Stock Code: 1597

Chieftek Precision Co., LTD.

2019 Annual Shareholders' Meeting Handbook

Time: 9:00 a.m., June 12, 2019(Wednesday)

Place: 2F.-1, No.26, Nanke 3rd Rd., Xinshi Dist., Tainan City 744, Taiwan,

R.O.C. (Southern Science Park Industries)

(This document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)

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Chieftek Precision Co., Ltd. 2019 Annual Shareholders' Meeting Meeting Procedure

- 1. Report the number of attendance
- 2. Call Meeting to Order
- 3. Chairman's Address
- 4. Report Items
- **5. Proposed Resolutions**
- **6. Discussion Items**
- 7. Extemporary Motion
- 8. Meeting Adjourned

Chieftek Precision Co., Ltd. 2019 Annual Shareholders' Meeting Agenda

- 1. Time: 9:00 a.m., June 12, 2019 (Wednesday)
- 2. Place: 1F.-1, No.26, Nanke 3rd Rd., Xinshi Dist., Tainan City 744, Taiwan, R.O.C. (Southern Science Park Industries)
- 3. Attendants: Call the Meeting to Order (Report the number of attendance)
- 4. Chairman's Address
- 5. Report Items:
 - (1) To Report the Business of 2018.
 - (2) Supervisors' Review Report on the 2018 Financial Statements.
 - (3) To Report 2018 Employees' Profit Sharing Bonus and Directors and Supervisors' Compensation.
 - (4) To Report the 2018 Endorsement and Guarantee.
- 6. Proposed Resolutions:
 - (1) To accept 2018 Business Report and Financial Statements.
 - (2) To approve the Proposal for Distribution of 2018 Profit.
- 7. Discussion Items:
 - (1) In the case of 2018 Surplus Transferring Capital and Issuing New Shares.
 - (2) To amend the Article of Incorporation.
 - (3) To amend the procedures for the acquisition or disposal of assets
 - (4) To amend the Management of Endorsement and Guarantees.
 - (5) To amend the Management of Loans to Others.
 - (6) To amend the Code of Corporate Governance.
- 8. Extemporary Motion
- 9. Meeting Adjournment

Report Items

1. To Report the business of 2018.

Explanatory Notes: The 2018 Business Report, please refer to the

Attachment 1 in the Handbook of the 2019

Annual Shareholders' Meeting.

2. Supervisors' Review Report on the 2018 Financial Statements.

Explanatory Notes: The 2018 Supervisors' Review Report, please

refer to the Attachment 2 in the Handbook of the

2019 Annual Shareholders' Meeting.

3. To Report 2018 Employees' Profit Sharing Bonus and Directors and Supervisors' Compensation.

Explanatory Notes: The 2018 Employees' Profit Sharing Bonus and

Directors and Supervisors' Compensation

Report, please refer to the Attachment 3 in the Handbook of the 2019 Annual Shareholders'

Meeting.

4. To Report the 2018 Endorsement and Guarantee.

Explanatory Notes:

(1) As of December 31, 2018, The Company's amount of the Treasury Stock of Buyback is as following:

Company	The Amount of Endorsement and Guarantees (Thousand)	The Amount of Actual Drawings (Thousand)	Relationship with the Company
cpc Europa GmbH	200,640	12,320	Subsidiaries with 100% of shareholding
Chieftek Precision International LLC	92,145	46,073	Subsidiaries with 100% of shareholding
CSM MaschinenGmbH	123,200	32,014	Subsidiaries with 100% of shareholding

(2) The above amount does not exceed the prescribed limit.

Proposed Items

1. To accept 2018 Business Report and Financial Statements.

Proposed by the Board of Directors

Explanatory Notes:

- (1) The Company's Financial Statements, including the balance sheet, the statement of comprehensive income, the statement of changes inequity, and statement of cash flows, were audited by independent auditors, Mr. Lin, Yung-Chih and Ms. Lin, Tzu-Shu of PricewaterhouseCoopers (PwC), Taiwan. Also, Business Report and Financial Statements have been approved by the Board of Directors and examined by the supervisors of the Company.
- (2) The 2018 Business Report could be referred to the Attachment 1 of the Handbook for the 2019 Annual Shareholders' Meeting, independent auditors' audit report, and Financial Statements by PWC could be referred to Attachment 4 of the Handbook for the 2019 Annual Shareholders' Meeting.

Resolution:

2. To Approve the Proposal for Distribution of 2018 Profit.

Proposed by the Board of Directors

Explanatory Notes:

- (1) The 2018 profit distribution program of the company has been accepted by board on May 2, 2019, in accordance with company Act and the Articles of Incorporation of the company.
- (2) The cash dividends of shareholders distributed in this plan amounted to NT\$73,806,862. Based on the actual number of shares in circulation, NT\$1.0 per share was allotted and NT\$73,806,870 was a dividend on shares. According to the number of shares actually traded, 100 shares are issued for each 1,000 shares and the total amount is NT\$147,613,732. Please refer to Appendix 5 of this manual for the surplus allocation table
- (3) Actual placement and number of shares will depend on the number of registered shareholders on the ex-rights date. The cash dividend

distribution will be calculated to the nearest NT\$ dollar. After the above mentioned method were approved by regular shareholders' meeting. 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 chairman or his designated representative may subscribe at par value.

- (4) After the adoption by the general Shareholders Meeting, the Board of Directors is authorized to set out other related matters, such as exright date and the transfer of profit surplus.
- (5) Before ex- right date if buying back shares the transfer of treasury shares of the company, cancellation or other reasons prior to the date of ex-right affect the number of shares of the outstanding shareholders and change the allotment rate, the company will submitted to the shareholder's meeting and the Board is authorized to make such adjustments.

Resolution:

Discussion Items:

1. In the case of 2018 Surplus Transferring Capital and Issuing new Shares.

Proposed by the Board of Directors

Explanatory Notes:

- (1) In order to meet the needs of business development, the Company proposes to allocate NT\$73,806,870 from the available-for-distribution surplus for 2018, and to transfer 7,380,687 new shares to be issued for capital increase. The denomination of each share is NT\$10.
- (2) According to the shareholder's name list on the basis of the shares allotment, the proportion of shares held by the company, 100 shares are promissory for every 1,000 shares, and less than one share of abnormal shares is issued, and the shares are transferred from the shareholders to the company shares within five days from the date of transfer. The agency shall handle the registration of the whole stock by itself and make up the missing shares that are still insufficient or overdue. The depreciation shall be calculated in denominations to NTD (less than 1NTD will not be counted). Its shares will authorize the chairman of the board to appoint a specific person to subscribe for it in denomination.
- (3) The capital increase and issuance of new shares have the same rights and obligations as the shares that have already been issued.
- (4) Issues relating to the issuance of benchmark dates for new shares and capital increase issues shall be determined by the board of directors after being reported to the competent authority for approval.
- (5) Prior to the issuance of the new shares, if the share ratio of the shareholders is changed due to the purchase of shares of the company or the transfer, cancellation or other reasons of the treasury shares, which would affect the number of shares in circulation, the shareholders' meeting shall authorize the board of directors to handle the issue.
- (6) If the above matters relating to capital increase are subject to amendments approved by the competent authority and subject to changes in the operational requirements of the objective environment, the shareholders' meeting shall be authorized to authorize the board of directors to take full responsibility.

Resolution:

2. To Amendment the Articles of Incorporation.

Proposed by the Board of Directors

Explanatory Notes:

- (1) According to Southern Business Registration Certificate's letter of August 14, 2018, Southern Taiwan Science Park Administration and The Company Act, No.1070023518, in conjunction with amending the Article of Incorporation No.1, 3, 5, 6, 14, 21 and 23 of the partial clauses, and revise provision No.7-1 and No.21-1.
- (2) Please refer to the Attachment 6 in the Handbook of the 2019 Annual Shareholders' Meeting for the comparison tables of the articles to be amended.

