

**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-Phase 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:** According 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)\*

Voting Results*		% of the total represented share present
Votes in favor:	82,901,713 votes (71,642,793 votes)	87.15%
Votes against:	12,141 votes ( 12,141 votes)	0.01%
Votes invalid:	0 votes ( 0 votes)	0.00%
Votes abstained:	12,210,994 votes (11,800,338 votes)	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)\*

Voting Results*		% 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 votes ( 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**

**1. 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)\*

Voting Results*		% 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)\*

Voting Results*		% 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 develop 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 the company's stable gross margin.

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

Year		2018	2017
Items		(note 2)	(note 2)
Return on Total Assets (%)		13.26%	12.42%
Return on Equity (%)		19.87%	17.79%
Paid-in Capital Ratio (%)	Operating Income	86.71%	70.82%
	Pre-tax Income	93.32%	82.00%
Net Margin (%)		9.81%	9.44%
Basic Earnings Per Share(yuan)(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

### 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.*

## SITRONIX TECHNOLOGY CORP.

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

ASSETS	2018		2017		LIABILITIES AND EQUITY	2018		2017	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Notes 4, 6 and 35)	\$ 1,046,299	15	\$ 764,490	12	Short-term borrowings (Notes 4, 21 and 35)	\$ 445,368	6	\$ -	-
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 35)	75,840	1	279,824	5	Financial liabilities at fair value through profit or loss - current (Notes 4,7 and 35)	1,090	-	480	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 35)	187,259	3	-	-	Trade payables (Notes 22 and 35)	1,019,841	15	860,657	14
Available-for-sale financial assets - current (Notes 4, 10 and 35)	-	-	262,929	4	Payables to related parties (Notes 35 and 36)	102,633	2	48,225	1
Financial assets at amortized cost - current (Notes 4, 9,35 and 37)	166,302	3	-	-	Accrued profit sharing to employees and compensation to directors (Notes 28)	98,323	1	102,159	2
Debt investments with no active market - current (Notes 4, 13,35 and 37)	-	-	25,679	-	Other payables (Notes 23 and 35)	345,198	5	349,331	6
Notes receivables and trade receivable (Notes 4, 14 and 35)	950,215	14	499,875	8	Other payables to related parties (Notes 35 and 36)	6,765	-	10,179	-
Notes receivable and trades receivable from related parties (Notes 4, 35 and 36)	16,738	-	372,416	6	Current tax liabilities (Notes 4 and 29)	78,908	1	89,180	1
Other receivables (Notes 14 and 35)	26,363	-	63,836	1	Provisions - current (Notes 4 and 24)	-	-	5,089	-
Other receivables from related parties (Notes 35 and 36)	88,324	1	23,657	-	Other current liabilities (Notes 23 and 35)	37,634	1	10,832	-
Inventories (Notes 4, 5 and 15)	1,378,966	20	1,216,478	20	<b>Total current liabilities</b>	<b>2,135,760</b>	<b>31</b>	<b>1,476,132</b>	<b>24</b>
Prepayments	75,095	1	59,667	1	<b>NON-CURRENT LIABILITIES</b>				
Other current assets (Notes 20 and 35)	10,685	-	4,354	-	Deferred tax liabilities (Notes 4 and 29)	610	-	576	-
<b>Total current assets</b>	<b>4,022,086</b>	<b>58</b>	<b>3,573,205</b>	<b>57</b>	Net defined benefit liabilities - non-current (Notes 4 and 25)	51,318	1	57,555	1
<b>NON-CURRENT ASSETS</b>					Guarantee deposits (Notes 23, 33 and 36)	22,791	-	12,453	-
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 35)	67,070	1	31,493	1	<b>Total non-current liabilities</b>	<b>74,719</b>	<b>1</b>	<b>70,584</b>	<b>1</b>
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35)	332,430	5	-	-	<b>Total liabilities</b>	<b>2,210,479</b>	<b>32</b>	<b>1,546,716</b>	<b>25</b>
Available-for-sale financial assets - non-current (Notes 4, 10 and 35)	-	-	371,529	6	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 26, 31 and 32)</b>				
Held-to-maturity financial assets - non-current (Notes 4, 11 and 35)	-	-	30,499	-	Share capital				
Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 37)	31,386	-	-	-	Ordinary shares	1,202,226	17	1,205,176	19
Financial assets measured at cost - non-current (Notes 4, 12 and 35)	-	-	25,833	-	Capital surplus	761,304	11	785,875	13
Investment accounted for using the equity method (Notes 4, 16, 32 and 36)	1,433,903	21	1,165,896	19	Retained earnings				
Property, plant and equipment (Notes 4, 17 and 36)	454,410	6	429,248	7	Legal reserve	875,493	13	788,177	13
Investment properties (Notes 4 and 18)	535,150	8	543,340	9	Special reserve	26,644	-	8,728	-
Intangible assets (Notes 4 and 19)	40,400	1	50,246	1	Unappropriated earnings	2,124,198	31	1,969,197	31
Other non-current assets (Notes 20, 33 and 35)	5,910	-	5,086	-	<b>Total retained earnings</b>	<b>3,026,335</b>	<b>44</b>	<b>2,766,102</b>	<b>44</b>
<b>Total non-current assets</b>	<b>2,900,659</b>	<b>42</b>	<b>2,653,170</b>	<b>43</b>	Other equity				
<b>TOTAL</b>	<b>\$ 6,922,745</b>	<b>100</b>	<b>\$ 6,226,375</b>	<b>100</b>	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 assets	-	-	(25,701)	-
					Unrealized compensation of employees	(25,652)	-	(50,850)	(1)
					<b>Total other equity</b>	<b>(277,599)</b>	<b>(4)</b>	<b>(77,494)</b>	<b>(1)</b>
					<b>Total equity</b>	<b>4,712,266</b>	<b>68</b>	<b>4,679,659</b>	<b>75</b>
					<b>TOTAL</b>	<b>\$ 6,922,745</b>	<b>100</b>	<b>\$ 6,226,375</b>	<b>100</b>

