# Sitronix Technology Corporation 2019 Annual Shareholders'Meeting Minutes (Translation)

Time: 9:00 a.m., June, 26, 2019 (Wednesday)

Place: 2F., No.3, Taiyuan 1<sup>st</sup> St., Zhunei City, Hsinchu County 302, Taiwan, R.O.C (Tai Yuen Hi-Tech Industrial Park Third-Phrase Multi-Functional Conference).

Attendants : All shareholders and their proxy holders ,representing 95,124,848 shares (Including 83,455,272 shares voted via electronic),or 79.12% of the total 120,222,581 outstanding shares.

Others Present : Mr.Cheng Chih Lin of Deloitte & Touche

Director Present : Vincent Mao, I-His Cheng , Cheng-Chieh Dai (Independent Director& the convenor of the Audit Committee), Chieh-Sheng Hsiao (Independent Director& Audit Committee), Yu-Nu Lin (Independent Director& Audit Committee)

Chairman : Mr. Vincent Mao, the chairman of the Board of Directors

Minute Recorder: Shu-Fang Xu

- I. Chairman announced commencement.(The aggregate shareholding of the shareholders present in person or by proxy constitutes a quorum. The Chairman called the meeting to order.)
- II. Chairman's Address (omitted)
- III. Report Items
  - 1. To report the business of 2018 (Attachment 1)
  - 2. 2018 Audit Committee's Review Report (Attachment 2)
  - 3. To report 2018 employees' profit sharing bonus and directors and supervisors' compensation
  - **Explanation:** Accroding to the Article of Incorporation, the proposal of distribution of directors and supervisors was NT\$22,689,805, while the proposal of distribution of the employees was NT\$75,632,684; both shall be paid in cash.

### IV. Matters for Ratification

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

### **Explanation:**

- (1) 2018 financial statements, including the balance sheets, statements of comprehensive income, statements of changes in equity, and statements of cash flows, were audited by independent auditors, Mr. Cheng Chih Lin and Mr. Yu Feng Huang, of Deloitte & Touche. Business Report and Financial Statements also have been examined by the supervisors of the Company.
- (2) For the 2018 business report, independent auditors' report and the aforementioned financial statements, please refer to Attachment 1, 3, and 4.
- (3) Please approve.

Resolved, that the above proposal be and hereby was approved as proposed.

### Voting Results:

Shares represented at the time of voting: 95,124,848 (83,455,272)\*

	% of the total represented share present	
Votes in favor:	82,901,713 votes (71,642,793 x	votes) 87.15%
Votes against:	12,141 votes ( 12,141	votes) 0.01%
Votes invalid:	0 votes ( $0x$	votes) 0.00%
Votes abstained:	12,210,994 votes (11,800,338 y	rotes) 12.83%

\* Including votes casted electronically (numbers in brackets)

### 2. To approve the Proposal for the 2018 Profit distribution

(Proposed by the Board of Directors)

### **Explanation:**

- (1) 2018 Earnings Distribution Proposal for of the company has been approved by the Directors on March 15, 2019, Each common share holder will be entitled to receive a cash dividend of NT\$5 per share.
- (2) The ex-dividend date will be decided by the Board of Directors meeting after approval by the competent authority. Allotment of fractional shares (less than one share) shall be paid in cash and the cash dividend distribution will be calculated to the nearest NT dollar.
- (3) The 2018 Earnings Distribution Proposal, is please refer to Attachment 5.
- (4) Please approve.

Resolved, that the above proposal be and hereby was approved as proposed.

### Voting Results:

Shares represented at the time of voting: 95,124,848 (83,455,272)\*

		and the second sec	
	% of the total represented share present		
Votes in favor:	83,075,713 votes	(71,816,793 votes)	87.33%
Votes against:	12,140 votes	( 12,140 votes)	0.01%
Votes invalid:	0 yotes	( 0 votes)	0.00%
Votes abstained:	12,036,995 votes	(11,626,339 votes)	12.65%

\* Including votes casted electronically (numbers in brackets)

### V.Proposed Resolutions

### Amendments to the company's Articles of Incorporation (Proposed by the Board of Directors)

### **Explanation:**

- (1) In order to conform to the amendments of relevant laws and regulations and to the accrual requirement of the Company, the Company plans to amend the Company's "Articles of Incorporation".
- (2) Comparison Table for the Articles of Incorporation Before and After Revision, is please refer to Attachment 6.
- (3) Please discuss.

Resolved, that the above proposal be and hereby was approved as proposed.

### Voting Results:

Shares represented at the time of voting: 95,124,848 (83,455,272)\*

	Voting Results*	% of the total represented share present
Votes in favor:	83,075,696 votes (71,816,776 votes)	87.33%
Votes against:	12,158 votes ( 12,158 votes)	0.01%
Votes invalid:	0 votes ( 0 votes)	0.00%
Votes abstained:	12,036,994 votes (11,626,338 votes)	12.65%

\* Including votes casted electronically (numbers in brackets)

2 Amendments to the company's Procedures for Acquisition or Disposal of Assets and the Procedures for Financial Derivatives Transactions

(Proposed by the Board of Directors)

### Explanation:

- (1) Pursuant to the order of the Financial Supervisory Commission's letter No. 10703410172 on November 26, 2018, the Company is proposed to amend the provisions of Procedures for Acquisition or Disposal of Assets and the Procedures for Financial Derivatives Transactions.
- (2) The comparison tables of the Procedures for Acquisition or Disposal of Assets and the Procedures for Financial Derivatives Transactions Before and After Revision, is please refer to Attachment 7 and 8.
- (3) Please discuss.

Resolved, that the above proposal be and hereby was approved as proposed.

### Voting Results:

Shares represented at the time of voting: 95,124,848 (83,455,272)\*

	% of the total represented share present		
Votes in favor:	83,075,695 votes	(71,816,775 votes)	87.33%
Votes against:	12,159 votes	( 12,159 votes)	0.01%
Votes invalid:	0 votes	( 0 votes)	0.00%
Votes abstained:	12,036,994 votes	(11,626,338 votes)	12.65%

\* Including votes casted electronically (numbers in brackets)

3 Amendments to the company's Procedures for Making Outward Loans to Others and the Procedures for Endorsement and Guarantee (Proposed by the Board of Directors)

### **Explanation:**

- (1) Pursuant to the order of the Financial Supervisory Commission's letter No. 1080304826 on March 7, 2019, the Company is proposed to amend the provisions of Procedures for Making Outward Loans to Others and the Procedures for Endorsement and Guarantee.
- (2) The comparison tables of the Procedures for Making Outward Loans to Others and the Procedures for Endorsement and Guarantee Before and After Revision, is please refer to Attachment 9 and 10.
- (3) Please discuss.

**Resolved**, that the above proposal be and hereby was approved as proposed.

### **Voting Results:**

Shares represented at the time of voting: 95,124,848 (83,455,272)\*

	% of the total represented share present		
Votes in favor:	83,075,056 votes	(71,816,136 votes)	87.33%
Votes against:	12,161 votes	( 12,161 votes)	0.01%
Votes invalid:	0 votes	( 0 votes)	0.00%
Votes abstained:	12,037,631 votes	(11,626,975 votes)	12.65%

\* Including votes casted electronically (numbers in brackets)

### VI. Extemporary Motions : None.

### VII. Meeting Adjourned : 9:12a.m.

### Sitronix Technology Corp.

### **Business Report**

### 1. 2018 Business Report

### (1) Business Plan Implementation Results

The consolidated net revenue in 2018 was approximately NT\$10,330,000,000; it increased by 9.54% compared to 2017. The operating net profit was NT\$1,042,514,000; the net profit after tax was NT\$1,013,820,000 and the earnings per share after tax was NT\$7.03. In addition to the favorable growth of mobile phone products, many other product lines also achieved breakthrough performance.

In the relatively stable feature phone market, Sitronix continues to successfully consolidate its leading position in feature phone display driver IC (DDI) chip with a zero-capacitance differentiation strategy. In the smart phone field, the sales volume has grown smoothly, and the company will continue to launch zero-capacitance versions with different resolutions to successfully achieve the benefits of product differentiation. Under the continuous strategic promotion of the company, the specifications and performance of the products have been highly recognized by customers.

Besides the mobile phones, Sitronix has also continued to successfully develope various products such as in-vehicle DDI, industrial DDI, power management control chips, ambient light sensing chip, distance sensing chip, MEMS sensing chip, etc. The product introduction of the big brand factory shows that the products developed by the company are highly competitive and have high growth potential in the future. The above product lines have been robust in many niche applications and continue to optimize the company's product portfolio, creating a significant contribution to to the company's stable gross margin.

### (2) The Company's 2018 and 2017 Profitability Analysis

Year		2018	2017
Items		(note 2)	(note 2)
Reutrn on Total Assets (%)		13.26%	12.42%
Return on Equity (%)		19.87%	17.79%
Paid –in Capital Ratio (%)	Operating Income	86.71%	70.82%
Taiu – III Capitai Katio ( 70 )	Pre-tax Income	93.32%	82.00%
Net Margin (%)		9.81%	9.44%
Basic Earnings Per Share(yua	n)(note 1)	7.03	7.32

Note 1: This is calculated based on the number of weighted average shares issued in the current year. Note 2: The period when the International Financial Reporting Standards for consolidated financial information was adopted.

### 2. Future Prospects for the Company

In terms of display driver IC (DDI) chips, the company will continue its long-term innovative research and development for small and medium-sized products. In response to fierce market competition, the company has successfully developed and introduced a zero-capacitor solution to major international manufacturers, maintaining revenue growth and stability as well as profitability through product differentiation. In the future, the company will continue to develop DDI products and gradually step into the high-end market while consolidating the existing low-end market. In addition to the development of a higher resolution format beyond amorphous germanium (asSi) and into low-temperature polysilicon (LTPS), the new products will also include technologies such as TDDI touch display integrated chips. Overall, the company's diversification strategy will include cross-industry innovation, applications, customer portfolio, different resolutions, silicon materials, touch integration solutions, and many other aspects.

Non-DDI products, such as MCU, power management control chip, ambient light sensing chip, distance sensing chip, MEMS sensing chip, etc., are also essential to the company's long-term development. The company is optimistic about future market trends and towards achieving excellent gross profit performance, and is committed to utilizing product differentiation.

In the future, the company will continue to dominate various industries with high revenue growth and high gross profit to achieve balanced development. Furthermore, it will maintain and enhance its profitability by simultaneously developing technology, nurturing talents, improving cost control, optimizing organizational effectiveness and achieving balanced development.

Overall, the company will continue to rely on the collective efforts of its team, expand its customer base and new application markets to achieve the best results. The company is confident that it will grow steadily and share a remarkable operating performance with its shareholders, customers, and employees. Finally, thank you again to all shareholders for their undending support and encouragement.

# Sitronix Technology Corp. 2018 Audit Committee's Review Report

The undersigned Deloitte & Touche Taipei, Taiwan Republic of China has duly audited the Operating Report, Financial Statements, and Profit Distribution Proposed prepared by the supervisor for the year 2018, and issued the recorded unqualified audit report. All statistical forms after review by the Supervisor shall be compiled in accordance with the law. Any discrepancies shall be reported to the superior under the Securities and Exchange Act, and Company Act.

With respect, Sitronix Technology Corp. 2019 Shareholders' Meeting

Sitronix Technology Corp.

Chairman of the Audit Committee: Cheng-Chieh Dai

March 15, 2019

### Attachment 3

### **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and the Shareholders Sitronix Technology Corp.

### Opinion

We have audited the accompanying financial statements of Sitronix Technology Corp. (the Company), which comprise the balance sheets as of December 31, 2018 and 2017, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with 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 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters for the Company's parent company only financial statements for the year ended December 31, 2018 are stated as follows:

### Recognition of sales revenue

The Company's main source of revenue comes from the sale of memory chips. For the year ended December 31, 2018, the revenue recognized was NT\$7,503,697 thousand, please refer to Notes 4 and 27 for information of accounting policy of revenue recognition. Due to the market rebound of memory chips, the Company released certain sales orders by temporarily increasing the credit line. As such, this gives the rise to the potential risk of overstating sales. We therefore considered the validity of occurrence of sales as a key audit matter for the year ended December 31, 2018.

We have assessed that the customers of the Company whose annual revenue growth rates for 2018 have changed significantly to be subject to the risk of validity of revenue recognition. Therefore, our audit procedures performed with respect to these customers to confirm the validity of revenue recognition of the Company include, but are not limited to, the following:

- 1. We understood and tested the effectiveness of the design and implementation of the key internal controls over revenue recognition;
- 2. We sampled and inspected the validity of the background information of customers that had significant changes in the annual sales revenue growth rate and understood the reasonableness of such customers' credit terms;
- 3. We performed on-site interviews by sampling and understood the business process and relevance of sales revenue;
- 4. We sampled and inspected whether an original purchase order existed for each sale and was approved appropriately;
- 5. We inspected product names and quantities on notifications of manufacturing, invoices and goods receipt and inspected the amounts to ensure they were consistent.
- 6. We inspected the reasonableness of collection of accounts receivable and whether the collection amounts and counterparties were consistent with the revenue recognized.

# **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

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

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

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the 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 financial statements.

As part of an audit in accordance with the 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 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 Company's internal control.
- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' 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.

The engagement partners on the audit resulting in this independent auditors' report are Cheng Chih Lin and Yu Feng Huang.

Deloitte & Touche Taipei, Taiwan Republic of China

March 15, 2019

### Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance 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 audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

# PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

CURRENT ASSETS Cash and cash equivalents (Notes 4, 6 and 35) Financial assets at fair value through profit or loss - current (Notes 4, 7 and 35) Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 35) Available-for-sale financial assets - current (Notes 4, 10 and 35) Financial assets at amortized cost - current (Notes 4, 10 and 37) Debt investments with no active market - current (Notes 4, 13,35 and 37) Notes receivables and trade receivable (Notes 4, 14 and 35) Notes receivables and trades receivable from related parties (Notes 4, 35 and 36) Other receivables (Notes 14 and 35) Other receivables (Notes 14 and 35) Other receivables (Notes 4, 5 and 15) Prepayments Other current assets NON-CURRENT ASSETS Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 35) Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35) Available-for-sale financial assets - non-current (Notes 4, 11 and 35) Held-to-maturity financial assets - non-current (Notes 4, 11 and 35) Held-to-maturity financial assets - non-current (Notes 4, 11 and 35) Financial assets measured at cost - non-current (Notes 4, 9, 35 and 37) Financial assets measured at cost - non-current (Notes 4, 12 and 35) Investment accounted for using the equity method (Notes 4, 16, 32 and 36) Property, plant and equipment (Notes 4, 17 and 36) Investment properties (Notes 4 and 19)	mount	%		
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Available-for-sale financial assets - current (Notes 4, 10 and 35) Financial assets at amortized cost - current (Notes 4, 9,35 and 37) Debt investments with no active market - current (Notes 4, 13,35 and 37) Notes receivables and trade receivable (Notes 4, 14 and 35) Notes receivable and trades receivable from related parties (Notes 4, 35 and 36) Other receivables (Notes 14 and 35) Other receivables from related parties (Notes 35 and 36) Inventories (Notes 4, 5 and 15) Prepayments Other current assets (Notes 20 and 35) Total current assets NON-CURRENT ASSETS Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 35) Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35) Available-for-sale financial assets - non-current (Notes 4, 11 and 35) Financial assets at amortized cost - non-current (Notes 4, 11 and 35) Financial assets measured at cost - non-current (Notes 4, 12 and 35) Investment accounted for using the equity method (Notes 4, 12 and 35) Investment accounted for using the equity method (Notes 4, 16, 32 and 36) Investment properties (Notes 4 and 18) Intangible assets (Notes 4 and 19)				
and 35) Financial assets at amortized cost - current (Notes 4, 9,35 and 37) Debt investments with no active market - current (Notes 4, 13,35 and 37) Notes receivables and trade receivable (Notes 4, 14 and 35) Notes receivable and trades receivable from related parties (Notes 4, 35 and 36) Other receivables (Notes 14 and 35) Other receivables (notes 14 and 35) Other receivables (from related parties (Notes 35 and 36) Inventories (Notes 4, 5 and 15) Prepayments Other current assets (Notes 20 and 35) Total current assets NON-CURRENT ASSETS Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 35) Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35) Available-for-sale financial assets - non-current (Notes 4, 11 and 35) Financial assets at amortized cost - non-current (Notes 4, 11 and 35) Financial assets measured at cost - non-current (Notes 4, 12 and 37) Financial assets measured at cost - non-current (Notes 4, 12 and 35) Investment accounted for using the equity method (Notes 4, 16, 32 and 36) Investment properties (Notes 4 and 18) Intangible assets (Notes 4 and 19)	187,259	3	-	-
Financial assets at amortized cost - current (Notes 4, 9,35 and 37) Debt investments with no active market - current (Notes 4, 13,35 and 37) Notes receivables and trade receivable (Notes 4, 14 and 35) Notes receivable and trades receivable from related parties (Notes 4, 35 and 36) Other receivables (Notes 14 and 35) Other receivables from related parties (Notes 35 and 36) Inventories (Notes 4, 5 and 15) Prepayments Other current assets (Notes 20 and 35) Total current assets (Notes 20 and 35) Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 35) Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35) Available-for-sale financial assets - non-current (Notes 4, 10 and 35) Financial assets at amortized cost - non-current (Notes 4, 11 and 35) Financial assets measured at cost - non-current (Notes 4, 9, 35 and 37) Financial assets measured at cost - non-current (Notes 4, 12 and 35) Investment accounted for using the equity method (Notes 4, 16, 32 and 36) Property, plant and equipment (Notes 4, 17 and 36) Investment properties (Notes 4 and 18) Intangible assets (Notes 4 and 19)				
and 37) Debt investments with no active market - current (Notes 4, 13,35 and 37) Notes receivables and trades receivable (Notes 4, 14 and 35) Notes receivable and trades receivable from related parties (Notes 4, 35 and 36) Other receivables (Notes 14 and 35) Other receivables from related parties (Notes 35 and 36) Inventories (Notes 4, 5 and 15) Prepayments Other current assets (Notes 20 and 35) Total current assets NON-CURRENT ASSETS Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 35) Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35) Available-for-sale financial assets - non-current (Notes 4, 10 and 35) Held-to-maturity financial assets - non-current (Notes 4, 11 and 35) Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 37) Financial assets measured at cost - non-current (Notes 4, 12 and 35) Investment accounted for using the equity method (Notes 4, 16, 32 and 36) Property, plant and equipment (Notes 4, 17 and 36) Investment properties (Notes 4 and 18) Intangible assets (Notes 4 and 19)	-	-	262,929	4
Debt investments with no active market - current (Notes 4, 13,35 and 37) Notes receivables and trade receivable (Notes 4, 14 and 35) Notes receivable and trades receivable from related parties (Notes 4, 35 and 36) Other receivables (Notes 14 and 35) Other receivables from related parties (Notes 35 and 36) Inventories (Notes 4, 5 and 15) Prepayments Other current assets (Notes 20 and 35) Total current assets NON-CURRENT ASSETS Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 35) Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35) Available-for-sale financial assets - non-current (Notes 4, 10 and 35) Held-to-maturity financial assets - non-current (Notes 4, 11 and 35) Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 37) Financial assets measured at cost - non-current (Notes 4, 12 and 35) Investment accounted for using the equity method (Notes 4, 16, 32 and 36) Property, plant and equipment (Notes 4, 17 and 36) Investment properties (Notes 4 and 18) Intangible assets (Notes 4 and 19)				
13,35 and 37) Notes receivables and trade receivable (Notes 4, 14 and 35) Notes receivable and trades receivable from related parties (Notes 4, 35 and 36) Other receivables (Notes 14 and 35) Other receivables from related parties (Notes 35 and 36) Inventories (Notes 4, 5 and 15) Prepayments Other current assets (Notes 20 and 35) Total current assets NON-CURRENT ASSETS Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 35) Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35) Available-for-sale financial assets - non-current (Notes 4, 10 and 35) Held-to-maturity financial assets - non-current (Notes 4, 11 and 35) Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 37) Financial assets measured at cost - non-current (Notes 4, 12 and 35) Investment accounted for using the equity method (Notes 4, 16, 32 and 36) Property, plant and equipment (Notes 4, 17 and 36) Investment properties (Notes 4 and 18) Intangible assets (Notes 4 and 19)	166,302	3	-	-
Notes receivables and trade receivable (Notes 4, 14 and 35) Notes receivable and trades receivable from related parties (Notes 4, 35 and 36) Other receivables (Notes 14 and 35) Other receivables from related parties (Notes 35 and 36) Inventories (Notes 4, 5 and 15) Prepayments Other current assets (Notes 20 and 35) Total current assets NON-CURRENT ASSETS Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 35) Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35) Available-for-sale financial assets - non-current (Notes 4, 10 and 35) Held-to-maturity financial assets - non-current (Notes 4, 11 and 35) Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 37) Financial assets measured at cost - non-current (Notes 4, 12 and 35) Investment accounted for using the equity method (Notes 4, 16, 32 and 36) Property, plant and equipment (Notes 4, 17 and 36) Investment properties (Notes 4 and 18) Intangible assets (Notes 4 and 19)				
Notes receivable and trades receivable from related parties (Notes 4, 35 and 36) Other receivables (Notes 14 and 35) Other receivables from related parties (Notes 35 and 36) Inventories (Notes 4, 5 and 15) Prepayments Other current assets (Notes 20 and 35) Total current assets <b>NON-CURRENT ASSETS</b> Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 35) Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35) Available-for-sale financial assets - non-current (Notes 4, 10 and 35) Held-to-maturity financial assets - non-current (Notes 4, 11 and 35) Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 37) Financial assets measured at cost - non-current (Notes 4, 12 and 35) Investment accounted for using the equity method (Notes 4, 16, 32 and 36) Property, plant and equipment (Notes 4, 17 and 36) Investment properties (Notes 4 and 18) Intangible assets (Notes 4 and 19)	-	-	25,679	-
<ul> <li>(Notes 4, 35 and 36)</li> <li>Other receivables (Notes 14 and 35)</li> <li>Other receivables from related parties (Notes 35 and 36)</li> <li>Inventories (Notes 4, 5 and 15)</li> <li>Prepayments</li> <li>Other current assets (Notes 20 and 35)</li> <li>Total current assets</li> </ul> <b>NON-CURRENT ASSETS</b> Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 35) Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35) Available-for-sale financial assets - non-current (Notes 4, 10 and 35) Held-to-maturity financial assets - non-current (Notes 4, 11 and 35) Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 37) Financial assets measured at cost - non-current (Notes 4, 12 and 35) Investment accounted for using the equity method (Notes 4, 16, 32 and 36) Property, plant and equipment (Notes 4, 17 and 36) Investment properties (Notes 4 and 18) Intangible assets (Notes 4 and 19)	950,215	14	499,875	8
Other receivables (Notes 14 and 35) Other receivables from related parties (Notes 35 and 36) Inventories (Notes 4, 5 and 15) Prepayments Other current assets (Notes 20 and 35) Total current assets <b>NON-CURRENT ASSETS</b> Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 35) Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35) Available-for-sale financial assets - non-current (Notes 4, 10 and 35) Held-to-maturity financial assets - non-current (Notes 4, 11 and 35) Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 37) Financial assets measured at cost - non-current (Notes 4, 12 and 35) Investment accounted for using the equity method (Notes 4, 16, 32 and 36) Property, plant and equipment (Notes 4, 17 and 36) Investment properties (Notes 4 and 18) Intangible assets (Notes 4 and 19)				
Other receivables from related parties (Notes 35 and 36) Inventories (Notes 4, 5 and 15) Prepayments Other current assets (Notes 20 and 35) Total current assets NON-CURRENT ASSETS Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 35) Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35) Available-for-sale financial assets - non-current (Notes 4, 10 and 35) Held-to-maturity financial assets - non-current (Notes 4, 11 and 35) Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 37) Financial assets measured at cost - non-current (Notes 4, 12 and 35) Investment accounted for using the equity method (Notes 4, 16, 32 and 36) Property, plant and equipment (Notes 4, 17 and 36) Investment properties (Notes 4 and 18) Intangible assets (Notes 4 and 19)	16,738	-	372,416	6
Inventories (Notes 4, 5 and 15) Prepayments Other current assets (Notes 20 and 35) Total current assets <b>NON-CURRENT ASSETS</b> Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 35) Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35) Available-for-sale financial assets - non-current (Notes 4, 10 and 35) Held-to-maturity financial assets - non-current (Notes 4, 11 and 35) Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 37) Financial assets measured at cost - non-current (Notes 4, 12 and 35) Investment accounted for using the equity method (Notes 4, 16, 32 and 36) Property, plant and equipment (Notes 4, 17 and 36) Investment properties (Notes 4 and 18) Intangible assets (Notes 4 and 19)	26,363	-	63,836	1
Prepayments Other current assets (Notes 20 and 35) Total current assets VON-CURRENT ASSETS Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 35) Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35) Available-for-sale financial assets - non-current (Notes 4, 10 and 35) Held-to-maturity financial assets - non-current (Notes 4, 11 and 35) Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 37) Financial assets measured at cost - non-current (Notes 4, 12 and 35) Investment accounted for using the equity method (Notes 4, 16, 32 and 36) Property, plant and equipment (Notes 4, 17 and 36) Investment properties (Notes 4 and 18) Intangible assets (Notes 4 and 19)	88,324	1	23,657	
Other current assets (Notes 20 and 35)         Total current assets         NON-CURRENT ASSETS         Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 35)         Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35)         Available-for-sale financial assets - non-current (Notes 4, 10 and 35)         Held-to-maturity financial assets - non-current (Notes 4, 11 and 35)         Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 37)         Financial assets measured at cost - non-current (Notes 4, 12 and 35)         Investment accounted for using the equity method (Notes 4, 16, 32 and 36)         Property, plant and equipment (Notes 4, 17 and 36)         Investment properties (Notes 4 and 18)         Intangible assets (Notes 4 and 19)	1,378,966	20	1,216,478	20
<ul> <li>Total current assets</li> <li>NON-CURRENT ASSETS</li> <li>Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 35)</li> <li>Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35)</li> <li>Available-for-sale financial assets - non-current (Notes 4, 10 and 35)</li> <li>Held-to-maturity financial assets - non-current (Notes 4, 11 and 35)</li> <li>Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 37)</li> <li>Financial assets measured at cost - non-current (Notes 4, 12 and 35)</li> <li>Investment accounted for using the equity method (Notes 4, 16, 32 and 36)</li> <li>Property, plant and equipment (Notes 4, 17 and 36)</li> <li>Investment properties (Notes 4 and 18)</li> <li>Intangible assets (Notes 4 and 19)</li> </ul>	75,095	1	59,667	]
<ul> <li>NON-CURRENT ASSETS</li> <li>Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 35)</li> <li>Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35)</li> <li>Available-for-sale financial assets - non-current (Notes 4, 10 and 35)</li> <li>Held-to-maturity financial assets - non-current (Notes 4, 11 and 35)</li> <li>Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 37)</li> <li>Financial assets measured at cost - non-current (Notes 4, 12 and 35)</li> <li>Investment accounted for using the equity method (Notes 4, 16, 32 and 36)</li> <li>Property, plant and equipment (Notes 4, 17 and 36)</li> <li>Investment properties (Notes 4 and 18)</li> <li>Intangible assets (Notes 4 and 19)</li> </ul>	10,685		4,354	
<ul> <li>Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 35)</li> <li>Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35)</li> <li>Available-for-sale financial assets - non-current (Notes 4, 10 and 35)</li> <li>Held-to-maturity financial assets - non-current (Notes 4, 11 and 35)</li> <li>Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 37)</li> <li>Financial assets measured at cost - non-current (Notes 4, 12 and 35)</li> <li>Investment accounted for using the equity method (Notes 4, 16, 32 and 36)</li> <li>Property, plant and equipment (Notes 4, 17 and 36)</li> <li>Investment properties (Notes 4 and 18)</li> <li>Intangible assets (Notes 4 and 19)</li> </ul>	4,022,086	58	3,573,205	5'
<ul> <li>Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 35)</li> <li>Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35)</li> <li>Available-for-sale financial assets - non-current (Notes 4, 10 and 35)</li> <li>Held-to-maturity financial assets - non-current (Notes 4, 11 and 35)</li> <li>Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 37)</li> <li>Financial assets measured at cost - non-current (Notes 4, 12 and 35)</li> <li>Investment accounted for using the equity method (Notes 4, 16, 32 and 36)</li> <li>Property, plant and equipment (Notes 4, 17 and 36)</li> <li>Investment properties (Notes 4 and 18)</li> <li>Intangible assets (Notes 4 and 19)</li> </ul>				
<ul> <li>non-current (Notes 4, 7 and 35)</li> <li>Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35)</li> <li>Available-for-sale financial assets - non-current (Notes 4, 10 and 35)</li> <li>Held-to-maturity financial assets - non-current (Notes 4, 11 and 35)</li> <li>Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 37)</li> <li>Financial assets measured at cost - non-current (Notes 4, 12 and 35)</li> <li>Investment accounted for using the equity method (Notes 4, 16, 32 and 36)</li> <li>Property, plant and equipment (Notes 4, 17 and 36)</li> <li>Investment properties (Notes 4 and 18)</li> <li>Intangible assets (Notes 4 and 19)</li> </ul>				
<ul> <li>Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35)</li> <li>Available-for-sale financial assets - non-current (Notes 4, 10 and 35)</li> <li>Held-to-maturity financial assets - non-current (Notes 4, 11 and 35)</li> <li>Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 37)</li> <li>Financial assets measured at cost - non-current (Notes 4, 12 and 35)</li> <li>Investment accounted for using the equity method (Notes 4, 16, 32 and 36)</li> <li>Property, plant and equipment (Notes 4, 17 and 36)</li> <li>Investment properties (Notes 4 and 18)</li> <li>Intangible assets (Notes 4 and 19)</li> </ul>	67,070	1	31,493	1
<ul> <li>income - non-current (Notes 4, 8 and 35)</li> <li>Available-for-sale financial assets - non-current (Notes 4, 10 and 35)</li> <li>Held-to-maturity financial assets - non-current (Notes 4, 11 and 35)</li> <li>Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 37)</li> <li>Financial assets measured at cost - non-current (Notes 4, 12 and 35)</li> <li>Investment accounted for using the equity method (Notes 4, 16, 32 and 36)</li> <li>Property, plant and equipment (Notes 4, 17 and 36)</li> <li>Investment properties (Notes 4 and 18)</li> <li>Intangible assets (Notes 4 and 19)</li> </ul>	,		,	
<ul> <li>Available-for-sale financial assets - non-current (Notes 4, 10 and 35)</li> <li>Held-to-maturity financial assets - non-current (Notes 4, 11 and 35)</li> <li>Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 37)</li> <li>Financial assets measured at cost - non-current (Notes 4, 12 and 35)</li> <li>Investment accounted for using the equity method (Notes 4, 16, 32 and 36)</li> <li>Property, plant and equipment (Notes 4, 17 and 36)</li> <li>Investment properties (Notes 4 and 18)</li> <li>Intangible assets (Notes 4 and 19)</li> </ul>	332,430	5	-	
<ul> <li>10 and 35)</li> <li>Held-to-maturity financial assets - non-current (Notes 4, 11 and 35)</li> <li>Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 37)</li> <li>Financial assets measured at cost - non-current (Notes 4, 12 and 35)</li> <li>Investment accounted for using the equity method (Notes 4, 16, 32 and 36)</li> <li>Property, plant and equipment (Notes 4, 17 and 36)</li> <li>Investment properties (Notes 4 and 18)</li> <li>Intangible assets (Notes 4 and 19)</li> </ul>	ŗ			
<ul> <li>Held-to-maturity financial assets - non-current (Notes 4, 11 and 35)</li> <li>Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 37)</li> <li>Financial assets measured at cost - non-current (Notes 4, 12 and 35)</li> <li>Investment accounted for using the equity method (Notes 4, 16, 32 and 36)</li> <li>Property, plant and equipment (Notes 4, 17 and 36)</li> <li>Investment properties (Notes 4 and 18)</li> <li>Intangible assets (Notes 4 and 19)</li> </ul>	-	-	371,529	(
<ul> <li>and 35)</li> <li>Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 37)</li> <li>Financial assets measured at cost - non-current (Notes 4, 12 and 35)</li> <li>Investment accounted for using the equity method (Notes 4, 16, 32 and 36)</li> <li>Property, plant and equipment (Notes 4, 17 and 36)</li> <li>Investment properties (Notes 4 and 18)</li> <li>Intangible assets (Notes 4 and 19)</li> </ul>				
<ul> <li>35 and 37)</li> <li>Financial assets measured at cost - non-current (Notes 4, 12 and 35)</li> <li>Investment accounted for using the equity method (Notes 4, 16, 32 and 36)</li> <li>Property, plant and equipment (Notes 4, 17 and 36)</li> <li>Investment properties (Notes 4 and 18)</li> <li>Intangible assets (Notes 4 and 19)</li> </ul>	-	-	30,499	
<ul> <li>35 and 37)</li> <li>Financial assets measured at cost - non-current (Notes 4, 12 and 35)</li> <li>Investment accounted for using the equity method (Notes 4, 16, 32 and 36)</li> <li>Property, plant and equipment (Notes 4, 17 and 36)</li> <li>Investment properties (Notes 4 and 18)</li> <li>Intangible assets (Notes 4 and 19)</li> </ul>			,	
and 35) Investment accounted for using the equity method (Notes 4, 16, 32 and 36) Property, plant and equipment (Notes 4, 17 and 36) Investment properties (Notes 4 and 18) Intangible assets (Notes 4 and 19)	31,386	-	-	
Investment accounted for using the equity method (Notes 4, 16, 32 and 36) Property, plant and equipment (Notes 4, 17 and 36) Investment properties (Notes 4 and 18) Intangible assets (Notes 4 and 19)				
16, 32 and 36) Property, plant and equipment (Notes 4, 17 and 36) Investment properties (Notes 4 and 18) Intangible assets (Notes 4 and 19)	-	-	25,833	
Property, plant and equipment (Notes 4, 17 and 36) Investment properties (Notes 4 and 18) Intangible assets (Notes 4 and 19)				
Investment properties (Notes 4 and 18) Intangible assets (Notes 4 and 19)	1,433,903	21	1,165,896	19
Intangible assets (Notes 4 and 19)	454,410	6	429,248	-
Intangible assets (Notes 4 and 19)	535,150	8	543,340	ç
	40,400	1	50,246	1
Other non-current assets (Notes 20, 33 and 35)	5,910		5,086	
Total non-current assets	2,900,659	42	2,653,170	43
OTAL <u>\$</u>	6,922,745	_100	<u>\$ 6,226,375</u>	100

	2018				2017	
LIABILITIES AND EQUITY		Amount	%		Amount	%
CURRENT LIABILITIES						
Short-term borrowings (Notes 4, 21 and 35)	\$	445,368	6	\$	-	-
Financial liabilities at fair value through profit or loss -						
current (Notes 4,7 and 35)		1,090	-		480	-
Trade payables (Notes 22 and 35)		1,019,841	15		860,657	14
Payables to related parties (Notes 35 and 36)		102,633	2		48,225	1
Accrued profit sharing to employees and compensation to						
directors (Notes 28)		98,323	1		102,159	2
Other payables (Notes 23 and 35)		345,198	5		349,331	e
Other payables to related parties (Notes 35 and 36)		6,765	-		10,179	
Current tax liabilities (Notes 4 and 29)		78,908	1		89,180	1
Provisions - current (Notes 4 and 24)		-	-		5,089	
Other current liabilities (Notes 23 and 35)		37,634	1		10,832	
Total current liabilities		2,135,760	31		1,476,132	24
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Notes 4 and 29)		610			576	
			-			
Net defined benefit liabilities - non-current (Notes 4 and 25)		51,318	1		57,555	
Guarantee deposits (Notes 23, 33 and 36)		22,791			12,453	
Total non-current liabilities		74,719	1		70,584	1
Total liabilities		2,210,479	32		1,546,716	2
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes						
4, 26, 31 and 32)						
Share capital						
Ordinary shares		1,202,226	17		1,205,176	19
Capital surplus		761,304	11		785,875	1.
Retained earnings		·				
Legal reserve		875,493	13		788,177	1
Special reserve		26,644	-		8,728	
Unappropriated earnings		2,124,198	31		1,969,197	3
Total retained earnings		3,026,335	44		2,766,102	4
Other equity						
Exchange differences on translating the financial statement						
of foreign operations		(846)	-		(943)	
Unrealized gain (loss) on financial assets at fair value		()			( )	
through other comprehensive income		(251,101)	(4)		-	
Unrealized gain (loss) on available-for-sale financial		× 7 - 7				
assets		-	-		(25,701)	
Unrealized compensation of employees		(25,652)	-		(50,850)	(1
Total other equity		(277,599)	(4)		(77,494)	()
Total equity		4,712,266	68		4,679,659	75
POTAL	¢	6 022 745	100	¢	6 226 275	1.04
TOTAL	<u> </u>	6,922,745	100	\$	6,226,375	10