Resolution:

3. To Amendment the Procedures for the Acquisition or Disposal of Assets.

Proposed by the Board of Directors

Explanatory Notes:

- (1) Based on the Financial Supervisory Commission's letter of November 26, 2018, ChinKuanChengPhaChi No.1070341072 and December 21, 2018, ChinKuanChengPhaChi No.1070346971 "Regulations Governing Procedure for the Acquisition or Disposal of Assets of Public Companies".
- (2) The Comparison Tables of the Procedures for the Acquisition or Disposal of Assets can be referred to the Attachment 7 in the Handbook of the 2019 Annual Shareholders' Meeting.

Resolution:

4. To Amendment the Procedures for the Endorsement and Guarantees *Proposed by the Board of Directors**

Explanatory Notes:

(1) Based on the Financial Supervisory Commission's letter of March 7, 2019, ChinKuanChengPhaChi No.1080304826 "The Amendment of the Procedure for the Endorsement and Guarantees".

(2) The Comparison Tables of the Procedures for the Endorsement and Guarantees can be referred to the Attachment 8 in the Handbook of the 2019 Annual Shareholders' Meeting.

Resolution:

5. To Amendment the Procedures for the Management of Loans to Others

Proposed by the Board of Directors

Explanatory Notes:

- (1) Based on the Financial Supervisory Commission's letter of March 7, 2019, ChinKuanChengPhaChi No.1080304826 "The Amendment of the Procedure for the Management of Loans to Others".
- (2) The Comparison Tables of the Procedures for the Endorsement and Guarantees to be amended can be referred to the Attachment 9 in the Handbook of the 2019 Annual Shareholders' Meeting.

Resolution:

6. To Amendment the Code of Corporate Governance

Proposed by the Board of Directors

Explanatory Notes:

- (1) Based on the Gre Tai Securities Market (GTSM)'s letter of December 21, 2018, ChinKuanChengPhaChi No.10700540421 "Regulation of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies".
- (2) The Comparison Tables of Code of Corporate Governance to be amended can be referred to the Attachment 10 in the Handbook of the 2019 Annual Shareholders' Meeting.

Resolution:

Extemporary Motion

Meeting Adjournment

Attachment 1

Chieftek Precision Co., Ltd.

2018 Business Report

The demand of global automation and intelligent automation continues to heat up. Because the industry 4.0 has just started, the industrial automation has also become an unstoppable trend, providing the basic growth for Linear Slides. Chieftek Precision aims to improve the characteristics of the client machine products and improve the productivity of the client station equipment. Under the trend of automation, intelligentization, and energy conservation in the industry, the company will directly control the internal cost, yield rate control and the marketing power, which made the 2018 operating results and market share continue to grow. Revenue, gross profit margin, and profitability had all hit new highs since the listing on the cabinet.

The combined revenue of 2018 was up to NT\$2,078,901 thousand compared to 2017 of NT\$1,488,259 thousand, it significantly increased by NT\$590,642 thousand the growth rate was even up to 39.69%. The Income before Tax of 2018 was up to NT\$609,837 thousand compared to 2017 of NT\$300,124 thousand, it dramatically increased NT\$309,713 thousand, the growth rate was even up to 103.20%.

The 2018 Business Report is as following:

1. The Result of Implement of Business Plan

(1) Consolidated Statement of Comprehensive Income for the years ended December 31, 2018 and 2017.

Unit:NT\$ thousands

Items	2018		Increase(Decrease) Amount
Sales Revenue	2,078,901	1,488,259	590,642
Operating Cost	(1,090,575)	(865,292)	(225,283)
New Operating Margin	988,326	622,967	365,359
Operating Expenses	(383,432)	(290,450)	(92,982)
Operating Profit	604,894	332,517	272,377
Non-Operating Income and Expenses	4,943	(32,393)	37,336

Items	2018	2017	Increase(Decrease) Amount
Profit Before Income Tax	609,837	300,124	309,713
Income Tax Expenses	(138,585)	(62,252)	(76,333)
Profit for the year	471,252	237,872	233,380
Other Comprehensive Income(loss)	(6,088)	(7,507)	1,419
Comprehensive Income for the year	465,164	230,365	234,799
Earning Per Share (NT\$)	6.40	3.23	3.17

According to the above table

1.Turnover

- (I) Net consolidated revenue for 2018 of NT\$ 2,078,901 thousand, which increased by NT\$590,642 thousand compared with 2017 of NT\$ 1,488,259 thousand, the growth rate was 39.69%.
- (II) If comparing the sales by revenue, the growth rate was 24.52% in Mainland and was 58.55% in European region. It increased by 22.86% in The United States and increased by 30.43% in the domestic sales of Taiwan and other regions increased by 67.75%.

2. Profits

- (I) Consolidated operating margin in 2018 was NT\$988,326 thousand, compared with NT\$622,967 thousand in 2017 which was increased NT\$ 365,359 thousand. The increasing rate was 58.65%.
- (II) Profit before tax was NT\$609,837 thousand in 2018, which increased by NT\$309,713 thousand with comparison of NT\$300,124 thousand in 2017. The increasing rate was 103.20%. The main reasons are as follows:
 - A. The significant growth of revenue resulted in the higher Capacity Utilization, and the gross margin of Miniature Linear Guides increased and its percentage of revenue went up as well.
 - B. The effect on expansion of Japanese market is significant, which made the gross margin of Normal Linear Guides increased and its revenue went up as well.

(III) Basic earnings per share for the year ended December 31,2018 was NT\$6.40, which increased NT\$3.17 compared with NT\$3.23 in 2017.

(2) Parent Company Only Statement of Comprehensive Income for the years ended December 31, 2017 and 2016.

Unit:NT\$ Thousands

-	<u> </u>	'	Ullit.N15 Thousands
Items	2018	2017	Increase(Decrease) Amount
Sales revenue	1,836,489	1,198,518	637,971
Operating costs	(1,060,083)	(788,524)	(271,559)
Gross profit	776,406	409,994	366,412
Unrealized gain from inter-affiliate accounts	(94,712)	(52,500)	(42,212)
Realized gain from interaffiliate accounts	52,500	61,186	(8,686)
Net operating margin	734,194	418,680	315,514
Operating expenses	(240,107)	(179,646)	(60,461)
Operating profit	494,087	239,034	255,053
Non-operating income and expenses	93,373	39,456	53,917
Profit before income tax	587,460	278,490	308,970
Income tax expense	(114,743)	(40,319)	(74,424)
Profit for the year	472,717	238,171	234,546
Other comprehensive income (loss)	(6,102)	(7,503)	1,401
Comprehensive income for the year	466,615	230,668	235,947

(3) Parent Company Onlyof Profitability Analysis for the 2018 and 2017

Items	2018	2017
Return on Total Assets (%)	17.50%	10.77%
Return on Equity (%)	27.28%	16.49%
Operating Income to Paid-in Capital Ratio (%)	66.94%	38.53%
Pre-tax Income to Paid-in Capital Ratio (%)	79.59%	44.89%
Net Margin (%)	25.74%	19.87%
Basic Earnings Per Share (NT\$)	6.40	3.23

(4) Consolidated Company Only of Profit ability Analysis for the 2018 and 2017

Items	2018	2017
Return on Total Assets (%)	16.44%	10.25%
Return on Equity (%)	27.20%	16.49%
Operating Income to Paid-in Capital Ratio (%)	81.96%	53.59%
Pre-tax Income to Paid-in Capital Ratio (%)	82.63%	48.37%
Net Margin (%)	22.67%	15.98%
Basic Earnings Per Share (NT\$)	6.40	3.23