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

## SITRONIX TECHNOLOGY CORP.

### 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)	<u>5,697,612</u>	<u>76</u>	<u>5,629,862</u>	<u>74</u>
GROSS PROFIT	<u>1,806,085</u>	<u>24</u>	<u>1,923,918</u>	<u>26</u>
OPERATING EXPENSES (Notes 4, 28 and 36)				
Selling and marketing expenses	164,179	2	98,946	1
General and administrative expenses	155,033	2	188,103	3
Research and development expenses	<u>936,621</u>	<u>13</u>	<u>886,749</u>	<u>12</u>
Total operating expenses	<u>1,255,833</u>	<u>17</u>	<u>1,173,798</u>	<u>16</u>
INCOME FROM OPERATIONS	<u>550,252</u>	<u>7</u>	<u>750,120</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 28 and 36)	68,977	1	75,617	1
Other gains and losses (Notes 4 and 28)	10,388	-	39,618	-
Finance costs (Notes 4 and 28)	(7,906)	-	(3,252)	-
Share of profit of subsidiaries and associates (Notes 4 and 16)	<u>282,885</u>	<u>4</u>	<u>98,421</u>	<u>1</u>
Total non-operating income and expenses	<u>354,344</u>	<u>5</u>	<u>210,404</u>	<u>2</u>
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	904,596	12	960,524	12
INCOME TAX EXPENSE (Notes 4 and 29)	<u>64,233</u>	<u>1</u>	<u>87,366</u>	<u>1</u>
NET INCOME FOR THE YEAR	<u>840,363</u>	<u>11</u>	<u>873,158</u>	<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)	4,599	-	(746)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(86,278)	(1)	-	-
Share of the other comprehensive loss of associates accounted for using the equity method	(61,152)	(1)	-	-

(Continued)

## SITRONIX TECHNOLOGY CORP.

### 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	%
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	-	-	(20,672)	-
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	251	-	-	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>(33)</u>	<u>-</u>	<u>2,797</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(142,516)</u>	<u>(2)</u>	<u>(18,662)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 697,847</u>	<u>9</u>	<u>\$ 854,496</u>	<u>11</u>
EARNINGS PER SHARE (Note 30)				
Basic	<u>\$ 7.03</u>		<u>\$ 7.32</u>	
Diluted	<u>\$ 6.94</u>		<u>\$ 7.22</u>	

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

# SITRONIX TECHNOLOGY CORP.

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

	Share Capital (Note 26)		Capital Surplus (Notes 26 and 32)	Retained Earnings			Other Equity (Notes 24, 26 and 31)				
	Shares (In Thousands)	Amount		Legal Reserve	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	-	-	-	104,184	-	(104,184)	-	-	-	-	-
Special reserve	-	-	-	-	(12,636)	12,636	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(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	-	-	-	-	-	(746)	(41)	(17,875)	-	-	(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	-	-	-	-	-	81,235	-	25,701	(106,936)	-	-
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	-	-	-	87,316	-	(87,316)	-	-	-	-	-
Special reserve	-	-	-	-	17,916	(17,916)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(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	-	-	-	-	-	4,599	97	-	(147,212)	-	(142,516)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	844,962	97	-	(147,212)	-	697,847
BALANCE AT DECEMBER 31, 2018	120,223	\$ 1,202,226	\$ 761,304	\$ 875,493	\$ 26,644	\$ 2,124,198	\$ (846)	\$ -	\$ (251,101)	\$ (25,652)	\$ 4,712,266

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

## SITRONIX TECHNOLOGY CORP.

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

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 904,596	\$ 960,524
Adjustments for:		
Depreciation expense	120,078	102,717
Amortization expense	24,133	19,562
Impairment loss reversed on trade receivables	-	(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	<u>629,439</u>	<u>705,145</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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)	-

(Continued)

## SITRONIX TECHNOLOGY CORP.

### 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	<u>5,000</u>	<u>-</u>
Net cash used in investing activities	<u>(147,799)</u>	<u>(398,618)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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	<u>(662,847)</u>	<u>(723,826)</u>
Net cash used in financing activities	<u>(205,556)</u>	<u>(722,502)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>5,725</u>	<u>(27,154)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	281,809	(443,129)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>764,490</u>	<u>1,207,619</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,046,299</u>	<u>\$ 764,490</u>

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

(Concluded)