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

### PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2018		2017	
	Amount	%	Amount	%
NET REVENUE (Notes 4 and 27)	\$ 7,503,697	100	\$ 7,553,780	100
OPERATING COSTS (Notes 4, 15, 28 and 36)	5,697,612	76	5,629,862	74
GROSS PROFIT	1,806,085	24	1,923,918	26
OPERATING EXPENSES (Notes 4, 28 and 36) Selling and marketing expenses General and administrative expenses Research and development expenses	164,179 155,033 <u>936,621</u>	2 2 13	98,946 188,103 <u>886,749</u>	$1 \\ 3 \\ 12$
Total operating expenses	1,255,833	17	1,173,798	16
INCOME FROM OPERATIONS	550,252	7	750,120	10
NON-OPERATING INCOME AND EXPENSES Other income (Notes 4, 28 and 36) Other gains and losses (Notes 4 and 28) Finance costs (Notes 4 and 28) Share of profit of subsidiaries and associates (Notes 4 and 16)	68,977 10,388 (7,906) <u>282,885</u>	1 - - 4	75,617 39,618 (3,252) <u>98,421</u>	1 - -
Total non-operating income and expenses	354,344	5	210,404	2
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS INCOME TAX EXPENSE (Notes 4 and 29)	904,596 <u>64,233</u>	12 1	960,524 <u>87,366</u>	12 1
NET INCOME FOR THE YEAR	840,363	11	873,158	<u>    11    </u>
OTHER COMPREHENSIVE LOSS Items that will not be reclassified subsequently to profit or loss: Remeasurement of defined benefit plans (Notes 4 and 25) Unrealized loss on investments in equity instruments at fair value through other comprehensive income Share of the other comprehensive loss of associates accounted for using the equity	4,599 (86,278)	- (1)	(746) -	-
method	(61,152)	(1)	- (Con	- tinued)

### PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2018						
	Amoun	int %		Amount		%	
Items that may be reclassified subsequently to profit or loss (Notes 4 and 26): Exchange differences on translating foreign							
operations	\$	97	-	\$	(41)	-	
Unrealized gain (loss) on available-for-sale financial assets Unrealized gain (loss) on investments in debt		-	-		(20,672)	-	
instruments at fair value through other comprehensive income Share of the other comprehensive income	2	251	-		-	-	
(loss) of associates accounted for using the equity method		<u>(33</u> )			2,797	<u> </u>	
Other comprehensive income (loss) for the year, net of income tax	(142,	<u>516</u> )	<u>(2</u> )		(18,662)		
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 697,8</u>	<u>847</u>	9	<u>\$</u>	854,496	<u>_11</u>	
EARNINGS PER SHARE (Note 30) Basic Diluted		<u>.03</u> 5.94		<u>\$</u>	<u>7.32</u> 7.22		

The accompanying notes are an integral part of the parent company only financial statements.(Concluded)

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

							Other	Equity (Notes 24, 26 a	and 31)		
	Share Capit Shares (In Thousands)	al (Note 26) Amount	Capital Surplus (Notes 26 and 32)	Legal Reserve	Retained Earnings Special reserve	Unappropriated Earnings (Note 26)	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) from Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Compensation of Employees	Total Equity
BALANCE AT JANUARY 1, 2017	120,638	\$ 1,206,376	\$ 811,101	\$ 683,993	\$ 21,364	\$ 2,093,666	\$ (902)	\$ (7,826)	\$ -	\$ (120,394)	\$ 4,687,378
Appropriation of 2016 earnings Legal reserve Special reserve Cash dividends distributed by the Company	- - -	- -	- - -	104,184 - -	(12,636)	(104,184) 12,636 (723,826)	- -	- -	- - -	- - -	(723,826)
Other changes in capital surplus Changes in percentage of ownership interests in subsidiaries	-	-	(14,006)	-	-	(181,507)	-	-	-	-	(195,513)
Compensation costs of restricted shares for employees	-	-	-	-	-	-	-	-	-	57,124	57,124
Retirement of restricted shares for employees	(120)	(1,200)	(11,220)	-	-	-	-	-	-	12,420	-
Net income for the year ended December 31, 2017	-	-	-	-	-	873,158	-	-	-	-	873,158
Other comprehensive loss for year ended December 31, 2017, net of income tax	<u> </u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	(746)	(41)	(17,875)	<u>-</u>	<u> </u>	(18,662)
Total comprehensive income for the year ended December 31, 2017						872,412	(41)	(17,875)			854,496
BALANCE AT JANUARY 1, 2017 AS RESTATED	120,518	1,205,176	785,875	788,177	8,728	1,969,197	(943)	(25,701)	-	(50,850)	4,679,659
EFFECT OF RETROSPECTIVE APPLICATION AND RETROSPECTIVE RESTATEMENT	<u> </u>	<u>-</u>		<u>-</u>	<u>-</u>	81,235		25,701	(106,936)	<u>-</u>	
BALANCE AT DECEMBER 31, 2017	120,518	1,205,176	785,875	788,177	8,728	2,050,432	(943)	-	(106,936)	(50,850)	4,679,659
Appropriation of 2017 earnings Legal reserve Special reserve. Cash dividends distributed by the Company	- - -	-	-	87,316 - -	17,916	(87,316) (17,916) (662,847)		- - -	- - -	- - -	(662,847)
Other changes in capital surplus Changes in percentage of ownership interests in subsidiaries	-	-	3,014	-	-	(70)	-	-	-	-	2,944
Compensation cost of restricted shares for employees	-	-	-	-	-	-	-	-	-	(5,337)	(5,337)
Restricted new shares not vested	(295)	(2,950)	(27,585)	-	-	-	-	-	-	30,535	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(3,047)	-	-	3,047	-	-
Net income for the year ended December 31, 2018	-	-	-	-	-	840,363	-	-	-	-	840,363
Other comprehensive income (loss) for year ended December 31, 2018, net of income tax	<u> </u>	<u>-</u>	<u>-</u>	<u>-</u>	<u> </u>	4,599	97	<u>-</u>	(147,212)	<u> </u>	(142,516)
Total comprehensive income (loss) for the year ended December 31, 2018	<u> </u>	<u> </u>			<u> </u>	844,962	97	<u> </u>	(147,212)	<u>-</u>	697,847
BALANCE AT DECEMBER 31, 2018	120,223	<u>\$ 1,202,226</u>	<u>\$ 761,304</u>	<u>\$ 875,493</u>	<u>\$ 26,644</u>	<u>\$ 2,124,198</u>	<u>\$ (846</u> )	<u>\$</u>	<u>\$ (251,101</u> )	<u>\$ (25,652</u> )	<u>\$ 4,712,266</u>

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

### PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

		2018		2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	\$	904,596	\$	960,524
Adjustments for:	Ψ	<i>y</i> 0 1,5 <i>y</i> 0	Ψ	900,921
Depreciation expense		120,078		102,717
Amortization expense		24,133		19,562
Impairment loss reversed on trade receivables		,100		(2,494)
Net (gain) loss on fair value changes of financial assets designated as at fair				(_,,)
value through profit or loss		(17,410)		3,611
Finance costs		7,906		3,252
Interest income		(17,285)		(24,620)
Dividend income		(9,073)		(9,873)
Compensation cost of share-based payment		(5,337)		57,124
Share of profits of associates		(282,885)		(98,421)
Loss (gain) on disposal of property, plant and equipment		3		(23)
Gain on disposal of available-for-sale financial assets		-		(56,374)
Impairment loss on financial assets		-		4,125
Write-downs of inventories		9,000		30,500
Unrealized net loss (gain) on foreign currency exchange		(3,876)		30,513
Deferred other revenue		(644)		(772)
Changes in operating assets and liabilities		× ,		× ,
Financial assets held for trading		-		(36,556)
Notes receivable and trade receivables		(462,625)		(11,836)
Receivables from related parties		349,875		47,501
Other receivables		38,941		2,191
Other receivables from related parties		(2,256)		1,254
Inventories		(171,488)		7,168
Prepayments		(15,428)		10,558
Other current assets		(6,331)		(1,584)
Notes payable and trade payables		171,715		(230,096)
Payables to related parties		55,326		(21,660)
Other payables		(4,678)		8,682
Other payables to related parties		(3,414)		4,440
Other current liabilities		21,713		2,842
Net defined benefit liabilities		(1,638)		(1,442)
Accrued profit sharing bonus to employees' compensation and remuneration				
of directors		(3,836)		(19,736)
Cash generated from operations		695,082		781,077
Interest received		15,816		24,941
Interest paid		(6,988)		(3,252)
Income tax paid		(74,471)		(97,621)
Net cash generated from operating activities		629,439		705,145
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of financial assets at fair value through				
other comprehensive income		(149,269)		_
Disposal of financial assets at fair value through other comprehensive income		72,596		-
Purchase of financial assets measured at cost		(344,502)		-
Proceeds from the return of capital of financial assets carried at amortized cost		203,879		-
Acquisition of financial assets at fair value through profit or loss		(137,646)		-
requisition of financial assets at fair value unough profit of 1055		(157,040)	a	-

(Continued)

### PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

		2018		2017
Proceeds from disposal of financial assets at fair value through profit or loss	\$	455,322	\$	-
Purchase of available-for-sale financial assets		-		(544,749)
Proceeds from disposal of available-for-sale financial assets		-		392,485
Proceeds from sale of debt investments with no active market		-		19,872
Proceeds from sale of held-to-maturity financial assets		-		100,000
Acquisition of investments accounted for using the equity method		(104,182)		(338,051)
Acquisition of property, plant and equipment		(137,053)		(97,091)
Proceeds from disposal of property, plant and equipment		-		1,292
Increase in refundable deposits		(664)		(934)
Increase in other receivable from related parties		(62,466)		(20,000)
Purchase for intangible assets		(14,287)		(27,179)
Increase in prepayments for equipment		(160)		-
Dividends received		65,633		115,737
Net cash inflow on disposal of subsidiaries		5,000		-
Net cash used in investing activities		(147,799)		(398,618)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from short-term borrowings		2,743,106		-
Repayments of short-term borrowings		(2,296,153)		-
Proceeds from guarantee deposits received		10,338		1,324
Cash dividends distributed		(662,847)		(723,826)
Net cash used in financing activities		(205,556)		(722,502)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH				
AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		5,725		(27,154)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		281,809		(443,129)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		764,490		1,207,619
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$</u>	1,046,299	<u>\$</u>	764,490

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

(Concluded)

### Attachment 4

### **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and the Shareholders Sitronix Technology Corp.

### Opinion

We have audited the accompanying consolidated balance sheets of Sitronix Technology Corp. and its subsidiaries (the Group), which comprise the balance sheets as of December 31, 2018 and 2017, the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements 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 its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. 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.

The Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2018 are stated as follows:

### Recognition of sales revenue

The Group's main source of revenue comes from the sale of memory chips. For the year ended December 31, 2018, the revenue recognized was NT\$10,330,505 thousand, please refer to Notes 4, 27 and 40 for information of accounting policy of revenue recognition. Due to the market rebound of memory chips, the Group released certain sales orders by temporarily increasing the credit line. As

such, this gives the rise to the potential risk of overstating sales. We therefore considered the validity of occurrence of sales as a key audit matter for the year ended December 31, 2018.

We have assessed that the customers of the Group whose annual revenue growth rates for 2018 have changed significantly to be subject to the risk of validity of revenue recognition. Therefore, our audit procedures performed with respect to these customers to confirm the validity of revenue recognition of the Group include, but are not limited to, the following:

- 1. We understood and tested the effectiveness of the design and implementation of the key internal controls over revenue recognition;
- 2. We sampled and inspected the validity of the background information of customers that had significant changes in the annual sales revenue growth rate and understood the reasonableness of such customers' credit terms;
- 3. We performed on-site interviews by sampling and understood the business process and relevance of sales revenue.
- 4. We sampled and inspected whether an original purchase order existed for each sale and was approved appropriately.
- 5. We inspected product names and quantities on notifications of manufacturing, invoices and goods receipt and inspected the amounts to ensure they were consistent;
- 6. We inspected the reasonableness of collection of accounts receivable and whether the collection amounts and counterparties were consistent with the revenue recognized.

### **Other Matter**

We have also audited the parent company only financial statements of Sitronix Technology Corp. as of and for the years ended December 31, 2018 and 2017 on which we have issued an unmodified opinion.

# Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

### Auditors' 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 auditors' 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 the 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 the 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 Group's internal control.
- 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' 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.

The engagement partners on the audit resulting in this independent auditors' report are Cheng Chih Lin and Yu Feng Huang.

Deloitte & Touche Taipei, Taiwan Republic of China

March 15, 2019

### Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance 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 audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

### CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018		2017	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 35)	\$ 2,060,229	25	\$ 1,421,885	20
Financial assets at fair value through profit or loss (Notes				
4, 7 and 35)	133,677	2	279,824	4
Financial assets at fair value through other comprehensive				
income (Notes 4, 8 and 35)	216,918	3	-	-
Available-for-sale financial assets (Notes 4, 10 and 35)	-	-	282,619	4
Financial assets at amortized cost (Notes 4, 9, 35 and 37)	382,291	4	-	-
Notes receivable and trade receivables, net (Notes 4, 14 and				
35)	1,359,075	16	1,009,582	14
Debt investments with no active market - current (Notes 4, 13				
,35 and 37)	-	-	183,502	3
Notes receivable and trade receivable from related parties	20			
(Notes 4, 35 and 36)	39	-	-	-
Other receivables (Notes 14 and 35)	53,332	1	65,277	1
Inventories (Notes 4, 5 and 15) Prepayments	2,071,021 126,479	25 1	1,735,070 74,361	25 1
Other current assets (Notes 20 and 35)	120,479	1	5,845	1
Other current assets (Notes 20 and 55)	12,338			
Total current assets	6,415,599	77	5,057,965	72
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss -				
non-current (Notes 4, 7 and 35)	87,124	1	31,493	1
Financial assets at fair value through other comprehensive				
income - non-current (Notes 4, 8 and 35)	633,921	8		
Available-for-sale financial assets - non-current (Notes 4,	055,721	0	-	-
10 and 35)	-	_	703,211	10
Held-to-maturity financial assets - non-current (Notes 4,11			705,211	10
and 35)	-	-	30,499	-
Financial assets at amortized cost - non-current (Notes 4, 9			50,177	
and 35)	31,386	-	-	-
Financial assets measured at cost - non-current (Notes 4, 12	,			
and 35)	-	-	25,833	-
Property, plant and equipment (Notes 4 and 17)	810,304	10	782,145	11
Investment properties (Notes 4 and 18)	330,559	4	335,277	5
Intangible assets (Notes 4 and 19)	47,875	-	55,789	1
Other non-current assets (Notes 20,33and 35)	9,743		8,783	
Total non-current assets	1,950,912	23	1,973,030	28

LIABILITIES AND EQUITY

<ul> <li>CURRENT LIABILITIES</li> <li>Short-term borrowings (Notes 4, 21 and 35)</li> <li>Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 35)</li> <li>Notes payable and trade payables (Notes 22 and 35)</li> <li>Payables to related parties (Notes 35 and 36)</li> <li>Other payables (Notes 23 and 35)</li> <li>Accrued employees' compensation and remuneration of directors (Note 28)</li> <li>Current tax liabilities (Notes 4 and 29)</li> <li>Provisions - current (Notes 4 and 24)</li> </ul>	
Other current liabilities (Notes 23 and 35)	
Total current liabilities	
NON-CURRENT LIABILITIES Deferred tax liabilities (Notes 4 and 29) Net defined benefit liabilities (Notes 4 and 25) Guarantee deposits received (Notes 33 and 36)	
Total non-current liabilities	
Total liabilities	
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT(Notes 4, 26, 31 and 32) Share capital Ordinary shares Capital surplus Retained earnings Legal reserve Special reserve Unappropriated earnings Total retained earnings Other equity Exchange differences on translating the financial statements of foreign operations Unrealized gain (loss) on financial assets at fair value through other comprehensive income Unrealized gain (loss) on available-for-sale financial assets Unearned compensation of employees Total other equity	
Equity attributable to shareholders of the parent	
NON-CONTROLLING INTERESTS (Notes 16, 26 and 32)	
Total equity	

TOTAL

<u>\$ 8,366,511</u>

<u>100</u> <u>\$ 7,030,995</u>

100

TOTAL

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

2018			2017	
Amount	%	A	Amount	%
\$ 476,168	6	\$	20,220	-
1,262 1,560,675	- 19		480 1,141,166	16
521,254	- 6		3,806 472,412	
195,831	2		126,244	2
142,911	2		117,025 5,089	2
 42,750			17,495	
 2,940,851	35		1,903,937	27
610 51,318	- 1		576 57,555	1
 168,060	2		70,683	1
 219,988	3		128,814	2
 3,160,839	38		2,032,751	29
 <u>1,202,226</u> 761,304	<u>    14</u> <u>    9</u>		<u>1,205,176</u> 785,875	<u> </u>
875,493	11		788,177	12
 26,644 2,124,198			8,728 1,969,197	28
 3,026,335	<u> </u>		2,766,102	4(
(846)	-		(943)	
(251,101)	(3)		-	
- (25,652)	-		(25,701) (50,850)	(1
 (277,599)	(3)		(77,494)	(1
4,712,266	56		4,679,659	67
 493,406	6		318,585	2
 493,406 5,205,672	<u>6</u>		<u>318,585</u> 4,998,244	71

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
NET REVENUE (Notes 4, 27 and 36)	\$ 10,330,505	100	\$ 9,431,062	100
OPERATING COSTS (Notes 4, 15, 28 and 36)	7,460,479	72	6,916,729	73
GROSS PROFIT	2,870,026	28	2,514,333	27
OPERATING EXPENSES (Notes 4, 14, 28 and 36) Selling and marketing expenses General and administrative expenses Research and development expenses Gain on reversal of expected credit loss	173,113 337,758 1,318,845 (2,204)	2 3 13	151,888 331,080 1,177,828	2 4 12
Total operating expenses	1,827,512	18	1,660,796	18
INCOME FROM OPERATIONS	1,042,514	10	853,537	9
NON-OPERATING INCOME AND EXPENSES (Notes 4, 28 and 36) Other income Other gains and losses Finance costs	65,074 23,609 (9,267)	1 - -	66,433 72,156 (3,858)	- 1 
Total non-operating income and expenses	79,416	1	134,731	1
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,121,930	11	988,268	10
INCOME TAX EXPENSE (Notes 4 and 29)	108,110	1	97,034	1
NET INCOME FOR THE YEAR	1,013,820	10	891,234	9
OTHER COMPREHENSIVE INCOME (LOSS) Items that will not be reclassified subsequently to profit or loss: Remeasurement of defined benefit plans(Notes 4 and 25) Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	4,599 (147,430)	- (2)	(746)	-
			(Cor	ntinued)