2. Enterprise Development

Chieftek Precision Co Ltd mainly engages in the production of linear motion products, among which the miniature linear slide products are the leading brands in the world. In addition to the production of miniature linear slide products, mechanical components, and sports products, the company continuous to research and develop in key components, including motor products, such as the production of linear motors, DD motor, highprecision X, Y Platform system development, design, and manufacturing, and long-term commits to the development of Taiwan, XY table Platform and high positioning subsystem. All products, including software, firmware, and hardware, are fully developed, manufactured, and produced. Also, the company also long-term invests in the development of high-end rotary and high-order servo motors and AC/DC drivers, and has CAN, EtherCAT, and other communication protocol functions, and can be connected to the encoders of various brands commonly used in the market. Besides, the company has been long-term engaged in the development of the upper-level control IDE platform, which includes PLC, CNC, and other modules, as well as the future development of AGV, VISION, SCADA, MES, and other modules. The above mentioned can do multi-axis synchronous control, multi-point 1.0, instant monitoring, etc., and can be used as a control platform for Industry 4.0. These are the primary development and investment direction of the company in the fields of industrial intelligence, IOT, Industry 4.0, and intelligentization in recent years, to meet the need of automation equipment and improve sales performance and profitability, successfully brightened up the international popularity of own branding" CPC".

Attachment 2

Chieftek Precision Co., Ltd.

2018 Supervisors' Review Report

Hereby to approve,

The undersigned PwC TW Mr. Lin, Yung-Chih and Ms. Lin, Tzu-Shu have duly audited

the Operating Report and Financial Statements prepared by the supervisor of the year of

2018, and issued recorded unqualified opinion auditing report. All statistical forms shall

be compiled in accordance with the law after being reviewing by the Supervisor. Any

discrepancies shall be reported to the superior in accordance with Article 219 of the

Company Law.

With respect,

CHIEFTEK PRECISION CO., LTD.2019 SHAREHOLDERS' MEETING

Chieftek Precision Co., Ltd.

Supervisor: LI MEI

Supervisor: TSENG HSU-WEN

March 12, 2019

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Chieftek Precision Co., Ltd.

2018 Supervisors' Review Report

Hereby to approve,

The profit distribution table of the 2018 provided by the board of directors of the

company was completed and reviewed by the supervisor, etc., and it was deemed that there

was no inconformity. Therefore, the application for review was required according to

Article 219 of the company act.

With respect,

CHIEFTEK PRECISION CO., LTD.2019 SHAREHOLDERS' MEETING

Chieftek Precision Co., Ltd.

Supervisor: LI MEI

Supervisor: TSENG HSU-WEN

May 2, 2019

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Attachment 3

2018 Employees' Profit sharing Bonus and Directors and Supervisors' Compensation

1. Percentage or range of remuneration of employees, directors and supervisors specified in the articles of association:

According to the provisions of the revised articles of association, this company should distribute 3% to 15% of profit of current year to reward employees, and should distribute no more than 3% of profit of current year to reward directors and supervisors. But when the company has accumulated loss, it should be covered. The employee remuneration should be distributed in cash or stock, and those who are distributed with cash or stock should meet certain conditions of being affiliated to the company employees. These certain conditions should be formulated by the board of directors.

- 2.The employees' compensation and the assignment of directors and supervisors in the year 2018 of the company were approved by the board of directors on March 12, 2019. The proposed distribution of the board of directors' approval is as follows:
 - (1) The proposed remuneration for allotment of employees in cash is NT\$48,000,000, which is approximately 7.40% of the profit for the current year. The amount of employee compensation reported on the accounts is NT\$48,000,000, which is the same amount as the project is listed as annual profit of 2019.
 - (2) The proposed distribution of directors by cash and the supervisor's remuneration is NT\$13,013,223 in cash, which is approximately 2.01% of the profit for the year, and the remuneration of directors and supervisors listed in the accounts is NT\$13,013,223, which is the same as NT\$13,013,223. This item is listed as profit and equal in 2018.
 - (3) The above-mentioned Employees' Profit sharing Bonus and Directors and Supervisors' Compensation have been expensed in 2018.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CHIEFTEK PRECISION CO., LTD.

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at 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 generally accepted auditing standards in the Republic of China (R.O.C. GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Adequacy of allowance for valuation loss on individually recognized obsolete or damaged inventories

Description

Refer to Note 4(9) for description of accounting policy on inventory, Note 5 for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(3) for description of inventory. As of December 31, 2018, the balances of inventories and allowance for inventory valuation losses were NT\$561,905 thousand and NT\$13,801 thousand, respectively.

The Company is primarily engaged in the manufacture and sales of linear slide and slide base. As users have high-level quality requirement, there is risk of inventory valuation losses or obsolescence. The Company measures its inventories at the lower of cost and net realizable value. For inventories aged over a certain period, the net realizable value is calculated based on the inventory clearance and historical data of discounts. The allowance for valuation loss mainly arises from individually recognized obsolete inventories. As the basis for individual recognition of inventory obsolescence involves subjective judgment resulting in high degree of estimation uncertainty, and considering that the Company's inventory and the allowance for inventory valuation losses are material to the financial statements, we identified the adequacy of the allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

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

- A. We obtained understanding of the Company's operations and its industry to assess the reasonableness of policies and procedures on allowance for inventory valuation loss.
- B. We verified whether the date used in the inventory aging reports that the Company applied to value inventories were accurate and complete. We recalculated and evaluated the reasonableness of allowance for inventory valuation losses in order to confirm whether the reported information was in line with the Company's policies.
- C. We selected samples from inventory items by each sequence number to verify its realizable value and to evaluate the reasonableness of allowance for inventory valuation loss.

Cut off of operating revenue from export sales

Description

Refer to Note 4(23) for the accounting policies on revenue recognition.

The Company sells in both domestic and foreign countries, and export sales is significant to the Company. Based on the Company's accounting policy, revenue is recognized when the significant risks and rewards

of ownership have been transferred to the customers. The terms and conditions of transactions vary from different export customers, and manual process of obtaining evidence of ownership transferred after delivery and judging the timing of revenue recognition are essential. As export sales involve manual process, daily transaction amounts are significant, timing of revenue recognition may not be in the proper period, and the transaction amounts around the balance sheet date are material, we consider the cut-off of export sales revenue a key audit matter.

How our audit addressed the matter

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

- A. We obtained an understanding and evaluated the effectiveness of internal controls relevant to cut-off of revenue, and tested the internal controls over goods delivery and customer billing process.
- B. We selected samples from details of export sales revenue around the balance sheet date, confirmed data completeness, performed cut-off tests on a sampling basis, including checking the terms and conditions of contracts, verifying the evidence of ownership transferred, and examining and analyzing the returns of goods of export sales after the balance sheet date to check whether export revenue, changes in inventories and cost of goods sold were recorded in the appropriate period.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the "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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the 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 supervisors, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

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

auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with R.O.C. GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with R.O.C. GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

Independent Accountants

Lin, Yung-Chih

Lin. Tzu-Shu

PricewaterhouseCoopers, Taiwan Republic of China March 12, 2019

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHIEFTEK PRECISION CO., LTD. PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2018 AND 2017

(Expressed in thousands of New Taiwan dollars)