**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.*

SITRONIX TECHNOLOGY CORP. AND SUBSIDIARIES

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

ASSETS	2018		2017		LIABILITIES AND EQUITY	2018		2017	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Notes 4, 6 and 35)	\$ 2,060,229	25	\$ 1,421,885	20	Short-term borrowings (Notes 4, 21 and 35)	\$ 476,168	6	\$ 20,220	-
Financial assets at fair value through profit or loss (Notes 4, 7 and 35)	133,677	2	279,824	4	Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 35)	1,262	-	480	-
Financial assets at fair value through other comprehensive income (Notes 4, 8 and 35)	216,918	3	-	-	Notes payable and trade payables (Notes 22 and 35)	1,560,675	19	1,141,166	16
Available-for-sale financial assets (Notes 4, 10 and 35)	-	-	282,619	4	Payables to related parties (Notes 35 and 36)	-	-	3,806	-
Financial assets at amortized cost (Notes 4, 9, 35 and 37)	382,291	4	-	-	Other payables (Notes 23 and 35)	521,254	6	472,412	7
Notes receivable and trade receivables, net (Notes 4, 14 and 35)	1,359,075	16	1,009,582	14	Accrued employees' compensation and remuneration of directors (Note 28)	195,831	2	126,244	2
Debt investments with no active market - current (Notes 4, 13, 35 and 37)	-	-	183,502	3	Current tax liabilities (Notes 4 and 29)	142,911	2	117,025	2
Notes receivable and trade receivable from related parties (Notes 4, 35 and 36)	39	-	-	-	Provisions - current (Notes 4 and 24)	-	-	5,089	-
Other receivables (Notes 14 and 35)	53,332	1	65,277	1	Other current liabilities (Notes 23 and 35)	42,750	-	17,495	-
Inventories (Notes 4, 5 and 15)	2,071,021	25	1,735,070	25	Total current liabilities	2,940,851	35	1,903,937	27
Prepayments	126,479	1	74,361	1	<b>NON-CURRENT LIABILITIES</b>				
Other current assets (Notes 20 and 35)	12,538	-	5,845	-	Deferred tax liabilities (Notes 4 and 29)	610	-	576	-
Total current assets	6,415,599	77	5,057,965	72	Net defined benefit liabilities (Notes 4 and 25)	51,318	1	57,555	1
<b>NON-CURRENT ASSETS</b>					Guarantee deposits received (Notes 33 and 36)	168,060	2	70,683	1
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 35)	87,124	1	31,493	1	Total non-current liabilities	219,988	3	128,814	2
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35)	633,921	8	-	-	Total liabilities	3,160,839	38	2,032,751	29
Available-for-sale financial assets - non-current (Notes 4, 10 and 35)	-	-	703,211	10	<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b> (Notes 4, 26, 31 and 32)				
Held-to-maturity financial assets - non-current (Notes 4, 11 and 35)	-	-	30,499	-	Share capital				
Financial assets at amortized cost - non-current (Notes 4, 9 and 35)	31,386	-	-	-	Ordinary shares	1,202,226	14	1,205,176	17
Financial assets measured at cost - non-current (Notes 4, 12 and 35)	-	-	25,833	-	Capital surplus	761,304	9	785,875	11
Property, plant and equipment (Notes 4 and 17)	810,304	10	782,145	11	Retained earnings				
Investment properties (Notes 4 and 18)	330,559	4	335,277	5	Legal reserve	875,493	11	788,177	12
Intangible assets (Notes 4 and 19)	47,875	-	55,789	1	Special reserve	26,644	-	8,728	-
Other non-current assets (Notes 20, 33 and 35)	9,743	-	8,783	-	Unappropriated earnings	2,124,198	25	1,969,197	28
Total non-current assets	1,950,912	23	1,973,030	28	Total retained earnings	3,026,335	36	2,766,102	40
					Other equity				
					Exchange differences on translating the financial statements of foreign operations	(846)	-	(943)	-
					Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(251,101)	(3)	-	-
					Unrealized gain (loss) on available-for-sale financial assets	-	-	(25,701)	-
					Unearned compensation of employees	(25,652)	-	(50,850)	(1)
					Total other equity	(277,599)	(3)	(77,494)	(1)
					Equity attributable to shareholders of the parent	4,712,266	56	4,679,659	67
					<b>NON-CONTROLLING INTERESTS</b> (Notes 16, 26 and 32)	493,406	6	318,585	4
					Total equity	5,205,672	62	4,998,244	71
<b>TOTAL</b>	<b>\$ 8,366,511</b>	<b>100</b>	<b>\$ 7,030,995</b>	<b>100</b>	<b>TOTAL</b>	<b>\$ 8,366,511</b>	<b>100</b>	<b>\$ 7,030,995</b>	<b>100</b>

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

# SITRONIX TECHNOLOGY CORP. AND SUBSIDIARIES

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

(Continued)

# SITRONIX TECHNOLOGY CORP. AND SUBSIDIARIES

## 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	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	\$ (441)	-	\$ (41)	-
Unrealized loss on available-for-sale financial assets	-	-	(17,875)	-
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	<u>218</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(143,054)</u>	<u>(2)</u>	<u>(18,662)</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 870,766</u>	<u>8</u>	<u>\$ 872,572</u>	<u>9</u>
<b>NET INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 840,363	8	\$ 873,158	9
Non-controlling interests	<u>173,457</u>	<u>2</u>	<u>18,076</u>	<u>-</u>
	<u>\$ 1,013,820</u>	<u>10</u>	<u>\$ 891,234</u>	<u>9</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 697,847	7	\$ 854,496	9
Non-controlling interests	<u>172,919</u>	<u>1</u>	<u>18,076</u>	<u>-</u>
	<u>\$ 870,766</u>	<u>8</u>	<u>\$ 872,572</u>	<u>9</u>
<b>EARNINGS PER SHARE (Note 30)</b>				
Basic	<u>\$ 7.03</u>		<u>\$ 7.32</u>	
Diluted	<u>\$ 6.94</u>		<u>\$ 7.22</u>	

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

**SITRONIX TECHNOLOGY CORP. AND SUBSIDIARIES**

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												Non-controlling Interests (Notes 16, 26 and 32)	Total Equity
	Share Capital (Note 26)		Capital Surplus (Notes 26 and 32)	Retained Earnings			Other Equity (Notes 4, 26 and 31)				Total			
	Shares (In Thousands)	Amount		Legal Reserve	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				
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	-	-	-	-	(12,636)	-	-	-	-	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	-	(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	-	-	-	-	-	(746)	(41)	(17,875)	-	-	(18,662)	-	(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	-	-	-	-	-	-	-	-	-	-	-	(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	-	-	-	-	-	81,235	-	25,701	(106,936)	-	-	-	-	
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	-	-	-	87,316	-	(87,316)	-	-	-	-	-	-	-	
Special reserve	-	-	-	-	17,916	(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	-	-	-	-	-	4,599	97	-	(147,212)	-	(142,516)	(538)	(143,054)	
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	844,962	97	-	(147,212)	-	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	\$ 1,202,226	\$ 761,304	\$ 875,493	\$ 26,644	\$ 2,124,198	\$ (846)	\$ -	\$ (251,101)	\$ (25,652)	\$ 4,712,266	\$ 493,406	\$ 5,205,672	

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

# SITRONIX TECHNOLOGY CORP. AND SUBSIDIARIES

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

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,121,930	\$ 988,268
Adjustments for:		
Depreciation expense	194,278	167,878
Amortization expense	29,177	24,392
Gain on reversal of expected credit loss	(2,204)	-
Impairment loss reversed on trade receivables	-	(11,856)
Finance costs	9,267	3,858
Interest income	(25,151)	(40,250)
Dividend income	(9,603)	(10,337)
Net (gain) loss on fair value changes of financial assets designated as at fair value through profit or loss	(15,700)	3,611
Compensation costs of share-based payments	(5,206)	57,314
Gain on disposal of property, plant and equipment	(292)	(285)
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	<u>1,041,995</u>	<u>585,051</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(209,566)	-
Disposal of financial assets at fair value through other comprehensive income	72,596	-

(Continued)

