate.
 - 6.9.6 Illegible writing.
 - 6.9.7 The name of the candidates filled in the ballots being the same as another candidate's name and the respective shareholder's numbers (ID numbers) not being indicated to distinguish them.
 - 6.9.8 If the candidate is a non-shareholder, the ballot is only filled in with the name and without the ID number or GPN.
 - 6.9.9 Where the name of the candidate entered is found the same as another shareholder's name and there is no shareholder number provided.
- 6.10 The ballots should be calculated during the meeting right after the vote casting supervised by the check person and the results of the election should be announced by the Chairman at the meeting.
- 6.11 This Company shall issue notifications to the directors elected.
- 6.12 The election procedure for the Company's independent directors shall be proceeded in accordance with "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies"
- 6.13 Any matters insufficiently provided herein shall be governed by the provisions concerned as set forth in the Company Law and other related regulations.
- 6.14 These Rules and any revision thereof shall become effective after approval at the shareholders' meeting.

Status of all Directors' Shareholding

1. Total shares issued as of April 15, 2019 are 434,423,110.
2. As of April 15, 2019, the total shares of all directors as below :

Title	Name	Number of shares	Shareholding ratio
Director	Mr. Wade Chang	7,921,463	1.82%
Director	Hsun Chieh Investment Ltd.	15,062,551	3.47%
Director	Ms. Sarah Lin	1,438,576	0.33%
Director	Mr. S. Y. Chen	974,096	0.22%
Independent Director	Mr. Ted Tu	0	0.00%
Independent Director	Mr. Chual-Hsin Teng	0	0.00%
Independent Director	Mr. Houn-Gee Chen	0	0.00%
Number of shares held by all directors		25,396,686	5.84%

3. According to legal rules the minimum number of shares that may be held by all directors is 16,000,000 shares.