			 December 31, 2018		December 31, 2017			
	Assets	Notes	 AMOUNT	<u>%</u>		AMOUNT	<u>%</u>	
Cur	rent assets							
1100 Ca	ash and cash equivalents	6(1)	\$ 513,703	17	\$	345,051	14	
1150 No	otes receivable, net	6(2) and 12	25,223	1		23,933	1	
1170 A	ccounts receivable, net	6(2) and 12	193,483	6		209,939	9	
1180 A	ccounts receivable-related	7						
pa	arties		331,376	11		215,744	9	
1200 Or	ther receivables		4,209	-		4,028	-	
1210 Ot	ther receivables-related parties	7	-	-		45,033	2	
130X In	nventory	5 and 6(3)	548,104	18		293,179	12	
1410 Pr	repayments		 13,601			8,223		
11XX	Total current assets		 1,629,699	53		1,145,130	47	
Non	-current assets							
1550 In	evestments accounted for under	6(4)						
eq	quity method		404,277	13		306,036	13	
1600 Pr	roperty, plant and equipment	6(5) and 8	848,825	28		814,135	34	
1780 In	ntangible assets	6(6)(7)	101,446	3		42,907	2	
1840 De	eferred income tax assets	6(21)	27,076	1		16,552	1	
1915 Pr	repayments for equipment	6(5)	52,737	2		11,561	-	
1920 G	uarantee deposits paid		1,567	-		1,561	-	
1980 Ot	ther financial assets-non-current	8	-	-		1,445	-	
1990 Ot	ther non-current assets	6(6) and 7	 3,436			73,185	3	
15XX	Total non-current assets		 1,439,364	47		1,267,382	53	
1XXX To	otal assets		\$ 3,069,063	100	\$	2,412,512	100	

(Continued)

CHIEFTEK PRECISION CO., LTD. PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2018 AND 2017 (Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes		December 31, 2018 AMOUNT %			December 31, 2017 AMOUNT	2017 %	
	Liabilities	Notes		AWOUNT	70		AMOUNT	70	
	Current liabilities								
2100	Short-term borrowings	6(8)(25)	\$	120,000	4	\$	125,000	5	
2130	Current contract liabilities	6(15) and 12		94	-		-	_	
2150	Notes payable			154,647	5		115,672	5	
2170	Accounts payable			67,610	2		90,645	4	
2200	Other payables	6(9)		166,059	5		113,081	5	
2230	Current income tax liabilities	6(21)		81,873	3		21,642	1	
2310	Advance receipts	12		-	-		727	-	
2320	Long-term liabilities, current	6(10)(25), 8 and 9							
	portion			55,134	2		58,533	2	
21XX	Total current liabilities			645,417	21		525,300	22	
	Non-current liabilities								
2540	Long-term borrowings	6(10)(25), 8 and 9		421,116	14		332,100	14	
2570	Deferred income tax liabilities	6(21)		25,827	1		8,697	-	
2640	Net defined benefit liabilities	6(11)		7,444	-		5,674	-	
2670	Other non-current liabilities	6(4)		33,404	1		10,825	1	
25XX	Total non-current liabilities			487,791	16		357,296	15	
2XXX	Total liabilities			1,133,208	37		882,596	37	
	Equity								
	Share capital	6(12)(14)							
3110	Share capital - common stock			738,069	24		620,455	26	
	Capital reserves	6(13)(14)							
3200	Capital surplus			440,667	14		463,051	19	
	Retained earnings	6(12)(14)(21)							
3310	Legal reserve			97,280	3		73,463	3	
3320	Special reserve			12,367	-		5,928	-	
3350	Unappropriated retained earnings			664,519	22		497,930	21	
3400	Other equity interest		(17,047)	-	(12,367) (1)	
3500	Treasury stocks	6(12)		<u>-</u>		(118,544) (5)	
3XXX	Total equity			1,935,855	63		1,529,916	63	
	Significant Contingent Liabilities	6(23), 7 and 9							
	and Unrecognized Contract								
	Commitments								
3X2X	Total liabilities and equity		\$	3,069,063	100	\$	2,412,512	100	

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

CHIEFTEK PRECISION CO., LTD. PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (Expressed in thousands of New Taiwan dollars, except for earning per share amounts)

			Year ended December 31							
				2018				2017		
	Items	Notes		AMOUNT	_	%		AMOUNT	_	%
4000	Sales revenue	6(15) and 7	\$	1,836,489		100	\$	1,198,518		100
5000	Operating costs	6(3)(6)(11)(19)(20)(2								
		3)	(1,060,083)	(_	58)	(788,524)	(66)
5900	Gross profit			776,406		42		409,994		34
5910	Unrealized gain from inter-affiliate	6(4)	,	0.4.710		-	,	50.500	,	
5020	accounts	C(1)	(94,712)	(5)	(52,500)	(4)
5920	Realized gain from inter-affiliate	6(4)		52.500		2		C1 10C		_
5950	accounts		-	52,500 734,194	_	40		61,186 418,680	_	35
3930	Net operating margin Operating expenses	6(6)(11)(10)(20) and	-	734,194	_	40		410,000	_	33
	Operating expenses	6(6)(11)(19)(20) and 7								
6100	Selling expenses	,	(45,427)	(3)	(39,451)	(3)
6200	General and administrative expenses		(116,820)		6)	(74,813)	•	6)
6300	Research and development expenses		(78,768)		4)	(65,382)	•	6)
6450	Expected credit impairment profit	12	(908		-	`	-	`	-
6000	Total operating expenses		(240,107)	(13)	(179,646)	(15)
6900	Operating profit		`	494,087	_	27	`	239,034	`_	20
	Non-operating income and expenses			,,,,,,	_					
7010	Other income	6(16), 7 and 12		4,223		_		7,694		1
7020	Other gains and losses	6(6)(7)(17) and 12		19,948		1	(34,328)	(3)
7050	Finance costs	6(18)	(8,602)		_	(9,043)	(1)
7070	Share of profit of subsidiaries,	6(4)								
	associates and joint ventures									
	accounted for under equity method			77,804	_	4		75,133		6
7000	Total non-operating income and									
	expenses			93,373	_	5		39,456		3
7900	Profit before income tax			587,460		32		278,490		23
7950	Income tax expense	6(21)	(114,743)	(_	6)	(40,319)	(3)
8200	Profit for the year		\$	472,717	_	26	\$	238,171	_	20
	Other comprehensive income									
	(loss)(Net)									
	Components of other comprehensive									
	income (loss) that will not be									
	reclassified to profit or loss									
8311	Actuarial loss on defined benefit	6(11)	(d)	2.005			(h	4.004		
0240	plans	c(01)	(\$	2,005)		-	(\$	1,281)		-
8349	Income tax related to components of	6(21)								
	other comprehensive income that will not be reclassified to profit or									
	loss			583		_		217		_
	Components of other comprehensive			363				217		
	income (loss) that will be reclassified									
	to profit or loss									
8361	Financial statements translation	6(4)								
	differences of foreign operations	, ,	(4,680)	(1)	(6,439)	(1)
8300	Other comprehensive loss for the		`		,		`		`	
	year		(\$	6,102)	(_	1)	(\$	7,503)	(1)
8500	Total comprehensive income for the				_					
	year		\$	466,615	_	25	\$	230,668	_	19
	Earnings per share (in dollars)	6(22)								
9750	Basic		\$			6.40	\$			3.23
9850	Diluted		\$			6.35	\$			3.21

CHIEFTEK PRECISION CO., LTD. PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in thousands of New Taiwan dollars)