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2018			2017	
	An	nount	%	A	mount	%
Items that may be reclassified subsequently to profit or loss: Exchange differences on translating foreign operations Unrealized loss on available-for-sale financial	\$	(441)	-	\$	(41)	-
assets Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income		218			(17,875)	- 
Other comprehensive income (loss) for the year, net of income tax	(	<u>143,054</u> )	<u>(2</u> )		(18,662)	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$</u>	<u>870,766</u>	<u>8</u>	<u>\$</u>	872,572	9
NET INCOME ATTRIBUTABLE TO: Owners of the Company Non-controlling interests		840,363 <u>173,457</u>	8 	\$	873,158 <u>18,076</u>	9
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: Owners of the Company		<u>013,820</u> 697,847	<u>10</u> 7	<u>\$</u>	<u>891,234</u> 854,496	<u>9</u> 9
Non-controlling interests		870,766	1 8	φ <u>\$</u>	<u>18,076</u> <u>872,572</u>	 9
EARNINGS PER SHARE (Note 30) Basic Diluted	<u>\$</u>	7.03 6.94		<u>\$</u>	<u>7.32</u> 7.22	

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent												
				Other Equity (Notes 4, 26 and 31)									
							Exchange		Unrealized Gain (Loss) on Financial Assets at Fair				
	Share Capit Shares	tal (Note 26)			Differences on Translating Foreign	Unrealized Gain (Loss) from Available-for-sale	Value Through Other Comprehensive	Unearned Compensation of		Non-controlling Interests (Notes 16, 26			
	(In Thousands)	Amount	(Notes 26 and 32)	Legal Reserve	Special reserve	Earnings (Note 26)	Operations	Financial Assets	Income	Employees	Total	and 32)	Total Equity
BALANCE AT JANUARY 1, 2017	120,638	\$ 1,206,376	\$ 811,101	\$ 683,993	\$ 21,364	\$ 2,093,666	\$ (902)	\$ (7,826)	\$ -	\$ (120,394)	\$ 4,687,378	\$ 329,150	\$ 5,016,528
Appropriation of 2016 earnings Legal reserve	-	-	-	104,184	-	(104,184)	-	-	-	-	-	-	-
Special reserve Cash dividends distributed by the Company	-	-	-	-	(12,636)	12,636 (723,826)	-	-	-	-	(723,826)	-	(723,826)
Other changes in capital surplus Changes in percentage of ownership interests in subsidiaries	-	-	(14,006)	-	-	(181,507)	-	-	-	-	(195,513)	195,513	-
Compensation costs of restricted shares for employees	-	-	-	-	-	-	-	-	-	57,124	57,124	-	57,124
Retirement of restricted shares for employees	(120)	(1,200)	(11,220)	-	-	-	-	-	-	12,420	-	-	-
Net income for the year ended December 31, 2017	-	-	-	-	-	873,158	-	-	-	-	873,158	18,076	891,234
Other comprehensive loss for year ended December 31, 2017, net of income tax	<u>-</u>			<u>-</u>		(746)	(41)	(17,875)	<u>-</u>	<u>-</u>	(18,662)	<u>-</u>	(18,662)
Total comprehensive income for the year ended December 31, 2017						872,412	(41)	(17,875)			854,496	18,076	872,572
Decrease in non- controlling interests	-	-	-	-	-	-	-	-	-	-	-	(174,547)	(174,547)
Dividends paid to non-controlling interests		<u> </u>		<u> </u>				<u> </u>	<u> </u>	<u> </u>		(49,607)	(49,607)
BALANCE AT JANUARY 1, 2017 AS RESTATED	120,518	1,205,176	785,875	788,177	8,728	1,969,197	(943)	(25,701)	-	(50,850)	4,679,659	318,585	4,998,244
EFFECT OF RETROSPECTIVE APPLICATION AND RETROSPECTIVE RESTATEMENT					<u>-</u>	81,235		25,701	(106,936)	<u>-</u>	<u>-</u>		<u> </u>
BALANCE AT DECEMBER 31, 2017	120,518	1,205,176	785,875	788,177	8,728	2,050,432	(943)	-	(106,936)	(50,850)	4,679,659	318,585	4,998,244
Appropriation of 2017 earnings													
Legal reserve Special reserve.	-	-	-	87,316	- 17,916	(87,316) (17,916)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(662,847)	-	-	-	-	(662,847)	-	(662,847)
Other changes in capital surplus Changes in percentage of ownership interests in subsidiaries	-	-	3,014	-	-	(70)	-	-	-	-	2,944	(2,944)	-
Compensation cost of restricted shares for employees	-	-	-	-	-	-	-	-	-	(5,337)	(5,337)	-	(5,337)
Restricting employee rights, new shares are not vested	(295)	(2,950)	(27,585)	-	-	-	-	-	-	30,535	-	-	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(3,047)	-	-	3,047	-	-	-	-
Net income for the year ended December 31, 2018	-	-	-	-	-	840,363	-	-	-	-	840,363	173,457	1,013,820
Other comprehensive income (loss) for year ended December 31, 2018, net of income tax				<u>-</u>	<u>-</u>	4,599	97	<u> </u>	(147,212)	<u>-</u>	(142,516)	(538)	(143,054)
Total comprehensive income (loss) for the year ended December 31, 2018	<u>-</u>		<u> </u>	<u>-</u>	<u> </u>	844,962	97	<u> </u>	(147,212)	<u> </u>	697,847	172,919	870,766
Increase in non- controlling interests	-	-	-	-	-	-	-	-	-	-	-	23,689	23,689
Cash dividends distributed by subsidiaries												(18,843)	(18,843)
BALANCE AT DECEMBER 31, 2018	120,223	<u>\$ 1,202,226</u>	<u>\$ 761,304</u>	<u>\$ 875,493</u>	<u>\$ 26,644</u>	<u>\$ 2,124,198</u>	<u>\$ (846</u> )	<u>\$</u>	<u>\$ (251,101</u> )	<u>\$ (25,652</u> )	<u>\$ 4,712,266</u>	<u>\$ 493,406</u>	<u>\$ 5,205,672</u>

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

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

		2018		2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	\$	1,121,930	\$	988,268
Adjustments for:	Ψ	1,121,950	Ψ	900,200
Depreciation expense		194,278		167,878
Amortization expense		29,177		24,392
Gain on reversal of expected credit loss		(2,204)		24,372
Impairment loss reversed on trade receivables		(2,204)		(11,856)
Finance costs		9,267		3,858
Interest income		(25,151)		(40,250)
Dividend income		(9,603)		(40,230) (10,337)
Net (gain) loss on fair value changes of financial assets designated		(9,003)		(10,337)
as at fair value through profit or loss		(15,700)		3,611
Compensation costs of share-based payments		(13,700) (5,206)		57,314
· · ·		(3,200) (292)		(285)
Gain on disposal of property, plant and equipment		(292)		
Gain on disposal of available-for-sale financial assets		-		(95,874)
Impairment loss on financial assets		-		4,125
Write-downs of inventories		47,288		25,191
Unrealized net loss (gain) on foreign currency exchange		(14,763)		52,101
Changes in operating assets and liabilities				
Financial assets held for trading				(36,556)
Notes receivable and trade receivables		(365,564)		(107,751)
Other receivables from related parties		(39)		-
Other receivables		16,801		7,731
Inventories		(383,239)		(140,412)
Prepayments		(52,118)		7,244
Other current assets		(6,693)		(914)
Notes payable and trade payables		436,140		(188,747)
Payables to related parties		(3,806)		3,725
Other payables		48,406		14,320
Other current liabilities		20,166		(11,343)
Net defined benefit liabilities		(1,638)		(1,442)
Accrued profit sharing bonus to employees' compensation and				
directors' remuneration		74,795		(26,374)
Cash generated from operations		1,112,232		687,617
Dividends received		23,329		40,641
Interest paid		(8,341)		(3,859)
Income tax paid		(85,225)		(139,348)
Net cash generated from operating activities		1,041,995		585,051
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of financial assets at fair value through other				
comprehensive income		(209,566)		
*		(209,300)		-
Disposal of financial assets at fair value through other comprehensive		72 506		
income		72,596		-
				(Continued)

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
Purchase of financial assets measured at cost	\$ (627,441)	\$ -
Proceeds from the return of capital of financial assets at amortized cost	428,652	-
Proceeds from disposal of financial assets at fair value through profit		
or loss	(243,385)	-
Disposal of financial assets at fair value through profit or loss Purchase of available-for-sale financial assets	501,322	(898,927)
Proceeds from sale of available-for-sale financial assets	-	756,975
Proceeds from sale of debt investments with no active market	-	19.855
Proceeds from sale of held-to-maturity financial assets	-	100,000
Acquisition of property, plant and equipment	(217,892)	(195,365)
Proceeds from disposal of property, plant and equipment	411	1,992
Increase in refundable deposits	(446)	(2,759)
Acquisitions of intangible assets	(21,261)	(35,408)
Increase in prepayments for equipment	(514)	-
Dividends received	9,603	10,337
Net cash used in investing activities	(307,921)	(243,300)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	3,149,754	230,060
Repayments of short-term borrowings	(2,692,255)	
Proceeds from guarantee deposits received	97,377	3,126
Cash dividends distributed	(662,847)	
Dividends paid to non-controlling interests	(18,843)	
Increase (decrease) in non-controlling interests	18,350	(203,663)
Net cash used in financing activities	(108,464)	(973,340)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN		
CURRENCIES	12,734	(51,509)
NET INCREASE IN CASH AND CASH EQUIVALENTS	638,344	(683,098)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,421,885	2,104,983
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,060,229</u>	<u>\$ 1,421,885</u>

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

(Concluded)

### Attachment 5

Unit: NT\$ dollars

### Sitronix Technology Corp.

	Unit: N1\$ dollars
Items	Amount
Unappropriated retained earnings	1,201,118,344
Adjustment for Adopted TIFRS	81,234,713
Adjustment of Retained Earnings Through Investment Accounted for Using the Equity Method	(70,375)
Disposal of Retained Earnings by Fair value through other comprehensive income (i.e. FVTOCI)	(3,047,202)
Retained Earnings by Adjustment of Acturial assumptions	4,599,281
Adjusted Undistributed Earnings	1,283,834,761
Profit After-tax	840,363,157
Loss: 10% Legal Reserve	(84,036,316)
Loss : Special Reserve in accordance with law	(225,303,269)
Distributable Earnings	1,814,858,333
Loss: Assigned Items	
Shareholders' Dividend (Cash Dividend NT\$5 per share)	(601,112,905)
Unappropriated Retained Earnings	1,213,745,428

Description :

- (1) The number of registered number of paid shares of the company by the date of book closure (April 28, 2019) is 120,222,581. If the company's share stock change in the future, and results in the affection of outstanding shares, as well as the shift of preference rate of the shareholders and, need to be corrected, it is proposed to invite the shareholders to authorize the Board of Directors comprehensively to handle.
- (2) According to the Finance and Taxation's letter of April 30, 1998, the Ministry of Finance, No.871941343, individual identification should be adopted in the distribution of earnings. The earnings distribution principle of the company initially distributed the earnings of 2018.

# Attachment 6

# Sitronix Technology Corp.

# **Comparison Table for the Articles of Incorporation Before and**

Article	Before Revision	Revised Version	Description
Aritcle 6-2	Added	The counterparty in which shares were bought back by the company and stock subscription warrant was issued in accordance with this Act; Employee qualification requirements which cover employees of parent company or subsidiaries who meet certain requirements are entitled to a stock subscription warrant. The Board of Directors has the authority to resolve and determine the method of <u>distribution.</u>	Modified the Company Act: Article 167-1, Section 4; Article 167-2, Section 3; Article 267, Sections 7 and 11
Article 9	There are two kinds of Shareholders' meeting: 1. Regular meeting of shareholders: to be held once every year within six montns after the end of each fiscal year 2. Special meeting of shareholders: to be held when necessary in accordance with the law	There are two kinds of Shareholders' meeting: 1. Regular meeting of shareholders: to be <u>held at least</u> once every year within six montns after the end of each fiscal year 2. Special meeting of shareholders: to be held when necessary in accordance with the law	Modified the Company Act, Article 170

# After Revision

Article	Before Revision	Revised Version	Description
Article 13	The company appoints five to nine	The company appoints five to nine	Modified
	directors for a three-year term who are	directors for a three-year term who are also	laws
	also eligible for re-election. Among	eligible for re-election. Among these	
	these director seats, the number of	director seats, the number of independent	
	independent directors should not be	directors should not be less than three.	
	less than two and not less than	The election of company directors adopts	
	one-fifth of the number of director	the candidate nomination system.	
	seats.	Shareholders select directors from the list	
	The election of company directors	of candidates. The nomination method is	
	adopts the candidate nomination	applied according to one of the provisions	
	system. Shareholders select directors	of Article 192 of the Company Act.	
	from the list of candidates. The	The company must purchase liability	
	nomination method is applied	insurance in accordance with the law	
	according to one of the provisions of	during the course of its business operations	
	Article 192 of the Company Act.	and term of office of directors.	
	The company must purchase liability		
	insurance in accordance with the law		
	during the course of its business		
	operations and term of office of		
	directors.		
Article 19-2	Added	The company may explicitly stipulate the	Modified the
		authorized distribution of dividends and	Company
		bonuses in whole or in part, which may be	Act, Article 240
		paid in cash after a resolution is passed by a	240
		majority vote during a meeting of the board	
		of directors attended by two-thirds of the	
		total number of directors. In addition, a	
		report of such distribution should be	
		submitted during the most recent	
		shareholders' meeting.	

Article	Before Revision	Revised Version	Description
Article 19-3	Added	Provided that there are no incurred losses,	Modified the Company Act, Article 241
		the company may, by means of a resolution	
		adopted by a majority of shareholders	
		present at the meeting (who represent	211
		two-thirds or more of the total number of	
		Board members) and in accordance with	
		the Company Act, have its legal reserve	
		(i.e., only a portion of the legal reserve	
		exceeding 25% of the paid-in capital may	
		be distributed) and capital reserve	
		distributed in whole or in part in the form of	
		cash, and such distribution must be reported	
		during the most recent shareholders'	
		meeting.	
Article 21	The article was established on July 7,	The article was established on July 7, 1992.	Added
	1992.	First amended on October 1, 1992.	amended
	First amended on October 1, 1992.	The second amendment was on March 29,	date.
	The second amendment was on March	1994.	
	29, 1994. Skipped.	Skipped.	
	The twenty-fifth amendment was on	The twenty-fifth amendment was on June 22, 2016.	
	June 22, 2016.	The twenty-sixth amendment was on June	
	The twenty-sixth amendment was on	22, 2017.	
	June 22, 2017.	The twenty-seventh amendment was on	
	The twenty-seventh amendment was	June 27, 2018.	
	on June 27, 2018.	<u>The twenty-eighth amendment was on June</u> <u>26, 2019.</u>	

## Sitronix Technology Corp.

# **Comparison Table for the Procedures for Acquisition or Disposal of Assets**

### **Before and After Revision**

Before Revised	<b>Revised Version</b>	Description
Before RevisedArticle 1 : Purpose and Source of LawTo protect the assets of the company andimplement information disclosure,strengthen the management of thecompany's procedures for acquisition ordisposal of assets, establish the proceduresin accordance with the provisions ofArticle 36-1 of the Securities andExchange Act and the relevantcorrespondence of the securitiesauthorities. However, if other acts havetheir provisions shall be complied prior to the	Revised VersionArticle 1 : Purpose and Source of LawTo protect the assets of the companyand implement information disclosure,strengthen the management of thecompany's procedures for acquisitionor disposal of assets, established theprocedures in accordance with theprovisions of Article 36-1 of theSecurities and Exchange Act (hereinreferred to "the act".) The relevantprovisions of the Procedures forAcquisitions or Disposal of Assets asset outby the competent authority of	Description Modified with the Procedures for Acquitisition or Disposal of Assets, article 1 and 2.
<ul> <li>precedures.</li> <li>Article 2: Scope of Assets</li> <li>1. Investments in stocks, bonds, Corp.orate bonds, financial bonds, securities recognized by the fund, depository receipts, call warrant, beneficiary certificate and asset backed securities, etc. °</li> <li>2. Real estate (including land, housing and construction, investment real estate, <u>land access</u>) and equipment.</li> <li>3. Membership.</li> <li>4. Intangible assets such as patent rights, copyrights, trademark rights and concessions.</li> <li>5. Claims of financial institutions (including receivables, discounting of purchase of remittances and loans, collection items).</li> <li>6. Financial Derivatives:</li> <li>7. Assets acquired or disposed of by merging, splitting, acquiring or obtaining shares in accordance with the law.</li> <li>8. Other important assets.</li> </ul>	<ul> <li>the securities.</li> <li>Article 2: Scope of Assets</li> <li>1. Investments in stocks, bonds, Corp.orate bonds, financial bonds, securities recognized by the fund, depository receipts, call warrant, beneficiary certificate and asset backed securities, etc.</li> <li>2. Real estate (including land, housing and construction, investment real estate, and access) and equipment.</li> <li>3. Membership.</li> <li>4. Intangible assets such as patent rights, copyrights, trademark rights and concessions.</li> <li><u>5. Right-of-use assets thereof</u></li> <li><u>6. Claims of financial institutions (including receivables, discounting of purchase of remittances and loans, collection items).</u></li> <li><u>7. Financial derivatives.</u></li> <li><u>8.</u> Assets acquired or disposed of by merging, splitting, acquiring or obtaining shares in accordance with the law.</li> <li><u>9.</u> Other important assets.</li> </ul>	<ol> <li>Modified with the application of the International Financial Reporting Standards (IFRS) No. 16 "Lease", the addition of paragraph 5 of the right to use assets norms, and moved the current section 2 of Land Access to section 5.</li> <li>Modified with the Procedures for Acquisition or Disposal of Assets, article 3.</li> </ol>