# SITRONIX TECHNOLOGY CORP. AND SUBSIDIARIES

## 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	501,322	-
Purchase of available-for-sale financial assets	-	(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	<u>9,603</u>	<u>10,337</u>
Net cash used in investing activities	<u>(307,921)</u>	<u>(243,300)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	3,149,754	230,060
Repayments of short-term borrowings	(2,692,255)	(229,430)
Proceeds from guarantee deposits received	97,377	3,126
Cash dividends distributed	(662,847)	(723,826)
Dividends paid to non-controlling interests	(18,843)	(49,607)
Increase (decrease) in non-controlling interests	<u>18,350</u>	<u>(203,663)</u>
Net cash used in financing activities	<u>(108,464)</u>	<u>(973,340)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>12,734</u>	<u>(51,509)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>638,344</b>	<b>(683,098)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>1,421,885</u>	<u>2,104,983</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 2,060,229</u>	<u>\$ 1,421,885</u>

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

(Concluded)

## Sitronix Technology Corp.

## 2018 Earnings Distribution Proposal

Unit: NT\$ 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
<b>Adjusted Undistributed Earnings</b>	<b>1,283,834,761</b>
Profit After-tax	840,363,157
Loss : 10% Legal Reserve	(84,036,316)
Loss : Special Reserve in accordance with law	(225,303,269)
<b>Distributable Earnings</b>	<b>1,814,858,333</b>
Loss: Assigned Items	
Shareholders' Dividend (Cash Dividend NT\$5 per share)	(601,112,905)
<b>Unappropriated Retained Earnings</b>	<b>1,213,745,428</b>

## 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.

## Sitronix Technology Corp.

**Comparison Table for the Articles of Incorporation Before and  
After Revision**

Article	Before Revision	Revised Version	Description
Article 6-2	Added	<u>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 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 months 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 months 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

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

Article	Before Revision	Revised Version	Description
Article 19-3	Added	<p><u>Provided that there are no incurred losses, the company may, by means of a resolution adopted by a majority of shareholders present at the meeting (who represent 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.</u></p>	Modified the Company Act, Article 241
Article 21	<p>The article was established on July 7, 1992.</p> <p>First amended on October 1, 1992.</p> <p>The second amendment was on March 29, 1994.</p> <p>Skipped.</p> <p>The twenty-fifth amendment was on June 22, 2016.</p> <p>The twenty-sixth amendment was on June 22, 2017.</p> <p>The twenty-seventh amendment was on June 27, 2018.</p>	<p>The article was established on July 7, 1992.</p> <p>First amended on October 1, 1992.</p> <p>The second amendment was on March 29, 1994.</p> <p>Skipped.</p> <p>The twenty-fifth amendment was on June 22, 2016.</p> <p>The twenty-sixth amendment was on June 22, 2017.</p> <p>The twenty-seventh amendment was on June 27, 2018.</p> <p><u>The twenty-eighth amendment was on June 26, 2019.</u></p>	Added amended date.

## Sitronix Technology Corp.

### Comparison Table for the Procedures for Acquisition or Disposal of Assets Before and After Revision

Before Revised	Revised Version	Description
<p>Article 1 : Purpose and Source of Law</p> <p>To protect the assets of the company and implement information disclosure, strengthen the management of the company's procedures for acquisition or disposal of assets, establish the procedures in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and <u>the relevant correspondence</u> of the securities authorities. <u>However, if other acts have their provisions provide otherwise, the provisions shall be complied prior to the precedures.</u></p>	<p>Article 1 : Purpose and Source of Law</p> <p>To protect the assets of the company and implement information disclosure, strengthen the management of the company's procedures for acquisition or disposal of assets, established the procedures in accordance with the provisions of Article 36-1 of the Securities and Exchange Act (<u>herein referred to "the act".</u>) The relevant provisions of <u>the Procedures for Acquisitions or Disposal of Assets as set out</u> by the competent authority of the securities.</p>	<p>Modified with the Procedures for Acquisition or Disposal of Assets, article 1 and 2.</p>
<p>Article 2: Scope of Assets</p> <ol style="list-style-type: none"> <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> </ol>	<p>Article 2: Scope of Assets</p> <ol style="list-style-type: none"> <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>5. <u>Right-of-use assets thereof</u></li> <li>6. Claims of financial institutions (including receivables, discounting of purchase of remittances and loans, collection items).</li> <li>7. Financial derivatives.</li> <li>8. Assets acquired or disposed of by merging, splitting, acquiring or obtaining shares in accordance with the law.</li> <li>9. Other important assets.</li> </ol>	<ol style="list-style-type: none"> <li>1. 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>2. Modified with the Procedures for Acquisition or Disposal of Assets, article 3.</li> </ol>

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

Before Revised	Revised Version	Description
	<p><u>securities authorities of the jurisdiction where it is located.</u></p> <p>8. <u>Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u></p>	<p>company to follow.</p> <p>4. Modified with the Procedures for Acquisition or Disposal of Assets, article 4.</p>
<p>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 be the related counterparty of the transaction.</u></p>	<p>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 meet the following requirement:</u></p> <p>1. <u>May not have previously received 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.</u></p> <p>2. <u>My not be related parties or de facto related parties to each other.</u></p> <p>3. <u>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.</u></p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in</u></p>	<p>1. 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.</p> <p>2. Giving explicit of the responsibilities of external</p>

Before Revised	Revised Version	Description
	<p><u>the preceding paragraph shall comply with the following:</u></p> <ol style="list-style-type: none"> <li>1. <u>Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></li> <li>2. <u>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.</u></li> <li>3. <u>They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></li> <li>4. <u>They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></li> </ol>	<p>experts, and to add the evaluation of reports or submissions by relevant experts, verify and declare matters.</p> <p>3. Modified with the Procedures for Acquisition or Disposal of Assets, article 5.</p>
<p>Article 5: The Scope of Investment and Maount</p> <p>The company acquires real estate or marketable securities that are not for business use. The limits of the amount are respectively as follows:</p> <ol style="list-style-type: none"> <li>1. 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.</li> <li>2. 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</li> </ol>	<p>Article 5: The Scope of Investment and Maount</p> <p>The company acquires real estate and <u>its right-of-use assets</u> thereof, or marketable securities that are not for business use. The limits of the amount are respectively as follows:</p> <ol style="list-style-type: none"> <li>1. The total amount of non-operating real estate <u>and its right-of-use assets</u> thereof, is limited to 50% of the shareholders' equity of the company's most recent financial statements audited by the accountant.</li> <li>2. The total amount of investment securities shall not exceed the shareholders' equity of the</li> </ol>	<p>Modified with the application 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</p>