Other equity

Financial		
statements translation		
Unappropriated differences of		
Share capital - retained foreign		
Notes common stock Capital reserve Legal reserve Special reserve earnings operations	Treasury stocks	Total
For the year ended December 31, 2017		
Balance at January 1, 2017 \$ 620,455 \$ 463,051 \$ 64,905 \$ - \$ 334,354 (\$ 5,928)	(\$ 118,544)	\$ 1,358,293
Profit for the year 238,171 -		238,171
Other comprehensive loss for the year (1,064) (6,439)	-	(7,503)
Total comprehensive income (loss) for the year 237,107 (6,439)		230,668
Distribution of 2016 profit:	<u> </u>	
Legal reserve 8,558 - (8,558) -	-	-
Special reserve 6(14) 5,928 (5,928) -	-	-
Cash dividends 6(14) (59,045) -	-	(59,045)
Balance at December 31, 2017 \$ 620,455 \$ 463,051 \$ 73,463 \$ 5,928 \$ 497,930 (\$ 12,367)	(\$ 118,544)	\$ 1,529,916
For the year ended December 31, 2018		
Balance at January 1, 2018 \$ 620,455 \$ 463,051 \$ 73,463 \$ 5,928 \$ 497,930 (\$ 12,367)	(\$ 118,544)	\$ 1,529,916
Profit for the year 472,717 -	-	472,717
Other comprehensive loss for the year	<u>-</u>	(6,102)
Total comprehensive income (loss) for the year	<u> </u>	466,615
Distribution of 2017 profit:		
Legal reserve 23,817 - (23,817) -	-	-
Special reserve 6(14) 6,439 (6,439) -	-	-
Cash dividends 6(14) (59,045) -	-	(59,045)
Stock dividends 6(12)(14) 147,614 (147,614) -	-	-
Retirement of treasury stock 6(12)(13) (30,000) (22,384) (66,160) -	118,544	-
Difference between the acquisition price and carrying amount of subsidiaries 6(14)		(1,631_)
Balance at December 31, 2018 <u>\$ 738,069</u> <u>\$ 440,667</u> <u>\$ 97,280</u> <u>\$ 12,367</u> <u>\$ 664,519</u> (<u>\$ 17,047</u>)	\$ -	\$ 1,935,855

CHIEFTEK PRECISION CO., LTD. PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	For the years ended December				
	Notes		2018		2017
CASH FLOWS FROM OPERATING ACTIVITIES					
<u> </u>		Φ	507.460	Φ	270 400
Profit before tax		\$	587,460	\$	278,490
Adjustments					
Adjustments to reconcile profit (loss)	10	,	000 \		
Expected credit impairment profit	12	(908)	,	1 176
Reversal of allowance for doubtful accounts	6(16) and 12	,	- 0.000	(1,176)
(Gain) loss on inventory market price decline	6(3)	(8,690)		9,119
Share of profit of subsidiaries, associates and	6(4)				
joint ventures accounted for under equity		,	77.004)	,	75 100 \
method	C(4)	(77,804)	(75,133)
Unrealized gain from inter-affiliate accounts	6(4)	,	94,712	,	52,500
Realized gain from inter-affiliate accounts	6(4)	(52,500)	(61,186)
Depreciation	6(5)(19)		75,652		98,067
Gain on disposal of property, plant and	6(17)				
equipment	c(c)(10)		-	(2,027)
Amortization	6(6)(19)		2,319		1,962
Impairment loss	6(6)(7)(17)		10,117		10,162
Interest income	6(16)	(3,372)	(775)
Interest expense	6(18)		8,602		9,043
Changes in operating assets and liabilities					
Changes in operating assets					
Notes receivable		(1,290)	(5,087)
Accounts receivable			17,364	(35,097)
Accounts receivable-related parties		(115,632)	(64,478)
Other receivables		(181)	(2,540)
Other receivables-related parties			4,602	(4,525)
Inventories		(246,235)	(93,720)
Prepayments		(5,378)	(2,565)
Changes in operating liabilities					
Current contract liabilities			94		-
Notes payable			40,200		46,615
Accounts payable		(23,035)		47,777
Other payables			43,425		46,356
Advance receipts		(727)		469
Net defined benefit liabilities		(235)	(232)
Cash inflow generated from operations			348,560		252,019
Interest received			3,276		521
Interest paid		(8,596)	(9,075)
Income tax paid		(47,323)	(13,594)
Net cash flows from operating activities			295,917		229,871

(Continued)

CHIEFTEK PRECISION CO., LTD. PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		For the years ended December 31,			
	Notes		2018		2017
CASH FLOWS FROM INVESTING ACTIVITIES					
Decrease (increase) in other non-operating receivables due from related parties Interest received from borrowings and lending		\$	40,431	(\$	40,431)
among related parties			96		254
Cash paid for acquisition of investments accounted for under equity method-subsidiaries	6(4)	(46,381)	(15,170)
Cash paid for acquisition of property, plant and equipment	6(24)	(58,123)	(31,934)
Interest paid for acquisition of property, plant and	6(5)(18)(24)			`	,,
equipment Proceeds from disposal of property, plant and		(845)		-
equipment			-		2,600
Cash paid for acquisition of intangible assets	6(6)	(1,170)	(3,899)
Increase in prepayment for equipment		(84,228)	(8,758)
(Increase) decrease in guarantee deposits paid		(6)		412
Decrease (increase) in other financial assets-non-					
current			1,445	(15)
Increase in other non-current assets		(56)	(35,671)
Net cash flows used in investing activities CASH FLOWS FROM FINANCING ACTIVITIES		(148,837)	(132,612)
Decrease in short-term borrowings	6(25)	(5,000)		-
Increase in long-term borrowings	6(25)		510,000		-
Decrease in long-term borrowings	6(25)	(424,383)	(58,533)
Payment of cash dividends	6(14)	(59,045)	(59,045)
Net cash flows from (used in) financing					
activities			21,572	(117,578)
Net increase (decrease) in cash and cash equivalents			168,652	(20,319)
Cash and cash equivalents at beginning of year	6(1)		345,051		365,370
Cash and cash equivalents at end of year	6(1)	\$	513,703	\$	345,051

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of CHIEFTEK PRECISION CO., LTD.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Financial Reporting Interpretations Committee Interpretations, and Standing Interpretations Committee Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

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

Adequacy of allowance for valuation loss on individually recognized obsolete or damaged inventories

Description

Refer to Note 4(10) for description of accounting policy on inventory, Note 5 for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(3) for description of inventory. As of December 31, 2018, the balances of inventories and allowance for inventory valuation losses were NT\$738,388 thousand and NT\$54,844 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of linear slide and slide base. As users have high-level quality requirement, there is risk of inventory valuation loss or obsolescence. The Group measures its inventories at the lower of cost and net realizable value. For inventories aged over a certain period, the net realizable value is calculated based on the inventory clearance and historical data of discounts. The allowance for valuation loss mainly arises from individually recognized obsolete inventories, As the basis for individual recognition of inventory obsolescence involves subjective judgment resulting in high degree of estimation uncertainty and considering that the Group's inventory and the allowance for inventory valuation loss are material to the financial statements, we identified the adequary of the allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

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

- A. We obtained understanding of the Group's operations and its industry to assess the reasonableness of policies and procedures on allowance for inventory valuation loss.
- B. We verified whether the date used in the inventory aging reports that the Group applied to value inventories were accurate and complete. We recalculated and evaluated the reasonableness of allowance for inventory valuation loss in order to confirm whether the reported information was in line with the Group's policies.
- C. We selected samples from inventory items by each sequence number to verify its realizable value and to evaluate the reasonableness of allowance for inventory valuation loss.

Cut off of operating revenue from export sales

Description

Refer to Note 4(23) for the accounting policies on revenue recognition.

The Group sells in both domestic and foreign countries, and export sales is significant to the Group. Based on the Group's accounting policy, revenue is recognized when the significant risks and rewards of ownership have been transferred to the customers. The terms and conditions of transactions vary from different export customers, and the manual process of obtaining evidence of ownership transfer after delivery and judging the timing of revenue recognition are essential. As export sales involve manual process, daily transaction amounts are significant, timing of revenue recognition may not be in the proper period, and the transaction amounts around balance sheet date are material, we consider the cut-off of export sales revenue a key audit matter.

How our audit addressed the matter

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

- A. We obtained an understanding and evaluated the effectiveness of internals controls relevant to cutoff of revenue and tested the internal controls of goods delivery and customer billing process.
- B. We selected samples from details of export sales revenue around the balance sheet date, confirmed data completeness, performed cut-off tests on a sampling basis, including checking the terms and conditions of contracts, verifying the evidence of ownership transferred, and examining and analyzing the returns of goods of export sales after the balance sheet date to check whether export revenue, changes in inventories and cost of goods sold were recorded in the appropriate period.