Before Revised	Revised Version	Description
Article 3: Nominal Definition	Article 3: Nominal Definition	1. Modified with
1. Financial Derivatives: It referrd to	1. Financial Derivatives: Forward	the
instruments that derive their value	contracts, options contracts, futures contracts, leverage	application of
from the performance of underlying	contracts, or swap contracts,	the
assets, interest or currency exchange	whose value is derived from a	International
rates, indexes or other. Such	<u>specified</u> interest rate, <u>financial</u> instrument price, <u>commodity</u>	Financial
instruments include swaps, options,	<u>price</u> , foreign exchange rate, index	Reporting
futures contracts, leverage contracts,	of prices or rates, credit rating or	Standards
forwards, and conpound contract of	credit index, or other variable; or	(IFRS) No. 9
various combinations thereof.	hybrid contracts combining the above contracts; or hybrid	"Financial
Forwards referred herein exclude	contracts or structured products	Instruments",
insurance, performance, post-sale	containing embedded derivatives.	amended
service, long-term lease and	The term "forward contracts" does not include insurance contracts,	section 1 and
long-term sales/procurement	performance contracts, after-sales	texts.
contracts	service contracts, long-term	2. The
2. Assets acquired or disposed through	leasing contracts, or long-term purchase (sales) contracts.	amendments
mergers, demergers, acquisitions, or	purchase (sales) contracts.	to the
transfer of shares in accordance with	2. Assets acquired or disposed	Company
law: Refers to assets acquired or	through mergers, demergers,	Acts issued
disposed through mergers,	acquisitions, or transfer of shares	on August 1,
demergers, or acquisitions conducted	in accordance with law: Refers to	2007, have
under the Business Mergers and	assets acquired or disposed	been
Acquisitions Act, Financial Holding	through mergers, demergers, or	implemented
Company Act, Financial Institution	acquisitions conducted under the	on November
Merger Act and other acts, or to	Business Mergers and	1, 2007, thus
transfer of shares from another	Acquisitions Act, Financial	amended
company through issuance of new	Holding Company Act, Financial	Article 156,
shares of its own as the consideration	Institution Merger Act and other	section 8 that
therefor (hereinafter "transfer of	acts, or to transfer of shares from	quoted in
shares") under Article 156, paragraph	another company through issuance	paragraph 2 to
<u>8</u> of the Company Acts.	of new shares of its own as the	Article 156-3.
	consideration therefor (hereinafter	3. To clearly
3~6 (skipped)	"transfer of shares") under Article	define the
	156-3 of the Company Act.	domestic and
	3~6 (skipped)	international
	7. Securities exchange: "Domestic	stock
	securities exchange" refers to the	exchanges
	Taiwan Stock Exchange	and securities
	Corp.oration; "foreign securities	firms'
	exchange" refers to any organized	business
	securities exchange market that is	premises, and
	regulated by the competent	facilitate the

Before Revised	Revised Version	Description
	securities authorities of the	company to
	jurisdiction where it is located.	follow.
	8. Over-the-counter venue ("OTC	4. Modified with
	venue", "OTC"): "Domestic OTC	the
	venue" refers to a venue for OTC	Procedures
	trading provided by a securities	for
	firm in accordance with the	Acquisition or
	Regulations Governing Securities	Disposal of
	Trading on the Taipei Exchange;	Assets, article
	"foreign OTC venue" refers to a	4.
	venue at a financial institution that	
	is regulated by the foreign	
	competent authority and that is	
	permitted to conduct securities	
	business.	
Article 4: Exclusion of related persons Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>shall not</u> <u>be the related counterparty of the</u> <u>transaction</u> .	<ul> <li>Article 4: Exclusion of related persons Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirement: <ol> <li>May not have previously received</li> <li>a final and unappeasable the following requirement: sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</li> </ol> </li> <li>My not be related parties or de facto related parties to each other.</li> <li>If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties to each other. When issuing an appraisal report or</li> </ul>	<ol> <li>Included the matters that the professionals shall notice, which was the Finance and Taxation's letter of March 21, 2003, the former Ministry of Finance, Securities and Future Commission, No.092000115 1, the supplementary provisions the fourth point concerned that the public issuance company shall consult the professional valuer and its appraisers, accountants, lawyers or securities underwriters, etc., in the criteria.</li> <li>Giving explicit of the responsibilities of external</li> </ol>

Before Revised	<b>Revised Version</b>	Description
	<ul> <li>the preceding paragraph shall comply with the following:</li> <li>Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</li> <li>When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusions shall be fully and accurately specified in the case working papers.</li> <li>They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</li> <li>They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</li> </ul>	experts, and to add the evaluation of reports or submissions by relevant experts, verify and declare matters. 3. Modified with the Procedures for Acquisition or Disposal of Assets, article 5.
Article 5: The Scope of Investment and Maount	Article 5: The Scope of Investment and Maount	Modified with the application of the
The company acquires real estate or marketable securities that are not for business use. The limits of the amount are respectively as follows: <u>1.</u> The total amount of non-operating real estate is limited to 50% of the shareholders' equity of the company's most recent financial statements audited by the accountants. <u>2.</u> The total amount of investment securities shall not exceed the shareholders' equity of the company's most recent financial statements of the account audited by	The company acquires real estate and its right-of-use assets thereof, or marketable securities that are not for business use. The limits of the amount are respectively as follows: 1. The total amount of non-operating real estate and its right-of-use assets thereof, is limited to 50% of the shareholders' equity of the company's most recent financial statements audited by the accountant. 2. The total amount of investment securities shall not exceed the shareholders' equity of the	International Financial Reporting Standards (IFRS) No. 16 "Lease", added the right-of-use assets thereof regulation, the right-of-use assets thereof is included in the limit calculation of the company's specificied process

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the accountant.	company's most recent financial	specification.
<u>3.</u> The limit for investing in individual	statements of the account audited	
securities shall not exceed 40% of the	by the accountant.	
shareholders' equity of the	3. The limit amount for investing in	
company's most recent financial	individual securities shall not	
statements audited by the accountant.	exceed 40% of the shareholders'	
	equity of the company's most	
	recent financial statements audited	
	by the accountant.	
Article 6: The Execution Unit,	Article 6: The Execution Unit,	1. Modified with
Authorization Amount and Level	Authorization Amount and Level	the application of the
1~2 (skipped).	1~2 (skipped).	International Financial
3. The acquisition or disposal of real	3. The acquisition or disposal of real	Reporting
estate shall be submitted by the	estate and its right-of-use assets	Standards (IFRS) No. 16
management unit for the relevant	thereof shall be submitted by the	"Lease", added
information. Where the paid-in	management unit for the relevant	the right-of-use assets thereof
capital amount received at the end of	information. Where the paid-in	regulation, the
the previous year that was more than	capital amount received at the end	right-of-use
20% shall need to petition the Board	of the previous year that was more	assets thereof is included in the
of Directors after the adoption.	than 20% shall need to petition the	limit calculation
4. The acquisition or disposal of other	Board of Directors after the	of the company's
assets of the company (including	adoption.	specificied
fixed assets, memberships and	4. The acquisition or disposal of	process specification.
intangible assets) shall be handled in	other assets of the company	2. Modified with
accordance with the relevant	(including fixed assets,	the Procedures for Acquisition
provisions of the company's internal	memberships and intangible assets	or Disposal of
control system and the means of	or its right-of-use assets thereof)	Assets, article 8.
purchasing and approving all kinds of	shall be handled in accordance	
expenses.	with the relevant provisions of the	
5~6 (skipped).	company's internal control system	
With respect to a public company's	and the means of purchasing and	
acquisition or disposal of assets that	approving all kinds of expenses.	
is subject to the approval of the board	5~6 (skipped).	
of directors under the company's	With respect to a public company's	
procedures or other laws or	acquisition or disposal of assets	
regulations, if a director expresses	that is subject to the approval of	
dissent and it is contained in the	the board of directors under the	
minutes or a written statement, the	company's procedures or other	
company shall submit the director's	laws or regulations, if a director	
dissenting opinion to the Audit	expresses dissent and it is	
Committee.	contained in the minutes or a	
Where the position of independent	written statement, the company	

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director has been created in	shall submit the director's	
accordance with the provisions of the	dissenting opinion to the Audit	
Act, when a transaction involving the	Committee.	
acquisition or disposal of assets is	In accordance with the provisions	
submitted for discussion by the board	of the Act, when a transaction	
of directors pursuant to the preceding	involving the acquisition or	
paragraph, the board of directors shall	disposal of assets is submitted for	
take into full consideration each	discussion by the Board of	
independent director's opinions. If an	Directors pursuant to the	
independent director objects to or	preceding paragraph, the Board of	
expresses reservations about any	Directors shall take into full	
matter, it shall be recorded in the	consideration each independent	
minutes of the board of directors	director's opinions. If an	
meeting.	independent director objects to or	
Where the Audit Committee has been	expresses reservations about any	
created by the company, when the	matter, it shall be recorded in the	
material asset or derivatives	minutes of the board of directors	
transaction are submitted for	meeting.	
discussion by the Board of Directors	Any transaction involving major	
pursuant to the preceding paragraph,	assets or derivatives of the	
the Board of Directors shall take into	company shall be approved by	
full consideration each independent	more than half of all audit	
director's opinion. If an independent	committee members and submitted	
director is objects to or expresses	to the board of directors for a	
reservations about any matter, it shall	resolution, and shall be subject to	
be recorded in the minutes of the	mutatis mutandis application of	
board of directors meeting. Where an	Article 30, paragraphs 4 and 5.	
audit committee has been established		
in accordance with the provisions of		
the Company Act, when the		
procedures for the acquisition and		
disposal of assets are adopted or		
amended, they shall be approved by		
more than half of all audit committee		
members and submitted to the board		
of directors for a resolution. If		
approval of more than half of all		
audit committee members as required		
in the preceding paragraph is not		
obtained, the procedures may be		
implemented if approved by more		
than two-thirds of all directors, and		

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the resolution of the Audit		
Committee shall be recorded in the		
minutes of the Board of Directors		
meeting.		
Article 7: Evalution Procedures and	Article 7: Evalution Procedures and	1. Modified with
Price Determination Methods	Price Determination Methods	the application
1. (skipped).	1. (skipped).	of the
2. Real estate <u>or</u> the equipment	2. Real estate, the equipment, or its	International
To acquire or dispose real estate,	right-of-use assets thereof.	Financial
reference shall be made to the present	To acquire or dispose real estate,	Reporting
value of the announcement, the value	reference shall be made to the	Standards
assessed, the actual transaction price	present value of the	(IFRS) No. 16
of adjacent real estate, and the	announcement, the value assessed,	"Lease", added
resolution of the terms of the	the actual transaction price of	the right-of-use
transaction and the transaction price.	adjacent real estate, and the	assets thereof
The acquisition or disposition of	resolution of the terms of the	regulation, the
equipment shall be made by way of	transaction and the transaction	right-of-use
inquiry, price comparison, bargaining	price. The acquisition or	assets thereof is
or tender.	disposition of equipment shall be	included in the
The company acquires or disposes of	made by way of inquiry, price	limit calculation
real property or equipment, in	comparison, bargaining or tender.	of the
addition to transactions with	The company acquires or disposes	company's
	of real property, the equipment, or	specificied
government agencies, self-district	its right-of-use assets thereof, in	process
committee construction, Rental	addition to transactions with <u>domestic</u> government agencies,	specification.
District Committee construction, or	self-district committee	2. Modified with
acquisition, disposal of equipment for	construction, Rental District	the Procedures
business use, those whose transaction	Committee construction, or acquisition, disposal of equipment	for Acquisition
amount reaches 20% of the paid-in	or its right-of-use assets thereof	-
capital or NT\$300 million	for business use, those whose	or Disposal of
amount, shall obtain a valuation	transaction amount reaches 20%	Assets, article 9
report issued by a professional valuer before the fact occurs, and shall meet	of the paid-in capital or NT\$300 million for the company's paid-in	and 11.
the following requirements:	capital amount, shall obtain a	
(1) When the price, specific price or	valuation report issued by a	
special price shall be used as the	professional valuer before the fact	
reference for the transaction price	occurs, and shall meet the following requirements:	
for special reasons, the transaction	(1) When the price, specific price	
shall be first approved by	or special price shall be used as	
resolution of the Board of Trustees.	the reference for the transaction	
Those who change the trading	price for special reasons, the	
conditions in the <u>future shall also</u>	transaction shall be first	
proceed with the procedure	approved by resolution of the	

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accordingly.	Board of Trustees. Those who	
(2)~(4) (skipped).	change the trading conditions in	
3. <u>Memberships</u> or Intangible assets	the future shall also proceed	
To acquire or dispose of	with the procedure accordingly.	
memberships, the relevant price	(2)~(4) (skipped).	
information shall be collected in	3. Intangible assets or its right-of-use	
advance to consider the benefits it	assets thereof, or memberships.	
can generate, and consult the latest	To acquire or dispose of	
transaction price then. The	memberships, the relevant price	
acquisition or disposal of intangible	information shall be collected in	
assets shall refer to international or	advance to consider the benefits it	
local usage, life time, and the impact	can generate, and consult the latest	
on company technology and business.	transaction price then. The	
The revelant acts and contracts are	acquisition or disposal of	
carefully evaluated to determine the	intangible assets or its right-of-use	
transaction price.	assets thereof shall refer to	
Where the company acquires or	international or local usage, life	
disposes of intangible assets or	time, and the impact on company	
right-of-use assets thereof or	technology and business. The	
memberships and the transaction	revelant acts and contracts are	
amount reaches 20 percent or more of	carefully evaluated to determine	
paid-in capital or NT\$300 million or	the transaction price.	
more, except in transactions with a	When the company acquires or	
domestic government agency, the	disposes of intangible assets or	
company shall engage a certified	right-of-use assets thereof, or	
public accountant prior to the date of	memberships and the transaction	
occurrence of the event to render an	amount reaches 20 percent or	
opinion on the reasonableness of the	more of paid-in capital or	
transaction price; the CPA shall	NT\$3,000,000,000 or more,	
comply with the provisions of	except in transactions with a	
Statement of Auditing Standards No.	domestic government agency, the	
20 published by the ARDF.	company shall engage a certified	
4~6 (skipped).	public accountant prior to the date	
Where the company acquird or	of occurrence of the event to	
disposd of assets through the court	render an opinion on the	
auction procedure, it can replace the	reasonableness of the transaction	
valuation report or accountant's	price; the CPA shall comply with	
opinion with the certification	the provisions of Statement of	
documents issued by the court.	Auditing Standards No. 20	
	published by the ARDF.	
	4~6 (skipped).	
	Where the company acquire or	

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	dispose of assets through the court	
	auction procedure, it can replace	
	the valuation report or	
	accountant's opinion with the	
	certification documents issued by	
	the court.	
Article 9: Announcement Procedure	Article 9: Announcement Procedure	1. Modified with
Where the company acquires or disposes of	Where the company acquires or disposes	the application
assets, if any of the following	of assets, if any of the following	of the
circumstances occur, it shall, in accordance	circumstances occur, it shall, in	International
with the prescribed format, announce and	accordance with the prescribed format,	Financial
declare the information to the designated	announce and declare the information to	Reporting
website of the securities authority under the	the designated website of the securities	Standards
relevant regulations with two days from the	authority under the relevant regulations	(IFRS) No. 16
date of occurrence.	with two days from the date of	"Lease", added
1. When the company intends to acquire or	occurrence.	the right-of-use
dispose of real estate from or to a related	1. When the company intends to acquire	assets thereof
party, or when it intends to acquire or	or dispose of real estate or its	regulation, the
dispose of assets other than real property	right-of-use assets thereof from or	right-of-use
from or to a related party and the	to a related party, or when it intends	assets thereof is
transaction amount reaches 20 percent or	to acquire or dispose of assets other	included in the
more of paid-in capital, 10 percent or	than real estate or <u>its right-of-use</u>	limit calculation
more of the company's total assets, or	assets thereof from or to a related	of the
NT\$300 million or more, except in	party and the transaction amount	company's
trading of government bonds or bonds	reaches 20 percent or more of paid-in	specificied
under repurchase and resale agreements,	capital, 10 percent or more of the	process
or subscription or redemption of money	company's total assets, or NT\$300	specification.
market funds issued by domestic	million or more, except in trading of	2. Modified with
securities investment trust enterprise.	domestic government bonds or bonds	the Procedures
2. Merger, demerger, acquisition, or share	under repurchase and resale	for Acquisition
transfer.	agreements, or subscription or	or Disposal of
3. Losses from derivatives trading reaching	redemption of money market funds	Assets, article
the limits on aggregate losses or losses	issued by domestic securities	31.
on individual contracts set out in the	investment trust enterprise.	
procedures adopted by the company.	2. Merger, demerger, acquisition, or	
4. Where equipment or the type of assets	share transfer.	
for business use are acquired or disposed	3. Losses from derivatives trading	
of, and furthermore the transaction	reaching the limits on aggregate	
counterparty is not a related party, and	losses or losses on individual	
the transaction amount meets any of the	contracts set out in the procedures	
following criteria:	adopted by the company.	
(1)For a public company whose paid-in	4. Where equipment or <u>its right-of-use</u>	
(1)1 of a public company whose paid-III	T. Where equipment of <u>its right-of-use</u>	