Before Revised	Revised Version	Description
<p>the accountant.</p> <p>3. The limit for investing in individual securities shall not exceed 40% of the shareholders' equity of the company's most recent financial statements audited by the accountant.</p>	<p>company's most recent financial statements of the account audited by the accountant.</p> <p>3. The limit amount for investing in individual securities shall not exceed 40% of the shareholders' equity of the company's most recent financial statements audited by the accountant.</p>	<p>specification.</p>
<p>Article 6: The Execution Unit, Authorization Amount and Level 1~2 (skipped).</p> <p>3. The acquisition or disposal of real estate shall be submitted by the management unit for the relevant information. Where the paid-in capital amount received at the end of the previous year that was more than 20% shall need to petition the Board of Directors after the adoption.</p> <p>4. The acquisition or disposal of other assets of the company (including fixed assets, memberships and intangible assets) shall be handled in accordance with the relevant provisions of the company's internal control system and the means of purchasing and approving all kinds of expenses.</p> <p>5~6 (skipped).</p> <p>With respect to a public company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the Audit Committee.</p> <p>Where the position of independent</p>	<p>Article 6: The Execution Unit, Authorization Amount and Level 1~2 (skipped).</p> <p>3. The acquisition or disposal of real estate <u>and its right-of-use assets</u> thereof shall be submitted by the management unit for the relevant information. Where the paid-in capital amount received at the end of the previous year that was more than 20% shall need to petition the Board of Directors after the adoption.</p> <p>4. The acquisition or disposal of other assets of the company (including fixed assets, memberships and intangible assets <u>or its right-of-use assets</u> thereof) shall be handled in accordance with the relevant provisions of the company's internal control system and the means of purchasing and approving all kinds of expenses.</p> <p>5~6 (skipped).</p> <p>With respect to a public company's acquisition or disposal of assets that <u>is subject to</u> the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company</p>	<p>1. Modified with the application 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 specified process specification.</p> <p>2. Modified with the Procedures for Acquisition or Disposal of Assets, article 8.</p>

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

Before Revised	Revised Version	Description
<p><u>the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.</u></p>		
<p>Article 7: Evaluation Procedures and Price Determination Methods</p> <p>1. (skipped).</p> <p>2. Real estate <u>or</u> the equipment To acquire or dispose real estate, reference shall be made to the present value of the announcement, the value assessed, the actual transaction price of adjacent real estate, and the resolution of the terms of the transaction and the transaction price. The acquisition or disposition of equipment shall be made by way of inquiry, price comparison, bargaining or tender.</p> <p>The company acquires or disposes of real property or equipment, in addition to transactions with government agencies, self-district committee construction, Rental District Committee construction, or acquisition, disposal of equipment for business use, those whose transaction amount reaches 20% of the paid-in capital or NT\$300 million amount, shall obtain a valuation report issued by a professional valuer before the fact occurs, and shall meet the following requirements:</p> <p>(1) When the price, specific price or special price shall be used as the reference for the transaction price for special reasons, the transaction shall be first approved by resolution of the Board of Trustees. Those who change the trading conditions in the <u>future shall also proceed with the procedure</u></p>	<p>Article 7: Evaluation Procedures and Price Determination Methods</p> <p>1. (skipped).</p> <p>2. Real estate, the equipment, <u>or its right-of-use assets</u> thereof. To acquire or dispose real estate, reference shall be made to the present value of the announcement, the value assessed, the actual transaction price of adjacent real estate, and the resolution of the terms of the transaction and the transaction price. The acquisition or disposition of equipment shall be made by way of inquiry, price comparison, bargaining or tender. The company acquires or disposes of real property, the equipment, <u>or its right-of-use assets</u> thereof, in addition to transactions with <u>domestic</u> government agencies, self-district committee construction, Rental District Committee construction, or acquisition, disposal of equipment <u>or its right-of-use assets</u> thereof for business use, those whose transaction amount reaches 20% of the paid-in capital or NT\$300 million for the company's paid-in capital amount, shall obtain a valuation report issued by a professional valuer before the fact occurs, and shall meet the following requirements:</p> <p>(1) When the price, specific price or special price shall be used as the reference for the transaction price for special reasons, the transaction shall be first approved by resolution of the</p>	<p>1. Modified with the application 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 specified process specification.</p> <p>2. Modified with the Procedures for Acquisition or Disposal of Assets, article 9 and 11.</p>

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

Before Revised	Revised Version	Description
	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.	
<p>Article 9: Announcement Procedure</p> <p>Where the company acquires or disposes of assets, if any of the following circumstances occur, it shall, in accordance with the prescribed format, announce and declare the information to the designated website of the securities authority under the relevant regulations with two days from the date of occurrence.</p> <ol style="list-style-type: none"> <li>1. When the company intends to acquire or dispose of real estate from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprise.</li> <li>2. Merger, demerger, acquisition, or share transfer.</li> <li>3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</li> <li>4. Where equipment or the type of assets for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria: <ul style="list-style-type: none"> <li>(1) For a public company whose paid-in</li> </ul> </li> </ol>	<p>Article 9: Announcement Procedure</p> <p>Where the company acquires or disposes of assets, if any of the following circumstances occur, it shall, in accordance with the prescribed format, announce and declare the information to the designated website of the securities authority under the relevant regulations with two days from the date of occurrence.</p> <ol style="list-style-type: none"> <li>1. When the company intends to acquire or dispose of real estate <u>or its right-of-use assets</u> thereof from or to a related party, or when it intends to acquire or dispose of assets other than real estate or <u>its right-of-use assets</u> thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprise.</li> <li>2. Merger, demerger, acquisition, or share transfer.</li> <li>3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</li> <li>4. Where equipment or <u>its right-of-use</u></li> </ol>	<ol style="list-style-type: none"> <li>1. Modified with the application 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 specified process specification.</li> <li>2. Modified with the Procedures for Acquisition or Disposal of Assets, article 31.</li> </ol>

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

Before Revised	Revised Version	Description
<p>same development project within the preceding year.</p> <p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"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.</p> <p>The company shall, on a monthly basis, import the information declaration websites designated by the securities authority before 10<sup>th</sup> of each month in accordance with the prescribed format of the company, and the subsidiaries of the company that are not part of the domestic public company to engage in derivative commodity transactions until the end of the previous month.</p>	<p>agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> <li>1. The amount of any individual transaction.</li> <li>2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</li> <li>3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real estate or <u>its right-of-use assets</u> thereof within the same development project within the preceding year.</li> <li>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</li> </ol> <p>"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.</p> <p>The company shall, on a monthly basis, import the information declaration websites designated by the securities authority before 10<sup>th</sup> of each month in accordance with the prescribed format of the company, and the subsidiaries of the company</p>	