Other matter – Parent company only financial statements

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

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with R.O.C GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with R.O.C GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Lin, Yung-Chih

Independent Accountants

Lin, Tzu-Shu

PricewaterhouseCoopers, Taiwan Republic of China March 12, 2019

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2018 AND 2017

(Expressed in thousands of New Taiwan dollars)

			 December 31, 2018		December 31, 201	
	Assets	Notes	 AMOUNT	<u>%</u>	AMOUNT	
	Current assets					
1100	Cash and cash equivalents	6(1)	\$ 797,400	25	\$ 651,824	25
1150	Notes receivable, net	6(2) and 12	50,722	2	26,540	1
1170	Accounts receivable, net	6(2) and 12	432,443	13	400,091	15
1200	Other receivables		12,371	-	4,522	-
130X	Inventories	5 and 6(3)	683,544	21	374,046	14
1410	Prepayments		 21,825	1	22,598	1
11XX	Total current assets		 1,998,305	62	1,479,621	56
	Non-current assets					
1600	Property, plant and equipment	6(4)(5) and 8	1,035,570	32	999,260	38
1780	Intangible assets	6(5)(6)	124,977	4	123,173	5
1840	Deferred income tax assets	6(20)	27,076	1	16,552	1
1915	Prepayments for equipment	6(4)	52,737	1	11,561	-
1920	Guarantee deposits paid		5,076	-	5,161	-
1980	Other financial assets - non-	8				
	current		-	-	1,445	-
1990	Other non-current assets		 3,643		2,046	
15XX	Total non-current assets		1,249,079	38	1,159,198	44
1XXX	Total assets		\$ 3,247,384	100	\$ 2,638,819	100

(Continued)

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2018 AND 2017 (Expressed in thousands of New Taiwan dollars)

		•		December 31, 2018			December 31, 2017	
	Liabilities and Equity	Notes		AMOUNT	<u>%</u>		AMOUNT	<u>%</u>
	Liabilities							
	Current liabilities							
2100	Short-term borrowings	6(7)(25)	\$	210,407	6	\$	214,755	8
2130	Current contract liabilities	6(14) and 12		1,828	-		-	-
2150	Notes payable			154,647	5		115,672	4
2170	Accounts payable			68,940	2		91,689	4
2200	Other payables	6(8)		196,074	6		140,970	5
2230	Current income tax liabilities	6(20)		83,397	3		27,276	1
2310	Advance receipts	12		1,781	-		3,422	-
2320	Long-term liabilities, current	6(9)(25), 8 and 9						
	portion			57,208	2		69,935	3
21XX	Total current liabilities			774,282	24		663,719	25
	Non-current liabilities							
2540	Long-term borrowings	6(9)(25), 8 and 9		503,976	15		430,993	17
2570	Deferred income tax liabilities	6(20)		25,827	1		8,697	-
2640	Net defined benefit liabilities	6(10)		7,444			5,674	
25XX	Total non-current liabilities			537,247	16		445,364	17
2XXX	Total liabilities			1,311,529	40		1,109,083	42
	Equity							
	Share capital	6(11)(13)						
3110	Share capital - common stock			738,069	23		620,455	23
	Capital reserves	6(11)(12)						
3200	Capital surplus			440,667	14		463,051	18
	Retained earnings	6(11)(13)(22)						
3310	Legal reserve			97,280	3		73,463	3
3320	Special reserve			12,367	-		5,928	-
3350	Unappropriated retained earnings			664,519	20		497,930	19
3400	Other equity interest		(17,047)	-	(12,367)	-
3500	Treasury stocks	6(11)		<u>-</u>		(118,544) (<u>5</u>)
31XX	Equity attributable to owners	3						
	of the parent			1,935,855	60		1,529,916	58
36XX	Non-controlling interest			-	-	(180)	-
3XXX	Total equity			1,935,855	60		1,529,736	58
	Significant Contingent Liabilities	6(23) and 9						
	and Unrecognized Contract							
	Commitments							
3X2X	Total liabilities and equity		\$	3,247,384	100	\$	2,638,819	100

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

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Year ended December 31 2017 2018 AMOUNT AMOUNT Items Notes 4000 Sales revenue 6(14) 2,078,901 100 1,488,259 100 5000 **Operating costs** 6(3)(5)(10)(18)(19)(2 3) 1,090,575) 53) 865,292) 58) 47 622,967 42 5900 Net operating margin 988,326 Operating expenses 6(5)(10)(18)(19) and 6100 Selling expenses 122,653) 97.879) 7) 6) 6200 General and administrative expenses 168,236) 8) 127,189) 9) (6300 Research and development expenses 87,175) 4) 65,382) 4) 6450 Expected credit impairment loss 12 5,368) 6000 Total operating expenses 383,432) 18) 290,450) 20) 6900 Operating profit 604,894 29 332,517 22 Non-operating income and expenses 7010 Other income 6(15) and 12 9,292 8,672 1 7020 Other gains and losses 6(5)(6)(16) and 12 11,327 29,093) 1 2) 7050 6(7)(9)(17) Finance costs 15,676) 1) 11,972) 1) 7000 Total non-operating income and 4,943 32,393) expenses 2) 7900 Profit before income tax 609,837 29 300,124 20 7950 138,585) 62,252) Income tax expense 6(20)7) 4) 471.252 22 237,872 8200 16 Profit for the year Other comprehensive income (loss)(Net) Components of other comprehensive income (loss) that will not be reclassified to profit or loss Actuarial loss on defined benefit 8311 6(10) (\$ 2,005) (\$ 1,281) 8349 Income tax related to components of 6(20) other comprehensive income that will not be reclassified to profit or 583 217 loss Components of other comprehensive income (loss) that will be reclassified to profit or loss 8361 Financial statements translation differences of foreign operations 4,666) 6,443) 1) Total other comprehensive loss for 8300 the year 6,088) 7,507) 1) 8500 Total comprehensive income for the 465,164 230,365 15 Profit (loss) attributable to: 8610 Owners of the parent 472,717 22 \$ 238,171 16 8620 Non-controlling interest 1,465) 299) 471,252 237,872 16 Comprehensive income (loss) attributable to: 8710 Owners of the parent 466,615 22 230,668 15 8720 Non-controlling interest 1,451) 303) 230.365 465,164 15 Earnings per share (in dollars) 6(21) 9750 Basic 6.40 3 23 9850 **Diluted** 6.35 3.21

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent Retained Earnings Other Equity Interest Financial statements Share capital -Unappropriated translation differences Non-controlling Notes common stock Capital reserve Legal reserve Special reserve retained earnings of foreign operations Treasury stocks Total interest Total equity For the year ended December 31, 2017 Balance at January 1, 2017 620,455 463,051 334,354 5,928) 118,544) 1.358.293 123 \$ 1,358,416 Profit (loss) for the year 238,171 238,171 299) 237,872 Other comprehensive loss for the year 1,064) 6,439 7,503 4) 7,507) Total comprehensive income (loss) for the year 237,107 6,439 230,668 303) 230,365 Distribution of 2016 profit 8,558 Legal reserve 8,558) 5.928 Special reserve 6(13) 5.928) Cash dividends 6(13) 59,045) 59,045) 59,045) Balance at December 31, 2017 620,455 \$ 463,051 73,463 5,928 497,930 (\$ 12,367) 118,544) \$ 1.529.916 180) \$ 1,529,736 For the year ended December 31, 2018 Balance at January 1, 2018 620,455 463.051 73,463 5,928 497,930 12,367 118,544 1.529,916 180) \$ 1,529,736 472,717 472,717 1.465) 471.252 Profit (loss) for the year Other comprehensive loss for the year 1,422) 4,680 6,102 14 6,088) Total comprehensive income (loss) for the 1,451) year 471,295 4,680 466,615 465,164 Distribution of 2017 profit Legal reserve 23,817 23,817) Special reserve 6(13) 6,439 6,439) Cash dividends 6(13) 59,045) 59,045) 59,045) Stock dividends 147,614 147,614) 6(11)(13) Retirement of treasury stock 118,544 6(11)(12) 30,000) 22,384) 66,160) Difference between the acquisition price and 6(22) carrying amount of subsidiaries 1,631) 1,631) 1,631 738,069 \$ 440,667 97,280 664,519 17,047 \$ 1,935,855 \$ 1,935,855 Balance at December 31, 2018 12,367