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capital is less than NT\$10 billion, the	assets thereof, or the type of assets	
transaction amount reaches NT\$500	for business use are acquired or	
million or more.	disposed of, and furthermore the	
(2)For a public company whose paid-in	transaction counterparty is not a	
capital is NT\$10 billion or more, the	related party, and the transaction	
transaction amount reaches NT\$1	amount meets any of the following	
billion or more.	criteria:	
5. Acquisition or disposal by a public	(1)For a public company whose	
company in the construction business of	paid-in capital is less than NT\$10	
real property for construction use, and	billion, the transaction amount	
furthermore the transaction counterparty	reaches NT\$500 million or more.	
is not a related party, and the transaction	(2)For a public company whose	
amount reaches NT\$500 million.	paid-in capital is NT\$10 billion	
6. Where an asset transaction other than any	or more, the transaction amount	
of those referred to in the preceding five	reaches NT\$1 billion or more.	
subparagraphs, a disposal of receivables	5. Where land is acquired under an	
by a financial institution, or an	arrangement on engaging others to	
investment in the mainland China area	build on the company's own land,	
reaches 20 percent or more of paid-in	engaging others to build on rented	
capital or NT\$300 million; provided, this	land, joint construction and allocation	
shall not apply to the following	of housing units, joint construction	
circumstances:	and allocation of ownership	
(1). Trading of government bonds.	percentages, or joint construction and	
(2). Trading of bonds under repurchase	separate sale, and furthermore the	
and resale agreements, or	transaction counterparty is not a	
subscription or redemption of	related party, and the amount the	
money market funds issued by	company expects to invest in the	
domestic securities investment	transaction reaches NT\$500 million.	
trust enterprises.	6. Where an asset transaction other than	
The amount of transactions above shall	any of those referred to in the	
be calculated as follows:	preceding five subparagraphs, a	
1. The amount of any individual	disposal of receivables by a financial	
transaction.	institution, or an investment in the	
2. The cumulative transaction amount of	mainland China area reaches 20	
acquisitions and disposals of the same	percent or more of paid-in capital or	
type of underlying asset with the same	NT\$300 million; provided, this shall	
transaction counterparty within the	not apply to the following	
preceding year.	circumstances:	
3. The cumulative transaction amount of	(1).Trading of <u>domestic</u>	
acquisitions and disposals (cumulative	government bonds.	
acquisitions and disposals,	(2).Trading of bonds under	
respectively) of real estate within the	repurchase and resale	

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same development project within the	agreements, or subscription or	
preceding year.	redemption of money market	
4. The cumulative transaction amount of	funds issued by domestic	
acquisitions and disposals (cumulative	securities investment trust	
acquisitions and disposals,	enterprises.	
respectively) of the same security	The amount of transactions above	
within the preceding year.	shall be calculated as follows:	
"Within the preceding year" as used in	1. The amount of any individual	
the preceding paragraph refers to the	transaction.	
year preceding the date of occurrence of	2. The cumulative transaction amount	
the current transaction. Items duly	of acquisitions and disposals of the	
announced in accordance with these	same type of underlying asset with	
Regulations need not be counted toward	the same transaction counterparty	
the transaction amount.	within the preceding year.	
The company shall, on a monthly basis,	3. The cumulative transaction amount	
import the information declaration	of acquisitions and disposals	
websites designated by the securities	(cumulative acquisitions and	
authority before $10^{\text{th}}$ of each month in	disposals, respectively) of real	
accordance with the prescribed format of	estate or its right-of-use assets	
the company, and the subsidiaries of the	thereof within the same	
company that are not part of the	development project within the	
domestic public company to engage in	preceding year.	
derivative commodity transactions until	4. The cumulative transaction amount	
the end of the previous month.	of acquisitions and disposals	
···· ···· ··· ·······	(cumulative acquisitions and	
	disposals, respectively) of the same	
	security within the preceding year.	
	"Within the preceding year" as used	
	in the preceding paragraph refers to	
	the year preceding the date of	
	occurrence of the current transaction.	
	Items duly announced in accordance	
	with these Regulations need not be	
	counted toward the transaction	
	amount.	
	The company shall, on a monthly	
	basis, import the information	
	declaration websites designated by	
	the securities authority before $10^{\text{th}}$ of	
	each month in accordance with the	
	prescribed format of the company,	
	and the subsidiaries of the company,	

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	that are not part of the domestic	
	public company to engage in	
	derivative commodity transactions	
	until the end of the previous month.	
Article 12: The Scope and Amount of	Article 12: The Scope and Amount of	1. Modified with
Investment in Subsidiaries	Investment in Subsidiaries	the application of the International
The limits of the amount of real estate or	The limits of the amount of real	Financial
marketable securities purchased by the	estate, its right-of-use assets thereof,	Reporting Standards (IFRS)
company's subsidiaries for business uses	or marketable securities purchased by	No. 16 "Lease",
are as follows:	the company's subsidiaries for	added the right-of-use
1. The total amount of real estate, which	business uses are as follows:	assets thereof
is not for business use, is limited to	<u>1.</u> The total amount of real estate and	regulation, the right-of-use
the shareholder's equity in the	<u>its right-of-use assets</u> thereof,	assets thereof is
financial statements of the	which is not for business use, is	included in the limit calculation
subsidiary's most recent certified visa	limited to the shareholder's equity	of the company's
to the accountant.	in the financial statements of the	specificied process
2. The total amount of the investment	subsidiary's most recent certified	specification.
securities shall not exceed the	visa to the accountant.	2. Modified with the Procedures
shareholders' equity of the	2. The total amount of the investment	for Acquisition
subsidiary's most recent financial	securities shall not exceed the	or Disposal of Assets, article 7.
statements of account audited by the	shareholders' equity of the	Assets, article 7.
accountant.	financial statements of the	
3. The limit for investing in individual	subsidiary's most recent account	
securities shall not exceed the	audited by the accountant.	
shareholders' equity of the financial	<u>3.</u> The limit for investing in	
statements of the most recent period in	individual securities shall not	
which an accountant audits the	exceed the shareholders' equity of	
subsidiary.	the financial statements of the most	
y.	recent period in which an	
	accountant audits the subsidiary.	
Article 14: The Scope of Application	Article 14: The Scope of Application	Modified with the
When a public company engages in any	When a public company engages in any	Procedures for Acquisition or
acquisition or disposal of assets from or to	acquisition or disposal of assets from or	Disposal of Assets,
a related party, in addition to ensuring that	to a related party, in addition to	article 14.
the necessary resolutions are adopted and	ensuring that the necessary resolutions	
the reasonableness of the transaction terms	are adopted and the reasonableness of	
is appraised, if the transaction amount	the transaction terms is appraised, if the	
reaches 10 percent or more of the	transaction amount reaches 10 percent	
company's total assets, the company shall	or more of the company's total assets,	
also obtain an appraisal report from a	the company shall also obtain an	
professional appraiser or a CPA's opinion		
professional appraiser or a CPA's opinion	appraisal report from a professional	

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in compliance with the provisions of the	appraiser or a CPA's opinion in	
preceding Section and this Section.	compliance with the provisions of the	
The calculation of the transaction	preceding Section and this Section.	
amount referred to in the preceding	The calculation of the transaction	
paragraph shall be made.	amount referred to in the preceding	
When judging whether a trading	paragraph shall be made in accordance	
counterparty is a related party, in addition	with Article 7-1 herein.	
to legal formalities, the substance of the	When judging whether a trading	
relationship shall also be considered.	counterparty is a related party, in	
	addition to legal formalities, the	
	substance of the relationship shall also	
	be considered.	
Article 15: The Resolution Procedure	Article 15: The Resolution Procedure	1. Modified with
When a public company intends to acquire or	When a public company intends to acquire	the application of
dispose of real estate from or to a related	or dispose of real property or its	the International
party, or when it intends to acquire or dispose	right-of-use assets thereof, from or to a	Financial
of assets other than real estate from or to a	related party, or when it intends to acquire	Reporting
related party and the transaction amount	or dispose of assets other than real estate	Standards (IFRS)
reaches 20 percent or more of paid-in capital,	or its right-of-use assets thereof, from or	No. 16 "Lease",
10 percent or more of the company's total	to a related party and the transaction	added the
assets, or NT\$300 million or more, except in	amount reaches 20 percent or more of	right-of-use assets
trading of government bonds or bonds under	paid-in capital, 10 percent or more of the	thereof regulation,
repurchase and resale agreements, or	company's total assets, or NT\$300 million	the right-of-use
subscription or redemption of money market	or more, except in trading of domestic	assets thereof is
funds issued by domestic securities	government bonds or bonds under	included in the
investment trust enterprises, the company	repurchase and resale agreements, or	limit calculation of
may not proceed to enter into a transaction	subscription or redemption of money	the company's
contract or make a payment until the	market funds issued by domestic securities	specificied process
following matters have been approved by the	investment trust enterprises, the company	specification.
Board of Directors and recognized by the	may not proceed to enter into a transaction	2. Modified with
supervisors:	contract or make a payment until the	the Procedures for
(1)The purpose, necessity and anticipated	following matters have been approved by	Acquisition or
benefit of the acquisition or disposal of	the board of directors and recognized by	Disposal of Assets,
assets.	the supervisors:	article 15.
(2). The reason for choosing the related	(1). The purpose, necessity and	
party as a trading counterparty.	anticipated benefit of the	
(3). With respect to the acquisition of real	acquisition or disposal of assets.	
estate from a related party, information	(2). The reason for choosing the related	
regarding appraisal of the	party as a trading counterparty.	
reasonableness of the preliminary	(3). With respect to the acquisition of	
transaction terms.	real estate or <u>its right-of-use assets</u>	
(4). The date and price at which the	thereof, from a related party,	

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related party originally acquired the	information regarding appraisal of	
real property, the original trading	the reasonableness of the	
counterparty, and that trading	preliminary transaction terms.	
counterparty's relationship to the	(4). The date and price at which the	
company and the related party.	related party originally acquired	
(5). Monthly cash flow forecasts for the	the real property, the original	
year commencing from the	trading counterparty, and that	
anticipated month of signing of the	trading counterparty's	
contract, and evaluation of the	relationship to the company and	
necessity of the transaction, and	the related party.	
reasonableness of the funds	(5). Monthly cash flow forecasts for	
utilization.	the year commencing from the	
(6). An appraisal report from a	anticipated month of signing of	
professional appraiser or a CPA's	the contract, and evaluation of	
opinion obtained in compliance	the necessity of the transaction,	
with the preceding article.	and reasonableness of the funds	
(7). Restrictive covenants and other	utilization.	
important stipulations associated	(6). An appraisal report from a	
with the transaction.	professional appraiser or a	
The calculation of the transaction	CPA's opinion obtained in	
amounts referred to in the preceding	compliance with the preceding	
paragraph shall be made, and "within the	article.	
preceding year" as used herein refers to	(7). Restrictive covenants and other	
the year preceding the date of	important stipulations	
occurrence of the current transaction.	associated with the transaction.	
Items that have been approved by the	The calculation of the transaction	
board of directors and recognized by the	amounts referred to in the preceding	
supervisors need not be counted toward	paragraph shall be made, and "within	
the transaction amount.	the preceding year" as used herein	
With respect to the acquisition or	refers to the year preceding the date of	
disposal of business-use equipment	occurrence of the current transaction.	
between the company and its parent or	Items that have been approved by the	
subsidiaries, the company's Board of	board of directors and recognized by	
Directors may pursuant to delegate the	the supervisors need not be counted	
board chairman to decide such matters	toward the transaction amount.	
when the transaction is within a	With respect to the acquisition or	
NT\$300,000,000 and have the decisions	disposal of business-use equipment	
subsequently submitted to and ratified	between a the and its parent or	
by the next Board of Directors meeting.	subsidiaries, or the subsidiaries that	
Where the position of independent	directly or indirectly hold 100% of the	
director has been created in accordance with the provisions of the Act, when a	issued shares or total capital of the company engages in the following	

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matter is submitted for discussion by the	transactions with each other, the	
board of directors pursuant to paragraph	company's Board of Directors may	
1, the Board of Directors shall take into	pursuant to delegate the board chairman	
full consideration each independent	to decide such matters when the	
director's opinions. If an independent	transaction is within a NT\$300,000,000	
director objects to or expresses	and have the decisions subsequently	
reservations about any matter, it shall be	submitted to and ratified by the next	
recorded in the minutes of the Board of	Board of Directors meeting.	
Directors meeting.	(1). To acquire or dispose of the	
Where an audit committee has been	equipment or its right-of-use	
established in accordance with the	assets thereof for business use.	
provisions of the Act, the matters for	(2). To acquire or dispose of real	
which paragraph 1 requires recognition	estate or its right-of-use assets	
by the supervisors shall first be	thereof for business use.	
approved by more than half of all audit	When a matter is submitted for	
committee members and then submitted	discussion by the board of directors	
to the board of directors for a resolution,	pursuant to paragraph 1, the Board of	
and shall be subject to mutatis mutandis	Directors shall take into full	
application.	consideration each independent	
Where an Audit Committee has been	director's opinions. If an independent	
established in accordance with the	director objects to or expresses	
praragraph 1 of the Company Act, when	reservations about any matter, it shall	
the procedures for the acquisition and	be recorded in the minutes of the Board	
disposal of assets are adopted or amended	of Directors meeting under Article 30,	
they shall be approved by more than half	paragraph 4 and 5.	
of all audit committee members and		
submitted to the board of directors for a		
resolution. If approval of more than half of		
all audit committee members as required in		
the preceding paragraph is not obtained,		
the procedures may be implemented if		
approved by more than two-thirds of all		
directors, and the resolution of the audit		
committee shall be recorded in the minutes		
of the Board of Directors meeting.		
Article 16: Evaluation Procedure	Article 16: Evaluation Procedure	1. Modified with
The company that acquires real estate from	The company that acquires real estate	the application
a related party shall evaluate the	or its right-of-use assets thereof from	of the
reasonableness of the transaction costs	a related party shall evaluate the	International
by the following means:	reasonableness of the transaction	Financial
1. Based upon the related party's	costs by the following means:	Reporting
transaction price plus necessary	1. Based upon the related party's	Standards

### **Before Revised**

interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

The company that acquires real estate from a related party and appraises the cost of the real estate in accordance with <u>paragraph 1 and paragraph 2 shall</u> also engage a CPA to check the appraisal and render a specific opinion. Where the company acquires real estate from a related party and one of the following circumstances exists, the

acquisition shall be conducted in accordance with <u>Article 15</u> and the preceding three paragraphs do not apply:

#### **Revised Version**

transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means <u>listed in the</u> <u>preceding paragraph.</u>

The company that acquires real estate or <u>its right-of-use assets</u> thereof from a related party and appraises the cost of the real estate in accordance with the previous two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

### Description

(IFRS) No. 16 "Lease", added the right-of-use assets thereof regulation, the right-of-use assets thereof is included in the limit calculation of the company's specificied process specification.

 Modified with the Procedures for Acquisition or Disposal of Assets, article 16.

Before Revised	Revised Version	Description
1. The related party acquired the real	Where the company acquires real	
estate through inheritance or as a gift.	estate or its right-of-use assets	
2. More than 5 years will have elapsed	thereof from a related party and one	
from the time the related party signed	of the following circumstances	
the contract to obtain the real estate to	exists, the acquisition shall be	
the signing date for the current	conducted in accordance with the	
transaction.	previous paragraph p and the	
3. The real estate is acquired through	preceding three paragraphs do not	
signing of a joint development	apply:	
contract with the related party, or	1. The related party acquired the real	
through engaging a related party to	estate or its right-of-use assets	
build real estate, either on the	thereof through inheritance or as a	
company's own land or on rented	gift.	
land.	2. More than 5 years will have	
	elapsed from the time the related	
	party signed the contract to obtain	
	the real estate or its right-of-use	
	assets thereof to the signing date	
	for the current transaction.	
	3. The real estate is acquired through	
	signing of a joint development	
	contract with the related party, or	
	through engaging a related party	
	to build real estate, either on the	
	company's own land or on rented	
	land.	
	4. To acquire or dispose of real	
	estate and its right-of-use assets	
	thereof for business use between a	
	the and its parent or subsidiaries,	
	or the subsidiaries that directly or	
	indirectly hold 100% of the issued	
	shares or total capital of the	
	company engages in the	
	transactions with each other.	
Article 17: The company that acquires real	Article 17: The company that acquires real	1. Modified with the
property, when the results of the company's	property, when the results of the	application of the
appraisal conducted in accordance with the	company's appraisal conducted in	International
preceding paragraph, section 1 and section 2	accordance with the preceding paragraph,	Financial Reporting
are uniformly lower than the transaction price,	section 1 and section 2 are uniformly	Standards (IFRS)
the matter shall be handled in compliance	lower than the transaction price, the matter	No. 16 "Lease",
with Article 18. However, where the	shall be handled in compliance with	added the

Before Revised	Revised Version	Description
following circumstances exist, objective	Article 18. However, where the following	right-of-use assets
evidence has been submitted and specific	circumstances exist, objective evidence	thereof regulation,
opinions on reasonableness have been	has been submitted and specific opinions	the right-of-use
obtained from a professional real property	on reasonableness have been obtained	assets thereof is
appraiser and a CPA have been obtained, this	from a professional real property appraiser	included in the
restriction shall not apply:	and a CPA have been obtained, this	limit calculation of
1. Where the related party acquired	restriction shall not apply:	the company's
undeveloped land or leased land for	1. Where the related party acquired	specificied process
development, it may submit proof of	undeveloped land or leased land for	specification.
compliance with one of the following	development, it may submit proof of	2. Modified with the
conditions:	compliance with one of the following	Procedures for
(1) Where undeveloped land is appraised,	conditions:	Acquisition or
and structures according to the related	(1) Where undeveloped land is	Disposal of Assets,
party's construction cost plus	appraised, and structures according	article 17.
reasonable construction profit are	to the related party's construction	
valued in excess of the actual	cost plus reasonable construction	
transaction price. The "Reasonable	profit are valued in excess of the	
construction profit" shall be deemed	actual transaction price. The	
the average gross operating profit	"Reasonable construction profit"	
margin of the related party's	shall be deemed the average gross	
construction division over the most	operating profit margin of the	
recent 3 years or the gross profit	related party's construction division	
margin for the construction industry for	over the most recent 3 years or the	
the most recent period as announced by	gross profit margin for the	
the Ministry of Finance, whichever is	construction industry for the most	
lower.	recent period as announced by the	
(2) Completed transactions by unrelated	Ministry of Finance, whichever is	
parties within the preceding year	lower.	
involving other floors of the same	(2) Completed <u>transactions</u> by unrelated	
property or neighboring or closely	parties within the preceding year	
valued parcels of land, where the land	involving other floors of the same	
area and transaction terms are similar	property or neighboring or closely	
after calculation of reasonable price	valued parcels of land, where the	
discrepancies in the floor or area land	land area and transaction terms are	
prices in accordance with standard	similar after calculation of	
property market sale.	reasonable price discrepancies in	
(3) Leasing transactions with unrelated	the floor or area land prices in	
parties within the preceding year	accordance with standard property	
involving other floors, where the land	market sale or lease.	
area and trading transaction terms are	2. Where the company acquiring real	
similar after calculation of reasonable	estate o <u>r obtaining a real estate</u>	

price discrepancies or spread rig

right-of-use assets thereof through

Before Revised	Revised Version	Description
estimation on floor in accordance with	leasing, from a related party provides	
standard property market sale or	evidence that the terms of the	
leasing practices.	transaction are similar to the terms of	
2. Where the company acquiring real	transactions involving neighboring or	
property, from a related party provides	closely valued parcels of land of a	
evidence that the terms of the completed	similar size by unrelated parties within	
transaction are similar to the terms of	the preceding year.	
completed transactions involving	Transactions involving neighboring or	
neighboring or closely valued parcels of	closely valued parcels of land in the	
land of a similar size by unrelated parties	preceding paragraph in principle refers	
within the preceding year.	to parcels on the same or an adjacent	
Completed transactions involving	block and within a distance of no more	
neighboring or closely valued parcels of	than 500 meters or parcels close in	
land in the preceding paragraph in	publicly announced current value;	
principle refers to parcels on the same or	transactions involving similarly sized	
an adjacent block and within a distance of	parcels in principle refers to	
no more than 500 meters or parcels close	transactions completed by unrelated	
in publicly announced current value;	parties for parcels with a land area of	
transactions involving similarly sized	no less than 50 percent of the property	
parcels in principle refers to transactions	in the planned transaction; within the	
completed by unrelated parties for parcels	preceding year refers to the year	
with a land area of no less than 50 percent	preceding the date of occurrence of the	
of the property in the planned transaction;	acquisition of the real property or	
within the preceding year refers to the year	obtainment of the right-of-use assets	
preceding the date of occurrence of the	thereof.	
acquisition of the real estate.		
Article 18:Where the company acquires real	Article 18:Where the company acquires	1. Modified with
estate from a related party and the results of	real estate or tis right-of-use assets thereof	the application
appraisals conducted in accordance with	from a related party and the results of	of the
Article 16, and 17, are uniformly lower than	appraisals conducted in accordance with	International
the transaction price, the following steps shall	the preceding two paragraphs, are	Financial
be taken:	uniformly lower than the transaction price,	Reporting
1. A special reserve shall be set aside in	the following steps shall be taken:	Standards
accordance with Article 41, paragraph 1 of	1. A special reserve shall be set aside in	(IFRS) No. 16
the Company Act against the difference	accordance with Article 41, paragraph 1	"Lease", added
between the real estate transaction price	of the Company Act against the	the right-of-use
and the appraised cost, and may not be	difference between the real estate and	assets thereof
distributed or used for capital increase or	its right-of-use assets thereof	regulation, the
issuance of bonus shares. Where thec	transaction price and the appraised cost,	right-of-use
company uses the equity method to account	and may not be distributed or used for	assets thereof is
for its investment in another company, then	capital increase or issuance of bonus	included in the
the special reserve called for under Article	shares. Where the company uses the	limit calculation