Before Revised	Revised Version	Description
	<p>that are not part of the domestic public company to engage in derivative commodity transactions until the end of the previous month.</p>	
<p>Article 12: The Scope and Amount of Investment in Subsidiaries</p> <p>The limits of the amount of real estate or marketable securities purchased by the company’s subsidiaries for business uses are as follows:</p> <ol style="list-style-type: none"> <li>1. The total amount of real estate, which is not for business use, is limited to the shareholder’s equity in the financial statements of the subsidiary’s most recent certified visa to the accountant.</li> <li>2. The total amount of the investment securities shall not exceed the shareholders’ equity of the subsidiary’s most recent financial statements of account audited by the accountant.</li> <li>3. The limit for investing in individual securities shall not exceed the shareholders’ equity of the financial statements of the most recent period in which an accountant audits the subsidiary.</li> </ol>	<p>Article 12: The Scope and Amount of Investment in Subsidiaries</p> <p>The limits of the amount of real estate, <u>its right-of-use assets</u> thereof, or marketable securities purchased by the company’s subsidiaries for business uses are as follows:</p> <ol style="list-style-type: none"> <li>1. The total amount of real estate and <u>its right-of-use assets</u> thereof, which is not for business use, is limited to the shareholder’s equity in the financial statements of the subsidiary’s most recent certified visa to the accountant.</li> <li>2. The total amount of the investment securities shall not exceed the shareholders’ equity of the financial statements of the subsidiary’s most recent account audited by the accountant.</li> <li>3. The limit for investing in individual securities shall not exceed the shareholders’ equity of the financial statements of the most recent period in which an accountant audits the subsidiary.</li> </ol>	<ol style="list-style-type: none"> <li>1. Modified with the application 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 specified process specification.</li> <li>2. Modified with the Procedures for Acquisition or Disposal of Assets, article 7.</li> </ol>
<p>Article 14: The Scope of Application</p> <p>When a public company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion</p>	<p>Article 14: The Scope of Application</p> <p>When a public company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional</p>	<p>Modified with the Procedures for Acquisition or Disposal of Assets, article 14.</p>

Before Revised	Revised Version	Description
<p>in compliance with the provisions of the preceding Section and this Section.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made.</p> <p>When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p>	<p>appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 7-1 herein.</p> <p>When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p>	
<p>Article 15: The Resolution Procedure</p> <p>When a public company intends to acquire or dispose of real estate from or to a related party, or when it intends to acquire or dispose of assets other than real estate from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors:</p> <p>(1)The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2). The reason for choosing the related party as a trading counterparty.</p> <p>(3). With respect to the acquisition of real estate from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms.</p> <p>(4). The date and price at which the</p>	<p>Article 15: The Resolution Procedure</p> <p>When a public company intends to acquire or dispose of real property or <u>its right-of-use assets</u> thereof, from or to a related party, or when it intends to acquire or dispose of assets other than real estate or <u>its right-of-use assets</u> thereof, from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>(1). The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2). The reason for choosing the related party as a trading counterparty.</p> <p>(3). With respect to the acquisition of real estate or <u>its right-of-use assets</u> thereof, from a related party,</p>	<p>1. Modified with the application 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 specified process specification.</p> <p>2. Modified with the Procedures for Acquisition or Disposal of Assets, article 15.</p>

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

Before Revised	Revised Version	Description
<p>matter is submitted for discussion by the board of directors pursuant to paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p> <p>Where an audit committee has been established in accordance with the provisions of the Act, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application.</p> <p>Where an Audit Committee has been established in accordance with the pragraph 1 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 the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.</p>	<p><u>transactions with each other</u>, the company's Board of Directors may pursuant to delegate the board chairman to decide such matters when the transaction is within a NT\$300,000,000 and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting.</p> <p>(1). To acquire or dispose of the equipment <u>or its right-of-use assets</u> thereof for business use.</p> <p>(2). <u>To acquire or dispose of real estate or its right-of-use assets thereof for business use.</u></p> <p>When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the Board of Directors <u>shall take into full consideration each independent director's opinions</u>. If an independent director objects to or expresses reservations about any matter, <u>it shall be recorded in the minutes of the Board of Directors meeting under Article 30, paragraph 4 and 5.</u></p>	
<p>Article 16: Evaluation Procedure</p> <p>The company that acquires real estate from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1. Based upon the related party's transaction price plus necessary</p>	<p>Article 16: Evaluation Procedure</p> <p>The company that acquires real estate <u>or its right-of-use assets</u> thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1. Based upon the related party's</p>	<p>1. Modified with the application of the International Financial Reporting Standards</p>

Before Revised	Revised Version	Description
<p>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.</p> <p>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.</p> <p>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</u> shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>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:</p>	<p>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.</p> <p>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 preceding paragraph</u>.</p> <p>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.</p>	<p>(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 specified process specification.</p> <p>2. Modified with the Procedures for Acquisition or Disposal of Assets, article 16.</p>

Before Revised	Revised Version	Description
<ol style="list-style-type: none"> <li>1. The related party acquired the real estate through inheritance or as a gift.</li> <li>2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real estate to the signing date for the current transaction.</li> <li>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.</li> </ol>	<p>Where the company acquires real estate or <u>its right-of-use assets</u> thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the previous paragraph p and the preceding three paragraphs do not apply:</p> <ol style="list-style-type: none"> <li>1. The related party acquired the real estate or <u>its right-of-use assets</u> thereof through inheritance or as a gift.</li> <li>2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real estate or <u>its right-of-use assets</u> thereof to the signing date for the current transaction.</li> <li>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.</li> <li>4. <u>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.</u></li> </ol>	
<p>Article 17: The company that acquires real property, when the results of the company's appraisal conducted in accordance with the preceding paragraph, section 1 and section 2 are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. However, where the</p>	<p>Article 17: The company that acquires real property, when the results of the company's appraisal conducted in accordance with the preceding paragraph, section 1 and section 2 are uniformly lower than the transaction price, the matter shall be handled in compliance with</p>	<ol style="list-style-type: none"> <li>1. Modified with the application of the International Financial Reporting Standards (IFRS) No. 16 "Lease", added the</li> </ol>