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

(Expressed in thousands of New Taiwan dollars,)

Notes 2018 2017 CASH FLOWS FROM OPERATING ACTIVITIES Profit before tax \$ 609,837 \$ 300,124 Adjustments *** *** Adjustments to reconcile profit (loss) *** *** Expected credit impairment loss 12 5,368 - Reversal of illowance for doubtful accounts 6(15) and 12 - (2,300) Reversal of inventory market price decline 6(3) (3,712) (14,424) Depreciation 6(4)(5)(18) 84,158 101,951 Loss (gain) on disposal of property, plant and equipment 41 2,027 Amortization 6(5)(18) 2,753 2,036 Impairment loss 6(5)(6)(16) 10,117 10,162 Interest income 6(15) 5,333 2,170 Interest expense 6(17) 15,676 11,972 Changes in operating assets and liabilities (24,182) 5,655 Accounts receivable (37,433) 73,903 Other receivables (37,433) 73,903 <t< th=""><th>\ 1</th><th></th><th></th><th>For the years end</th><th>led Dece</th><th>ember 31,</th></t<>	\ 1			For the years end	led Dece	ember 31,
Profit before tax		Notes		2018		2017
Adjustments Adjustments to reconcile profit (loss) Expected credit impairment loss 12 5,368 - Reversal of allowance for doubtful accounts 6(15) and 12 - (2,300) Reversal of inventory market price decline 6(3) (3,712) (14,424) Depreciation 6(4)(5)(18) 84,158 101,951 Loss (gain) on disposal of property, plant and equipment 41 (2,027) Amortization 6(5)(18) 2,753 2,036 Impairment loss 6(5)(6)(16) 10,117 10,162 Interest income 6(15) (5,333) (2,170) Interest expense 6(17) 15,676 11,972 Changes in operating assets and liabilities Changes in operating assets and liabilities Changes in operating assets and liabilities Changes in operating assets (305,750) (40,760) Prepayments (22,749) 48,995 Other payable (22,749) 48,995 Other payable (22,749) 48,995 Other payable (1,641) 2,450 Note defined benefit liabilities (235) (232) Cash inflow generated from operations (14,970) (11,767) Income tax received (14,970) (11,767) Income tax received (14,970) (11,767) Income tax received (2,575) (30,147)	CASH FLOWS FROM OPERATING ACTIVITIES					
Adjustments to reconcile profit (loss) Expected credit impairment loss 12 5,368 - Reversal of allowance for doubtful accounts 6(15) and 12 - (2,300) Reversal of inventory market price decline 6(3) (3,712) (14,424) Depreciation 6(4)(5)(18) 84,158 101,951 Loss (gain) on disposal of property, plant and equipment 41 (2,027) Amortization 6(5)(18) 2,753 2,036 Impairment loss 6(5)(6)(16) 10,117 10,162 Interest income 6(15) (5,333) (2,170) Interest expense 6(17) 15,676 11,972 Changes in operating assets and liabilities (24,182) 5,655 Accounts receivable (24,182) 5,655 Accounts receivable (37,433) (73,903) Other receivables (305,750) (40,760) Prepayments (305,750) (40,760) Prepayments (305,750) (40,760) Prepayments (22,749) 48,995 Other payables (22,749) 48,995 Other payables (1,641) 2,450 Not defined benefit liabilities (235) (232) Cash inflow generated from operations 406,680 446,196 Interest received (1,4970) (11,767) Income tax received (1,4970) (11,767) Income tax received (2,5275) (30,147)	Profit before tax		\$	609,837	\$	300,124
Expected credit impairment loss 12 5,368	Adjustments					
Reversal of allowance for doubtful accounts 6(15) and 12 - (2,300) Reversal of inventory market price decline 6(3) (3,712) (14,424) Depreciation 6(4)(5)(18) 84,158 101,951 Loss (gain) on disposal of property, plant and equipment 6(16) 41 (2,027) Amortization 6(5)(18) 2,753 2,036 Impairment loss 6(5)(6)(16) 10,117 10,162 Interest income 6(15) (5,333) (2,170) 11,972 Changes in operating assets and liabilities 6(17) 15,676 11,972 Changes in operating assets 8 44,182 (3,482) 5,655 Accounts receivable (37,433) (73,903) 73,903 (3,750) 40,760 (3,750) 40,760 (3,750) 40,760 (3,750) 40,760 (3,750) 40,760 (3,750) 60,900 (3,750) 60,900 (3,750) 60,900 (3,750) 60,900 (3,750) 60,900 (3,750) 60,900 (3,750) 60,900 (3,750) 60,900 (3,750) 60,900 (3,750) 60,900 (3,750) 60,900 (3,750) 60,900 (3,750) 60,900 (3,750) 60,900 (3,750) 60,900 (3,750) 60,900 (3,750) 60,900 (3,750) 60,	Adjustments to reconcile profit (loss)					
Reversal of inventory market price decline 6(3) (3,712) (14,424) Depreciation 6(4)(5)(18) 84,158 101,951 Loss (gain) on disposal of property, plant and equipment 6(16) 41 (2,027) Amortization 6(5)(18) 2,753 2,036 Impairment loss 6(5)(6)(16) 10,117 10,162 Interest income 6(15) (5,333) (2,170) 11,972 Changes in operating assets and liabilities Changes in operating assets 8 5,655 Accounts receivable (24,182) 5,655 Accounts receivables (37,433) (73,903) 73,903) Other receivables (7,849) (2,597) 40,760) Prepayments (305,750) (40,760) 773 (6,090) Changes in operating liabilities (30,900) 46,615 Current contract liabilities 1,828	Expected credit impairment loss	12		5,368		-
Depreciation	Reversal of allowance for doubtful accounts	6(15) and 12		-	(2,300)
Loss (gain) on disposal of property, plant and equipment 6(16) Amortization 6(5)(18) 2,753 2,036 Impairment loss 6(5)(6)(16) 10,117 10,162 Interest income 6(15) 5,333) 2,170) Interest expense 6(17) 15,676 11,972 Changes in operating assets and liabilities Changes in operating assets 5,655 Accounts receivable (24,182) 5,655 Accounts receivable (37,433) 73,903) Other receivables (7,849) 2,597) Inventories (305,750) 40,760) Prepayments 773 6,090) Changes in operating liabilities 1,828 - Current contract liabilities 1,828 - Notes payable 40,200 46,615 Accounts payable 44,813 60,739 Advance receipts (1,641) 2,450 Net defined benefit liabilities (16,641) 2,450 Net defined benefit liabilities (14,970) 11,767	Reversal of inventory market price decline	6(3)	(3,712)	(14,424)
equipment 41 (2,027) Amortization 6(5)(18) 2,753 2,036 Impairment loss 6(5)(6)(16) 10,117 10,162 Interest income 6(15) 5,333) (2,170) Interest expense 6(17) 15,676 11,972 Changes in operating assets and liabilities Changes in operating assets Notes receivable (24,182) 5,655 Accounts receivable (37,433) (73,903) 73,903) Other receivables (7,849) (2,597) Inventories (305,750) (40,760) 40,760) Prepayments 773 (6,090) Changes in operating liabilities 1,828	Depreciation	6(4)(5)(18)		84,158		101,951