Before Revised	Revised Version	Description
41, paragraph of the Company Act shall be	equity method to account for its	of the
set aside pro rata in a proportion consistent	investment in another company, then	company's
with the share of the company's equity	the special reserve called for under	specificied
stake in the other company.	Article 41, paragraph of the Company	process
2. An independent director shall comply with	Act shall be set aside pro rata in a	specification.
Article 218 of the Company Act.	proportion consistent with the share of	2.Modified with
3. Shall report to the shareholders' meeting	the company's equity stake in the other	the Procedures
the processing subsequences of the first and	company.	for Acquisition
second of the section and the details of the	2. An independent director shall comply	or Disposal of
transaction will be disclosed in the annual	with Article 218 of the Company Act.	Assets, article
report as well as annual handbook.	3. Shall report to the shareholders'	18.
Where the company or the company uses the	meeting the processing subsequences of	
equity method to account for its investment in	the first and second of the section and	
the company, then the special reserve called	the details of the transaction will be	
for under the Act shall be set aside pro rata in	disclosed in the annual report as well as	
a proportion consistent with the share of	annual handbook.	
public company's equity stake in the other	Where the company or the company	
company.	uses the equity method to account for	
When the company obtains real estate from a	its investment in a public company,	
related party, it shall also comply with the	then the special reserve called for under	
preceding two paragraphs if there is other	the Act shall be set aside pro rata in a	
evidence indicating that the acquisition was	proportion consistent with the share of	
not an arms length transaction.	public company's equity stake in the	
	other company.	
	The company that has set aside a	
	special reserve under the preceding	
	paragraph may not utilize the special	
	reserve until it has recognized a loss on	
	decline in market value of the assets it	
	purchased or leased at a premium, or	
	they have been disposed of, or the	
	leasing contract has been terminated, or	
	adequate compensation has been made,	
	or the status quo ante has been restored,	
	or there is other evidence confirming	
	that there was nothing unreasonable	
	about the transaction, and the FSC has	
	given its consent.	
	When a public company obtains real	
	estate of its right-of-use assets thereof	
	from a related party, it shall also	
	comply with the preceding two	

Before Revised	Revised Version	Description
	paragraphs if there is other evidence	
	indicating that the acquisition was not	
	an arms length transaction.	
Article 22:Except as otherwise provided by	Article 22:Except as otherwise provided	1. Modified with
other acts or with special factors, to report	by other acts or with special factors, to	the Procedures
in advance to the consent of the competent	report in advance to the consent of the	for Acquisition
securities authority. A company	competent securities authority. A	or Disposal of
participating in a merger, demerger, or	company participating in a merger,	Assets, article
acquisition shall convene a board of	demerger, or acquisition shall convene a	25, added
directors meeting and shareholders meeting	board of directors meeting and	related contents.
on the day of the transaction to resolve	shareholders meeting on the day of the	
matters relevant to the merger, demerger,	transaction to resolve matters relevant	1.Amended the
or acquisition, unless another act provides	to the merger, demerger, or acquisition,	Procedures for
otherwise or the FSC is notified in advance	unless another act provides otherwise or	Acquisition or
of extraordinary circumstances and grants	the FSC is notified in advance of	Disposal of
consent.	extraordinary circumstances and grants	Assets, article
A company participating in a transfer of	consent.	25, added
shares shall call a board of directors	A company participating in a transfer of	related contents.
meeting on the day of the transaction,	shares shall call a board of directors	
unless another act provides otherwise or the	meeting on the day of the transaction,	
FSC is notified in advance of extraordinary	unless another act provides otherwise or	
circumstances and grants consent.	the FSC is notified in advance of	
When participating in a merger, demerger,	extraordinary circumstances and grants	
acquisition, or transfer of another	consent.	
company's shares, a company that is listed	When participating in a merger,	
on an exchange or has its shares traded on	demerger, acquisition, or transfer of	
an OTC market shall prepare a full written	another company's shares, a company	
record of the following information and	that is listed on an exchange or has its	
retain it for 5 years for reference:	shares traded on an OTC market shall	
When participating in a merger, demerger,	prepare a full written record of the	
acquisition, or transfer of another	following information and retain it for 5	
company's shares, a company that is listed	years for reference:	
on an exchange or has its shares traded on	When participating in a merger,	
an OTC market shall, within 2 days	demerger, acquisition, or transfer of	
counting inclusively from the date of	another company's shares, a company	
passage of a resolution by the board of	that is listed on an exchange or has its	
directors, report (in the prescribed format	shares traded on an OTC market shall,	
and via the Internet-based information	within 2 days counting inclusively from	
<u>system)</u>	the date of passage of a resolution by	
1. Basic identification data for personnel:	the board of directors, report (in the	
Including the occupational titles, names,	prescribed format and via the	
and national ID numbers (or passport	Internet-based information system)	

Before Revised	Revised Version	Description
numbers in the case of foreign nationals) of	1. Basic identification data for personnel:	
all persons involved in the planning or	Including the occupational titles, names,	
implementation of any merger, demerger,	and national ID numbers (or passport	
acquisition, or transfer of another	numbers in the case of foreign	
company's shares prior to disclosure of the	nationals) of all persons involved in the	
information.	planning or implementation of any	
2. Dates of material events: Including the	merger, demerger, acquisition, or	
signing of any letter of intent or	transfer of another company's shares	
memorandum of understanding, the hiring	prior to disclosure of the information.	
of a financial or legal advisor, the	2. Dates of material events: Including the	
execution of a contract, and the convening	signing of any letter of intent or	
of a board of directors meeting.	memorandum of understanding, the	
3. Important documents and minutes:	hiring of a financial or legal advisor, the	
Including merger, demerger, acquisition,	execution of a contract, and the	
and share transfer plans, any letter of intent	convening of a board of directors	
or memorandum of understanding, material	meeting.	
contracts, and minutes of Board of	3. Important documents and minutes:	
Directors' meetings.	Including merger, demerger,	
Where any of the companies participating	acquisition, and share transfer plans,	
in a merger, demerger, acquisition, or	any letter of intent or memorandum of	
transfer of another company's shares is	understanding, material contracts, and	
neither listed on an exchange nor has its	minutes of Board of Directors'	
shares traded on an OTC market, the	meetings.	
company(s) so listed or traded shall sign an	When participating in a merger,	
agreement with such company whereby the	demerger, acquisition, or transfer of	
latter is required to abide by the provisions	another company's shares, a company	
of the preceding paragraph.	that is listed on an exchange or has its	
	shares traded on an OTC market shall,	
	within 2 days counting inclusively from	
	the date of passage of a resolution by	
	the board of directors, report (in the	
	prescribed format and via the	
	Internet-based information system) the	
	information set out to the FSC for	
	recordation.	
	Where any of the companies	
	participating in a merger, demerger,	
	acquisition, or transfer of another	
	company's shares is neither listed on an	
	exchange nor has its shares traded on	
	an OTC market, the company(s) so	
	listed or traded shall sign an agreement	

Before Revised	Revised Version	Description
	with such company whereby the latter	
	is required to abide by the provisions of	
	the preceding two paragraphs.	
Article 30: The procedure shall be subject to	Article 30:The procedure shall be subject	1. Modified with
the agreement of the Audit Committee,	to the agreement of the Audit	the Procedures
after it has been submitted to the Board of	Committee, after it has been submitted	for Acquisition
Directors for adoption, it shall be	to the Board of Directors for adoption,	or Disposal of
implemented with the consent of the	it shall be implemented with the consent	Assets, article 6.
shareholders' meeting, and same as the	of the shareholders' meeting, and same	
amendment. Where the position of	as the amendment. If any director	
independent director has been created by	expresses dissent and it is contained in	
the company, if an independent director is	the minutes or a written statement, the	
objects to or expresses reservations about	company shall also submit the director's	
any matter, it shall be recorded in the	dissenting opinion to the Audit	
minutes of the Board of Directors meeting.	Committee. When the procedures for	
Where an Audit Committee has been	the acquisition and disposal of assets	
established in accordance with the	are submitted for discussion by the	
provisions of the Company Act, when the	Board of Directors pursuant to the	
procedures for the acquisition and disposal	preceding paragraph, The Board of	
of assets are adopted or amended, they	Directors shall take into full	
shall be approved by more than half of all	consideration each independent	
audit committee members and submitted to	director's opinion. If an independent	
the board of directors for a resolution. If	director is objects to or expresses	
approval of more than half of all Audit	reservations about any matter, it shall be	
Committee members as required in the	recorded in the minutes of the board of	
preceding paragraph is not obtained, the	directors meeting.	
procedures may be implemented if	When the procedures for the acquisition	
approved by more than two-thirds of all	and disposal of assets are adopted or	
directors, and the resolution of the audit	amended they shall be approved by	
committee shall be recorded in the minutes	more than half of all audit committee	
of the Board of Directors meeting.	members and submitted to the Board of	
	Directors If approval of more than half	
	of all audit committee members as	
	required in the preceding paragraph is	
	not obtained, the procedures may be	
	implemented if approved by more than	
	two-thirds of all directors, and the	
	resolution of the Audit Committee shall	
	be recorded in the minutes of the Board	
	of Directors meeting.	
	The terms "all audit committee	
	members" and "all directors" in t	

Before Revised	Revised Version	Description
	paragraph 3 shall be counted as the	
	actual number of persons currently	
	holding those positions.	

### Attachment 8

### Sitronix Technology Corp.

### **Comparison Table for the Procedures for Financial Derivatives Transactions**

Defore and Arter Revision		
Before Revision	Revised Version	Description
Article 2: Trading Principles and Guidelines	Article 2: Trading Principles and Guidelines	1. Modified
1. Types of financial derivatives to be traded	1. Types of financial derivatives to be traded	the
refer to instruments that derive their value	refer to forward contracts, options contracts,	application
from the performance of underlying assets,	futures contracts, leverage contracts, or swap	of
interest or currency exchange rates, indexes or	contracts, whose value is derived from a	International
others. Such instruments include swaps,	specified interest rate, financial instrument	Financial
options, futures contracts, leverage contracts,	price, commodity price, foreign exchange	Reporting
forwards, and various combinations thereof.	rate, index of prices or rates, credit rating or	Standards
Forwards referred to herein exclude insurance,	credit index, or other variable; or hybrid	(IFRS) No. 9
performance, post-sales service, long-term	contracts combining the above contracts; or	"Financial
lease and long-term sales/procurement	hybrid contracts or structured products	Instruments'
contracts.	containing embedded derivatives. The term	, amended
If the company is engaged in these types of	"forward contracts" does not include	Section 1
financial derivatives, its finance unit shall	insurance contracts, performance contracts,	and text
submit a written report on the mode of	after-sales service contracts, long-term	
operation, advantages and disadvantages of the	leasing contracts, or long-term purchase	
asset, and risk assessment method, for approval	(sales) contracts.	
of the chairman before a transaction is made.	If the company is engaged in these types of	
2-5 (skipped).	financial derivatives, its finance unit shall	
	submit a written report on the mode of	
	operation, advantages and disadvantages of	
	the asset, and risk assessment method, for	
	approval of the chairman before a transaction	
	is made.	
	2-5 (skipped).	
Article 5: Accounting Treatment	Article 5: Accounting Treatment	1. Modified the
Trading financial derivatives shall be	Trading financial derivatives shall be	application
appropriately accounted for on a case-by-case	appropriately accounted for on a case-by-case	of the International
basis according to the characteristics of the	basis according to the characteristics of the	Financial
asset. Contingent assets or liabilities should also	asset. Contingent assets or liabilities should	Reporting Standards
be recorded, while discounts and premiums	also be recorded, while discounts and	(IFRS),
should be reasonably amortized. Accounting	premiums should be reasonably amortized.	amended text
treatment shall be handled in accordance with	Accounting treatment shall be handled in	
International Financial Reporting Standards or	accordance with International Financial	
relevant regulations	Departing Standards or relevant regulations	1

Reporting Standards or relevant regulations.

relevant regulations.

### **Before and After Revision**

# Sitronix Technology Corp.

## **Comparison Table for the Procedures for Making Outward Loans to Others**

### **Before and After Revision**

Before Revision	Revised Version	Description
<ul> <li>Article 2: Loaning Funds to Others <ul> <li>Under the Company Act - The company shall not loan funds to any of its</li> <li>shareholders or any other person except under the following two circumstances:</li> </ul> </li> <li>1. Where an inter-company or inter-firm business transaction calls for a loan arrangement with the company</li> <li>2. Where an inter-company or inter-firm short-term financing facility is deemed necessary by the company.</li> <li>The term "short-term" used in the preceding paragraph means a period of one year, or the company's operating cycle (whichever is longer).</li> </ul>	<ul> <li>Article 2: Loaning Funds to Others <ul> <li><u>Under the Article 15 of the Company Act</u></li> <li><u>-</u> The company shall not loan <u>funds</u> to any of its shareholders or any other person except under the following circumstances:</li> </ul> </li> <li>1. Where an inter-company or inter-firm business transaction calls for a loan arrangement with the company.</li> <li>2. Where an inter-company or inter-firm short-term financing facility is deemed necessary by the company.</li> <li>The term "short-term" used in the preceding paragraph means a period of one year, or the company's operating cycle (whichever is longer).</li> <li>If the person in charge of the company violates the first requirement, he/she, along with the borrower shall be jointly and severally liable for damages, should the company incur losses.</li> </ul>	1. Modified with the Principles for Loaning Funds to Others
<ul> <li>Article 4: The aggregate amount of loans and maximum amount permitted to a single borrower</li> <li>1. The total of accumulated loans granted shall not exceed 40% of the accountant's financial statements in the previous year for auditing the visa net worth of the Company. However, the total amount of funds that can be loaned to others due to the need for short-term financing between the company or a public company is based on the total amount of the company's loanable funds.</li> <li>2. Each inter-company loan of funds</li> </ul>	<ul> <li>Article 4: The aggregate amount of loans and maximum amount permitted to a single borrower</li> <li>1. The total of accumulated loans granted shall not exceed 40% of the accountant's financial statements in the previous year for auditing the visa net worth of the Company. However, the total amount of funds that can be loaned to others due to the need for short-term financing between the company or a public company is based on the total amount of the company's loanable funds.</li> </ul>	1. Modified with the Principles for Loaning Funds to Others

Before Revision	Revised Version	Description
<ul> <li>between foreign companies in which the Company holds directly or indirectly; 100% of voting shares shall not exceed 40% of the accountant's financial statements in the previous year for auditing the visa net worth of the Company. The amount of an individual loan shall not exceed 50% of the amount of company loanable funds.</li> <li>Where an inter-company or inter-firm business transaction calls for a loan arrangement, the amount of an individual loan granted by the Company to a company or business with business relationships with the Company shall not exceed the business transaction amount in the past year between the parties. The "business transaction amount" refers to the amount of purchase or sale between the parties, whichever is higher.</li> <li>Where funds are lent to a company or business with short-term financial need, each individual loan shall not exceed 50% of the amount of company loanable funds.</li> </ul>	<ul> <li>2. Each inter-company loan of funds between foreign companies in which the Company holds directly or indirectly; 100% of the voting shares shall not exceed 40% of the past year's accountant's financial statements for auditing the visa net worth of the company, or the foreign companies that directly and indirectly holds 100% of the voting rights of the company, the amount of an individual loan shall not exceed 50% of the amount of company loanable funds.</li> <li>3. Where an inter-company or inter-firm business transaction calls for a loan arrangement, the amount of an individual loan granted by the Company to a company or business with business relationships with the Company shall not exceed the business transaction amount in the past year between the parties. The "business transaction amount" refers to the amount of purchase or sale between the parties, whichever is higher.</li> <li>4. Where funds are lent to a company or business with short-term financial need, each individual loan shall not</li> </ul>	
Article 11: Announcement and Reporting Procedures	exceed 50% of the amount of company loanable funds. Article 11: Announcement and Reporting Procedures	1. Modified with the
<ol> <li>The Company shall announce and report the previous month's loan balances of its head office and Subsidiaries by the 10th day of each month.</li> <li>The term "Announcement and Report" used in the Procedures means the process of optaring data to the information</li> </ol>	<ol> <li>The Company shall announce and report the previous month's loan balances of its head office and Subsidiaries by the 10th day of each month.</li> <li>The term "Announcement and Report" used in the Proceedures means the process.</li> </ol>	Funds to Others
of entering data to the information reporting website designated by the Financial Supervisory Commission of Taiwan <u>(hereinafter referred to as the</u>	used in the Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission of	

Before Revision	<b>Revised Version</b>	Description
FSCT).	Taiwan (hereinafter referred to as the	
2. The Company whose loans of funds reach	commission).	
one of the following levels shall announce	2. The Company whose loans of funds	
and report such event within two days	reach one of the following levels shall	
commencing immediately from the date of	announce and report such event within	
occurrence of the fact:	two days commencing immediately	
(1) The aggregate balance of loans to others	from the date of occurrence of the fact:	
by the Company and its Subsidiaries	(1) The aggregate balance of loans to	
reaches 20% or more of the Company's	others by the Company and its	
net worth as stated in its latest financial	Subsidiaries reaches 20% or more	
statement.	of the Company's net worth as	
(2) The balance of loans by the Company	stated in its latest financial	
and its Subsidiaries to a single	statement.	
enterprise reaches 10% or more of the	(2) The balance of loans by the	
Company's net worth as stated in its	Company and its Subsidiaries to a	
latest financial statement.	single enterprise reaches 10% or	
(3). The amount of new loans of funds by	more of the Company's net worth as	
the Company or its Subsidiaries reaches	stated in its latest financial	
NT\$10 million or more, and reaches 2%	statement.	
or more of the Company's net worth as	(3). The amount of new loans of funds	
stated in its latest financial statement.	by the Company or its Subsidiaries	
3. If there is any reporting and announcement	reaches NT\$10 million or more,	
required for the Company's Subsidiary	and reaches 2% or more of the	
which is not a Taiwan public company, the	Company's net worth as stated in its	
loaning funds and balance reach the	latest financial statement.	
applicant's announcement standard in	3. If there is any reporting and	
paragraph 3 of the previous operation	announcement required for the	
procedure, the Company shall follow the	Company's Subsidiary which is not a	
requirement on behalf of its Subsidiary.	Taiwan public company, the loaning	
	funds and the balance reach the	
	applicant's announcement standard in	
	paragraph 3 of the previous operation	
	procedure, the Company shall follow	
	the requirement on behalf of its	
	Subsidiary.	
	The term "date of occurrence of the fact"	
	used in the Procedures refers to the date of	
	contract signing, date of payment, dates of	
	Board resolutions, or other dates that can	
	confirm the counterpart and monetary	
	amount of the transaction, whichever date	
	is earlier.	