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

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

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

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

Before Revised	Revised Version	Description
<p>numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</p> <p>2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</p> <p>3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors' meetings.</p> <p>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 with such company whereby the latter is required to abide by the provisions of the preceding paragraph.</p>	<p>1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</p> <p>2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</p> <p>3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors' meetings.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company 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.</p> <p>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</p>	

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

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

## Sitronix Technology Corp.

## Comparison Table for the Procedures for Financial Derivatives Transactions

## Before and After Revision

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

## Sitronix Technology Corp.

### Comparison Table for the Procedures for Making Outward Loans to Others Before and After Revision

Before Revision	Revised Version	Description
<p>Article 2: Loaning Funds to Others</p> <p>Under the Company Act - The company shall not <u>loan</u> funds to any of its shareholders or any other person except under the following <u>two</u> circumstances:</p> <ol style="list-style-type: none"> <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> </ol> <p>The term "short-term" used in the preceding paragraph means a period of one year, or the company's operating cycle (whichever is longer).</p>	<p>Article 2: Loaning Funds to Others</p> <p><u>Under the Article 15 of the Company Act</u></p> <p>- The company shall not loan <u>funds</u> to any of its shareholders or any other person except under the following circumstances:</p> <ol style="list-style-type: none"> <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> </ol> <p>The term "short-term" used in the <u>preceding</u> paragraph means a period of one year, or the company's operating cycle (whichever is longer).</p> <p><u>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.</u></p>	<p>1. Modified with the Principles for Loaning Funds to Others</p>
<p>Article 4: The aggregate amount of loans and maximum amount permitted to a single borrower</p> <ol style="list-style-type: none"> <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> </ol>	<p>Article 4: The aggregate amount of loans and maximum amount permitted to a single borrower</p> <ol style="list-style-type: none"> <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> </ol>	<p>1. Modified with the Principles for Loaning Funds to Others</p>

Before Revision	Revised Version	Description
<p>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.</p> <p>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.</p> <p>4. 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.</p>	<p>2. <u>Each inter-company loan of funds between foreign companies in which the Company holds directly or indirectly; 100% of the voting shares</u> 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.</p> <p>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.</p> <p>4. 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.</p>	
<p>Article 11: Announcement and Reporting Procedures</p> <p>1. 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.</p> <p>The term "Announcement and Report" used in the Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission of Taiwan (hereinafter referred to as the</p>	<p>Article 11: Announcement and Reporting Procedures</p> <p>1. 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.</p> <p>The term "Announcement and Report" used in the Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission of</p>	<p>1. Modified with the Principles for Loaning Funds to Others</p>

Before Revision	Revised Version	Description
<p><u>FSCT).</u></p> <p>2. The Company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence of the fact:</p> <p>(1) The aggregate balance of loans to others by the Company and its Subsidiaries reaches 20% or more of the Company's net worth as stated in its latest financial statement.</p> <p>(2) The balance of loans by the Company and its Subsidiaries to a single enterprise reaches 10% or more of the Company's net worth as stated in its latest financial statement.</p> <p>(3). The amount of new loans of funds by the Company or its Subsidiaries reaches NT\$10 million or more, and reaches 2% or more of the Company's net worth as stated in its latest financial statement.</p> <p>3. If there is any reporting and announcement required for the Company's Subsidiary which is not a Taiwan public company, the loaning funds and 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.</p>	<p>Taiwan (hereinafter referred to as the commission).</p> <p>2. The Company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence of the fact:</p> <p>(1) The aggregate balance of loans to others by the Company and its Subsidiaries reaches 20% or more of the Company's net worth as stated in its latest financial statement.</p> <p>(2) The balance of loans by the Company and its Subsidiaries to a single enterprise reaches 10% or more of the Company's net worth as stated in its latest financial statement.</p> <p>(3). The amount of new loans of funds by the Company or its Subsidiaries reaches NT\$10 million or more, and reaches 2% or more of the Company's net worth as stated in its latest financial statement.</p> <p>3. If there is any reporting and announcement required for the Company's Subsidiary which is not a 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.</p> <p><u>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.</u></p>	

Before Revision	Revised Version	Description
<p>Article 14: Effectiveness and Amendment</p> <p>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.</p> <p>When the Operational Procedures for <u>Loaning Funds to Others</u> are submitted for discussion, the board of directors shall take into full consideration each independent director's opinion <u>and shall include the reasons for assent or dissent in the minutes of the Board of Directors' meeting.</u></p>	<p>Article 14: Effectiveness and Amendment</p> <p>Formulation of Operating Procedures</p> <p>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 members</u>, before finally submitting it during the shareholders' meeting for approval. The same shall apply to any amendments to the Procedures.</p> <p><u>If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented; if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors' meeting.</u></p> <p><u>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.</u></p> <p>When the Operational Procedures for Loaning Funds to Others is submitted for discussion, the board of directors shall take into full consideration each independent director's opinion; <u>independent directors' opinions specifically expressing assent or dissent and reasons for dissent shall be included in the minutes of the Board of Directors' meeting.</u></p>	<p>1. Modified with the Principles for Loaning Funds to Others</p>