Before Revision	Revised Version	Description
Article 14: Effectiveness and Amendment	Article 14: Effectiveness and Amendment	1. Modified
The company intending to loan funds to others shall formulate its Operational Procedures for Loaning Funds to Others in compliance with these Regulations to be ratified by the Board of Directors then submitted to the Audit Committee and during the shareholders' meeting for approval. The same shall apply to any amendments to the Procedures. When the Operational Procedures for	Formulation of Operating Procedures The company intending to loan funds to others shall formulate its Operational Procedures for Loaning Funds to Others in compliance with these Regulations to be ratified by the Board of Directors, and submitted to the Audit Committee for approval of <u>more than half of its</u> <u>members</u> , before finally submitting it	with the Principles for Loaning Funds to Others
Loaning Funds to Others are submitted for discussion, the board of directors shall take into full consideration each independent director's opinion and shall include the reasons for assent or dissent in the minutes	during the shareholders' meeting for approval. The same shall apply to any amendments to the Procedures. <u>If approval of more than half of all audit</u> <u>committee members as required in the</u>	
of the Board of Directors' meeting.	preceding paragraph is not obtained, the procedures may be implemented; if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors' meeting.	
	The terms "all audit committee members" in paragraph 1 and "all directors" in the preceding paragraph shall be regarded as the actual number of persons currently holding those positions.	
	When the Operational Procedures forLoaning Funds to Others is submitted fordiscussion, the board of directors shalltake into full consideration eachindependent director's opinion;independent directors' opinionsspecifically expressing assent or dissent	
	and reasons for dissent shall be included in the minutes of the Board of Directors' meeting.	

# Sitronix Technology Corp.

# Comparison Table for the Procedures for Endorsement and Guarantee Before

Before Revision	Revised Version	Description
<ul> <li>Article 2: Scope of endorsements/guarantees</li> <li>The scope of endorsements/guarantees used</li> <li>herein includes the following: <ol> <li>Financing endorsements/guarantees</li> <li>includes: <ol> <li>Bill discount financing</li> <li>Endorsements/guarantees for other</li> <li>Endorsements/guarantees of the notes</li> <li>Endorsements/guarantees of the notes</li> <li>sued by the Company to</li> <li>non-financial institutions and entities,</li> <li>for the Company's financing needs</li> </ol> </li> <li>Endorsements/guarantees of custom duties due from the Company or other companies</li> <li>Other endorsements/guarantees that are not classified as two previous types</li> </ol></li></ul>	<ul> <li>Article 2: Scope of endorsements/guarantees</li> <li>The scope of endorsements/guarantees used</li> <li>herein includes the following: <ol> <li>Financing endorsements/guarantees</li> <li>Includes: <ol> <li>Bill discount financing</li> <li>Endorsements/guarantees for other</li> <li>Endorsements/guarantees of the</li> <li>notes issued by the Company to</li> <li>non-financial institutions and</li> <li>entities, for the Company's</li> <li>financing needs</li> </ol> </li> <li>Endorsements/guarantees of custom</li> <li>duties due from the Company or other</li> <li>companies.</li> <li>Other endorsements/guarantees that are</li> </ol></li></ul>	Description          1. Modified the         Principles for         Loaning Funds to         Others and the         Principles         Governing         Endorsements/G         uarantees
_		
procedure. Article 3: Entities for which the Company may make endorsements or guarantees 1. The Company may make endorsements/guarantees for the following companies: (1) A company that the Company does business with (2) A company in which the Company directly and indirectly holds more than	the provisions of the procedure. Article 3: Entities for which the Company may make endorsements or guarantees 1. The Company may make endorsements/guarantees for the following companies: (1) A company that the Company does business with (2) A company in which the Company directly and indirectly holds more than	1. Modified the Principles for Loaning Funds to Others and the Principles Governing Endorsements/ Guarantees
<ul><li>50% of the voting shares</li><li>(3) A company that directly and indirectly</li></ul>	<ul><li>50% of the voting shares</li><li>(3) A company that directly and indirectly</li></ul>	

Before Revision	<b>Revised Version</b>	Description
holds more than 50% of voting shares in	holds more than 50% of voting shares	
the Company	in the Company	
2. Companies in which the Company holds	2. Companies in which the Company holds	
90% or more of voting shares directly or	90% or more of voting shares directly or	
indirectly, may make	indirectly, may make	
endorsements/guarantees for each other,	endorsements/guarantees for each other,	
and the amount of endorsements or	and the amount of endorsements or	
guarantees may not exceed 10% of the net	guarantees may not exceed 10% of the net	
worth of the Company, provided that this	worth of the Company, provided that this	
restriction does not apply to	restriction shall not apply to	
endorsements/guarantees made between	endorsements/guarantees made between	
companies in which the Company holds	companies in which the Company holds,	
100% of voting shares directly or indirectly.	100% of voting shares directly or	
3. The company is mutually protected	indirectly.	
according to the contractual requirements	"Subsidiary" and "parent company" as	
based on the contractual requirements of	referred to in the Procedures shall be	
the inter-department or co-creation of the	determined according to the Regulations	
contractor, or due to the joint investment	Governing the Preparation of Financial	
relationship. All contributing shareholders	Reports by Securities Issuers of Taiwan.	
endorse the invested company according to	"Net worth" as referred to in the	
their shareholding ratio, or the performance	Procedures means equity attributable to	
guarantee of the pre-sales contract in	owners of the parent company specified in	
accordance with the Consumer Protection	the balance sheet.	
Act. Those mentioned above are not subject		
to restrictions specified in the preceding		
two paragraphs, which can be endorsed.		
4. "Capital contribution" referred to in the		
preceding sentence means capital		
contributed directly by the Company, or		
through a company in which the Company		
holds 100% of voting shares.		
"Subsidiary" and "parent company" as		
referred to in the Procedures shall be		
determined according to the Regulations		
Governing the Preparation of Financial		
Reports by Securities Issuers of Taiwan.		
"Net worth" as referred to in the Procedures		
means equity attributable to owners of the		
parent company specified in the balance		
sheet.		
Article 5: Hierarchy of decision-making	Article 5: Hierarchy of decision-making	

Before Revision	Revised Version	Description
authority and delegation thereof	authority and delegation thereof	Principles for
1. When the Company makes any	1. When the Company makes any	Loaning Funds
endorsements and/or guarantees, the	endorsements and/or guarantees, the	to Others and
Finance Unit shall submit the evaluation	Finance Unit shall submit the evaluation	the Principles
results made in accordance with Article 6,	results made in accordance with Article 6,	Governing
pursuant to the resolution approved by the	and approved by the resolution of the	Endorsements/
Board of Directors. It shall take into full	Board of Directors. It shall take into full	Guarantees
consideration each Independent Director's	consideration, the opinions of each	
opinions, and shall include the reasons for	independent director; independent	
assent or dissent in the minutes of the Board	directors' opinions specifically expressing	
meeting. However, due to business needs,	assent or dissent and the reasons for	
the Board of Directors has to authorize the	dissent shall be included in the minutes of	
chairman to set an amount less than NT\$50	the Board of Directors' meeting. However,	
million, which would be decided upon,	due to business requirements, the Board of	
implemented and reported during the latest	Directors has to authorize the chairman to	
Board of Directors' meeting.	set an amount less than NT\$50 million,	
2. In case there is a need to exceed the above	which would be decided upon,	
limit to accommodate business	implemented, and reported during the	
requirements in accordance with the	latest Board of Directors' meeting.	
endorsement limit specified in Article 4 of	2. In case there is a need to exceed the above	
the procedure, a resolution of the Board of	limit to accommodate business	
Directors should be obtained and over half	requirements, a resolution of the Board of	
of all directors should jointly acknowledge	Directors should be obtained and over half	
the potential loss that may result from such	of all directors should acknowledge the	
excess. The Board of Directors should also	potential loss that may result from such	
revise the Procedures and have them	excess. The Board of Directors should	
ratified during the Shareholders' Meeting. If	also revise the Procedures and have them	
the revised Procedures are not ratified at the	ratified during the Shareholders' Meeting.	
Shareholders' Meeting, the Board of	If the revised Procedures are not ratified at	
Directors should propose a plan indicating a	the Shareholders' Meeting, the Board of	
timetable for withdrawing the excess	Directors should propose a plan indicating	
amount.	a timetable for withdrawing the excess	
3. Companies in which the Company holds	amount.	
90% or more of voting shares directly or	3. Companies in which the Company holds	
indirectly, may make	90% or more of voting shares directly or	
endorsements/guarantees for each other,	indirectly, may make	
and the amount of endorsements or	endorsements/guarantees for each other,	
guarantees may not exceed 10% of the net	and the amount of endorsements or	
worth of the Company, provided that this	guarantees may not exceed 10% of the net	
restriction shall not apply to	worth of the Company, provided that this	
endorsements/guarantees made between	restriction shall not apply to	

Before Revision	Revised Version	Description
companies in which the Company holds,	endorsements/guarantees made between	
directly or indirectly, 100% of voting	companies in which the Company holds	
shares.	100% of voting shares directly or	
	indirectly.	
Article 6: Procedures for handling	Article 6: Procedures for handling	
endorsements/guarantees	endorsements/guarantees	1. Modified the
1-7 (skipped)	1-7 (skipped)	Principles for
8. In cases wherein an entity for which the	8. In cases in which an entity for which the	Loaning Funds
company makes any	company makes any	to Others and
endorsements/guarantees is a subsidiary	endorsements/guarantees is a subsidiary	the Principles
whose net worth is lower than half of its	whose net worth is lower than half of its	Governing
paid-in capital, the Company may require	paid-in capital, the company shall	Endorsements/
the endorsee/guarantee company to provide	periodically track the financial statements	Guarantees
collateral, and shall specify it as an	of the object of endorsement/guarantee. If	
operational control item.	any irregularity is found, there should be	
	a written report detailing the	
In the case of a Subsidiary with shares having	recommendations and response measures,	
no par value or a par value other than NT\$10,	to be submitted regularly to the Audit	
for the paid-in capital in the aforementioned	Committee.	
calculation, the sum of the share capital plus	In the case of a Subsidiary with shares	
paid-in capital in excess of par shall be	having no par value or a par value other than	
substituted.	NT\$10, for the paid-in capital in the	
	aforementioned calculation, the sum of the	
	share capital plus paid-in capital in excess of	
	par shall be substituted.	
Article 9: Announcement and Reporting	Article 9: Announcement and Reporting	
Procedures	Procedures	1. Modified the
1. As long as the Company's shares are traded	1. As long as the Company's shares are	Principles for
on the emerging stock market or listed on	traded on the emerging stock market or	Loaning Funds to Others and the Principles Governing Endorsements/
the Taipei Exchange (TPEx) or the Taiwan	listed on the Taipei Exchange (TPEx) or	
Stock Exchange in Taiwan, the Company	the Taiwan Stock Exchange in Taiwan,	
shall announce and report its previous	the Company shall announce and report its	
month's balance of endorsements /	previous month's balance of endorsements	
guarantees as well as its subsidiaries' by the	/ guarantees as well as its subsidiaries' by	Guarantees
10th day of each month. The term	the 10th day of each month. The term	
"Announcement and Report" used in the	"Announcement and Report" used in the	
Procedures means the process of entering	Procedures means the process of entering	
data to the information reporting website	data to the information reporting website	
designated by the Financial Supervisory	designated by the Financial Supervisory	
Commission of Taiwan.	Commission of Taiwan.	

Before Revision	<b>Revised Version</b>	Description
on the emerging stock market or listed on	traded on the emerging stock market or	
the Taipei Exchange (TPEx) or the Taiwan	listed on the Taipei Exchange (TPEx) or	
Stock Exchange in Taiwan, the Company	the Taiwan Stock Exchange in Taiwan,	
whose balance of endorsements/guarantees	the Company whose balance of	
reaches one of the following levels shall	endorsements/guarantees reaches one of	
announce and report such event within two	the following levels shall announce and	
days commencing immediately from the	report such event within two days	
date of occurrence:	commencing immediately from the date of	
(1). The aggregate balance of	occurrence:	
endorsements/guarantees by the	(1). The aggregate balance of	
Company and its subsidiaries reaches	endorsements/guarantees by the	
50% or more of the Company's net	Company and its subsidiaries reaches	
worth as stated in its latest financial	50% or more of the Company's net	
statement.	worth as stated in its latest financial	
(2). The balance of	statement.	
endorsements/guarantees by the	(2). The balance of	
Company and its subsidiaries for a	endorsements/guarantees by the	
single enterprise reaches 20% or more	Company and its subsidiaries for a	
of the Company's net worth as stated in	single enterprise reaches 20% or more	
its latest financial statement.	of the Company's net worth as stated	
(3). The balance of endorsements /	in its latest financial statement.	
guarantees by the Company and its	(3). The balance of endorsements /	
subsidiaries for a single enterprise	guarantees by the Company and its	
reaches NT\$10 million or more and the	subsidiaries for a single enterprise	
aggregate amount of all endorsements /	reaches NT\$10 million or more and	
guarantees for, long-term investment in,	the aggregate amount of all	
and balance of loans to, such enterprise	endorsements / guarantees for,	
reaches 30% or more of Company's net	long-term investment in, and balance	
worth as stated in its latest financial	of loans to, such enterprise reaches	
statement.	30% or more of Company's net worth	
(4). The amount of new endorsements or	as stated in its latest financial	
guarantees made by the Company or its	statement.	
subsidiaries reaches NT\$30 million or	(4). The amount of new endorsements or	
more, and reaches 5% or more of the	guarantees made by the Company or	
Company's net worth as stated in its	its subsidiaries reaches NT\$30 million	
latest financial statement.	or more, and reaches 5% or more of	
3. <u>The Company shall also announce and</u>	the Company's net worth as stated in	
<u>report</u> on behalf of any of its subsidiaries	its latest financial statement.	
that is not a public company of the Republic	3. The Company shall announce and report	
of China, any <u>standards</u> that such subsidiary is required to announce and report pursuant	on behalf of <u>any of its subsidiaries</u> that is not a public company of the Republic of	

Before Revision	Revised Version	Description
to subparagraph 4 of the Principles Governing <u>Endorsements/Guarantees.</u> The term "date of occurrence " used in the Procedures refers to the date of contract signing, date of payment, dates of Board of Directors' resolutions, or other dates that can confirm the counterpart and monetary amount of the <u>transaction</u> , whichever date is earlier.	<ul> <li>China, any matters that such subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph.</li> <li>The term "date of occurrence" used in the Procedures refers to the date of contract signing, date of payment, dates of Board of Directors' resolutions, or other dates that can confirm the counterpart of the endorsement/guarantee, and monetary amount of the transaction, whichever date is earlier.</li> </ul>	
Article 12: Effectiveness and Amendment The procedures shall be passed by the Board of Directors and submitted to the Audit Committee, then to the shareholders' meeting for approval. The same shall apply to any amendments to the Procedures. When endorsements / guarantees are made for others, the Company shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent <u>and the reasons for dissent shall be</u> <u>included in the minutes of the Board of</u> <u>Directors' meeting.</u>	Article 12: Effectiveness and Amendment The procedures shall be passed by the Board of Directors, submitted to the Audit Committee for approval of <u>more than half of its members</u> , and then to the shareholders' meeting. The same shall apply to any amendments to the Procedures. <u>If approval is not granted by more than half</u> of all audit committee members as required in the preceding paragraph and approved by more than two-thirds of all directors, the procedures may be implemented, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors' meeting. The terms "all audit committee members" in paragraph 1 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding. those positions. When endorsements / guarantees are made for others in accordance with paragraph 1, the Company shall take into full consideration the opinions of each independent director; <u>independent directors'</u> opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of	<ol> <li>Modified the Principles for Loaning Funds</li> <li>to Others and the Principles</li> <li>Governing</li> <li>Endorsements/</li> <li>Guarantees</li> </ol>