## Sitronix Technology Corp.

### Comparison Table for the Procedures for Endorsement and Guarantee Before and After Revision

Before Revision	Revised Version	Description
<p>Article 2: Scope of endorsements/guarantees</p> <p>The scope of endorsements/guarantees used herein includes the following:</p> <ol style="list-style-type: none"> <li>1. Financing endorsements/guarantees includes:               <ol style="list-style-type: none"> <li>(1) Bill discount financing</li> <li>(2) Endorsements/guarantees for other companies' financing needs</li> <li>(3) Endorsements/guarantees of the notes issued by the Company to non-financial institutions and entities, for the Company's financing needs</li> </ol> </li> <li>2. Endorsements/guarantees of custom duties due from the Company or other companies</li> <li>3. Other endorsements/guarantees that are not classified as two previous types</li> <li>4. The lien or mortgage provided by a Company against its assets and properties for guaranteeing another company's loan shall also be handled in accordance with the provisions of the procedure.</li> </ol>	<p>Article 2: Scope of endorsements/guarantees</p> <p>The scope of endorsements/guarantees used herein includes the following:</p> <ol style="list-style-type: none"> <li>1. Financing endorsements/guarantees includes:               <ol style="list-style-type: none"> <li>(1) Bill discount financing</li> <li>(2) Endorsements/guarantees for other companies' financing needs</li> <li>(3) Endorsements/guarantees of the notes issued by the Company to non-financial institutions and entities, for the Company's financing needs</li> </ol> </li> <li>2. Endorsements/guarantees of custom duties due from the Company or other companies.</li> <li>3. Other endorsements/guarantees that are not classified as two previous types</li> </ol> <p>The lien or mortgage provided by the Company against its assets and properties for guaranteeing another company's loan shall also be handled in accordance with the provisions of the procedure.</p>	<ol style="list-style-type: none"> <li>1. Modified the Principles for Loaning Funds to Others and the Principles Governing Endorsements/Guarantees</li> </ol>
<p>Article 3: Entities for which the Company may make endorsements or guarantees</p> <ol style="list-style-type: none"> <li>1. The Company may make endorsements/guarantees for the following companies:               <ol style="list-style-type: none"> <li>(1) A company that the Company does business with</li> <li>(2) A company in which the Company directly and indirectly holds more than 50% of the voting shares</li> <li>(3) A company that directly and indirectly</li> </ol> </li> </ol>	<p>Article 3: Entities for which the Company may make endorsements or guarantees</p> <ol style="list-style-type: none"> <li>1. The Company may make endorsements/guarantees for the following companies:               <ol style="list-style-type: none"> <li>(1) A company that the Company does business with</li> <li>(2) A company in which the Company directly and indirectly holds more than 50% of the voting shares</li> <li>(3) A company that directly and indirectly</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. Modified the Principles for Loaning Funds to Others and the Principles Governing Endorsements/Guarantees</li> </ol>

Before Revision	Revised Version	Description
<p>holds more than 50% of voting shares in the Company</p> <p>2. Companies in which the Company holds 90% or more of voting shares directly or indirectly, may make endorsements/guarantees for each other, and the amount of endorsements or guarantees may not exceed 10% of the net worth of the Company, provided that this restriction does not apply to endorsements/guarantees made between companies in which the Company holds 100% of voting shares directly or indirectly.</p> <p>3. <u>The company is mutually protected according to the contractual requirements based on the contractual requirements of the inter-department or co-creation of the contractor, or due to the joint investment relationship. All contributing shareholders endorse the invested company according to their shareholding ratio, or the performance guarantee of the pre-sales contract in accordance with the Consumer Protection Act. Those mentioned above are not subject to restrictions specified in the preceding two paragraphs, which can be endorsed.</u></p> <p>4. <u>“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.</u></p> <p>"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.</p> <p>"Net worth" as referred to in the Procedures means equity attributable to owners of the parent company specified in the balance sheet.</p>	<p>holds more than 50% of voting shares in the Company</p> <p>2. Companies in which the Company holds 90% or more of voting shares directly or indirectly, may make endorsements/guarantees for each other, and the amount of endorsements or guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, 100% of voting shares directly or indirectly.</p> <p>"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.</p> <p>"Net worth" as referred to in the Procedures means equity attributable to owners of the parent company specified in the balance sheet.</p>	
Article 5: Hierarchy of decision-making	Article 5: Hierarchy of decision-making	1. Modified the

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

Before Revision	Revised Version	Description
<p>companies in which the Company holds, directly or indirectly, 100% of voting shares.</p>	<p>endorsements/guarantees made between companies in which the Company holds 100% of voting shares directly or indirectly.</p>	
<p>Article 6: Procedures for handling endorsements/guarantees 1-7 (skipped) 8. In cases wherein an entity for which the company makes any endorsements/guarantees is a subsidiary whose net worth is lower than half of its paid-in capital, the Company may <u>require the endorsee/guarantee company to provide collateral, and shall specify it as an operational control item.</u></p> <p>In the case of a Subsidiary with shares having no par value or a par value other than 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.</p>	<p>Article 6: Procedures for handling endorsements/guarantees 1-7 (skipped) 8. In cases in which an entity for which the company makes any endorsements/guarantees is a subsidiary whose net worth is lower than half of its paid-in capital, <u>the company shall periodically track the financial statements of the object of endorsement/guarantee. If any irregularity is found, there should be a written report detailing the recommendations and response measures, to be submitted regularly to the Audit Committee.</u></p> <p>In the case of a Subsidiary with shares having no par value or a par value other than 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.</p>	<p>1. Modified the Principles for Loaning Funds to Others and the Principles Governing Endorsements/ Guarantees</p>
<p>Article 9: Announcement and Reporting Procedures 1. As long as the Company's shares are traded on the emerging stock market or listed on the Taipei Exchange (TPEX) or the Taiwan Stock Exchange in Taiwan, the Company shall announce and report its previous month's balance of endorsements / guarantees as well as its subsidiaries' by the 10th day of each month. The term "Announcement and Report" used in the Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission of Taiwan. 2. As long as the Company's shares are traded</p>	<p>Article 9: Announcement and Reporting Procedures 1. As long as the Company's shares are traded on the emerging stock market or listed on the Taipei Exchange (TPEX) or the Taiwan Stock Exchange in Taiwan, the Company shall announce and report its previous month's balance of endorsements / guarantees as well as its subsidiaries' by the 10th day of each month. The term "Announcement and Report" used in the Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission of Taiwan. 2. As long as the Company's shares are</p>	<p>1. Modified the Principles for Loaning Funds to Others and the Principles Governing Endorsements/ Guarantees</p>

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

Before Revision	Revised Version	Description
<p>to subparagraph 4 of the Principles Governing <u>Endorsements/Guarantees</u>.</p> <p>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.</p>	<p>China, any matters that such subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph.</p> <p>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.</p>	
<p>Article 12: Effectiveness and Amendment</p> <p>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.</p> <p>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 included in the minutes of the Board of Directors' meeting.</u></p>	<p>Article 12: Effectiveness and Amendment</p> <p>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.</p> <p><u>If approval is not granted by more than half 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.</u></p> <p><u>The terms "all audit committee members" in paragraph 1 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</u></p> <p>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' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.</u></p>	<p>1. Modified the Principles for Loaning Funds to Others and the Principles Governing Endorsements/ Guarantees</p>