Amortization 6(5)(18) 2,753 2,036 Impairment loss 6(5)(6)(16) 10,117 10,162 Interest income 6(15) 5,333) 2,170) Interest expense 6(17) 15,676 11,972 Changes in operating assets and liabilities Changes in operating assets Notes receivable (24,182) 5,655 Accounts receivable (37,433) 73,903) Other receivables (305,750) 40,760) Prepayments 773 (6,090) Changes in operating liabilities 1,828 - Current contract liabilities 1,828 - Notes payable 40,200 46,615 Accounts payable (22,749) 48,995 Other payables (1,641) 2,450 Net defined benefit liabilities (235) 232) Cash inflow generated from operations 406,680 446,196 Interest paid (14,970) 11,767) Income tax received - 254 Income tax paid (75,27	Loss (gain) on disposal of property, plant and	6(16)				
Impairment loss 6(5)(6)(16) 10,117 10,162 Interest income 6(15) 5,333 2,170 Interest expense 6(17) 15,676 11,972 Changes in operating assets 31,972 31,676 11,972 Changes in operating assets 32,172 31,675 31,972 Notes receivable (24,182) 5,655 Accounts receivable (37,433) 73,903 30,903 Other receivables (305,750) 40,760 40,760 Prepayments 773 6,090 40,760 Prepayments 1,828 - Current contract liabilities 1,828 - Current contract liabilities 1,828 - Notes payable 40,200 46,615 Accounts payable 22,749 48,995 Other payables 44,813 60,739 Advance receipts (1,641) 2,450 Net defined benefit liabilities (235) 232) Cash inflow generated from operations 40,680 446,1	equipment			41	(2,027)
Interest income 6(15) (5,333) (2,170) Interest expense 6(17) 15,676 11,972 Changes in operating assets on operating assets 31,972 11,972 Notes receivable on operating assets (24,182) 5,655 Accounts receivable on operating receivable on operation operations on operation on operation oper	Amortization	6(5)(18)		2,753		2,036
Interest income 6(15) (5,333) (2,170) Interest expense 6(17) 15,676 11,972 Changes in operating assets on operating assets 31,972 11,972 Notes receivable of the receivable	Impairment loss	6(5)(6)(16)		10,117		10,162
Changes in operating assets and liabilities Changes in operating assets (24,182) 5,655 Notes receivable (37,433) (73,903) Other receivables (7,849) (2,597) Inventories (305,750) (40,760) Prepayments 773 (6,090) Changes in operating liabilities 1,828	Interest income	6(15)	(5,333)	(2,170)
Changes in operating assets (24,182) 5,655 Accounts receivable (37,433) (73,903) Other receivables (7,849) (2,597) Inventories (305,750) (40,760) Prepayments 773 (6,090) Changes in operating liabilities 1,828	Interest expense	6(17)		15,676		11,972
Changes in operating assets (24,182) 5,655 Accounts receivable (37,433) (73,903) Other receivables (7,849) (2,597) Inventories (305,750) (40,760) Prepayments 773 (6,090) Changes in operating liabilities 1,828	<u> -</u>					
Notes receivable (24,182) 5,655 Accounts receivable (37,433) (73,903) Other receivables (7,849) (2,597) Inventories (305,750) (40,760) Prepayments 773 (6,090) Changes in operating liabilities T,828						
Other receivables (7,849) (2,597) Inventories (305,750) (40,760) Prepayments 773 (6,090) Changes in operating liabilities 1,828			(24,182)		5,655
Inventories (305,750) (40,760) Prepayments 773 (6,090) Changes in operating liabilities 1,828 Current contract liabilities 1,828 Notes payable 40,200 46,615 Accounts payables (22,749) 48,995 Other payables 44,813 60,739 Advance receipts (1,641) 2,450 Net defined benefit liabilities (235) (232) 232) Cash inflow generated from operations 406,680 446,196 Interest received 5,333 2,170 Income tax received - 254 Income tax paid (75,275) (30,147)	Accounts receivable		(37,433)	(73,903)
Prepayments 773 (6,090) Changes in operating liabilities 1,828	Other receivables		(7,849)	(2,597)
Changes in operating liabilities 1,828 - Current contract liabilities 40,200 46,615 Notes payable (22,749) 48,995 Other payables 44,813 60,739 Advance receipts (1,641) 2,450 Net defined benefit liabilities (235) (232) Cash inflow generated from operations 406,680 446,196 Interest received 5,333 2,170 Interest paid (14,970) 11,767) Income tax received - 254 Income tax paid (75,275) 30,147)	Inventories		(305,750)	(40,760)
Current contract liabilities 1,828 - Notes payable 40,200 46,615 Accounts payable (22,749) 48,995 Other payables 44,813 60,739 Advance receipts (1,641) 2,450 Net defined benefit liabilities (235) (232) Cash inflow generated from operations 406,680 446,196 Interest received 5,333 2,170 Interest paid (14,970) 11,767) Income tax received - 254 Income tax paid (75,275) 30,147)	Prepayments			773	(6,090)
Notes payable 40,200 46,615 Accounts payable (22,749) 48,995 Other payables 44,813 60,739 Advance receipts (1,641) 2,450 Net defined benefit liabilities (235) 232) Cash inflow generated from operations 406,680 446,196 Interest received 5,333 2,170 Interest paid (14,970) 11,767) Income tax received - 254 Income tax paid (75,275) 30,147)	Changes in operating liabilities					
Accounts payable (22,749) 48,995 Other payables 44,813 60,739 Advance receipts (1,641) 2,450 Net defined benefit liabilities (235) (232) Cash inflow generated from operations 406,680 446,196 Interest received 5,333 2,170 Interest paid (14,970) 11,767) Income tax received - 254 Income tax paid (75,275) 30,147)	Current contract liabilities			1,828		-
Accounts payable (22,749) 48,995 Other payables 44,813 60,739 Advance receipts (1,641) 2,450 Net defined benefit liabilities (235) (232) Cash inflow generated from operations 406,680 446,196 Interest received 5,333 2,170 Interest paid (14,970) 11,767) Income tax received - 254 Income tax paid (75,275) 30,147)	Notes payable			40,200		46,615
Other payables 44,813 60,739 Advance receipts (1,641) 2,450 Net defined benefit liabilities (235) (232) Cash inflow generated from operations 406,680 446,196 Interest received 5,333 2,170 Interest paid (14,970) 11,767) Income tax received - 254 Income tax paid (75,275) 30,147)			(48,995
Advance receipts (1,641) 2,450 Net defined benefit liabilities (235) (232) Cash inflow generated from operations 406,680 446,196 Interest received 5,333 2,170 Interest paid (14,970) (11,767) Income tax received - 254 Income tax paid (75,275) (30,147)	± *		•	44,813		60,739
Net defined benefit liabilities (235) (232) Cash inflow generated from operations 406,680 446,196 Interest received 5,333 2,170 Interest paid (14,970) (11,767) Income tax received - 254 Income tax paid (75,275) (30,147)	± *		(1,641)		
Cash inflow generated from operations 406,680 446,196 Interest received 5,333 2,170 Interest paid (14,970) (11,767) 11,767) Income tax received - 254 Income tax paid (75,275) (30,147)	•		(235)	(
Interest received 5,333 2,170 Interest paid (14,970) (11,767) Income tax received - 254 Income tax paid (75,275) (30,147)	Cash inflow generated from operations		`		`	·
Interest paid (14,970) (11,767) Income tax received - 254 Income tax paid (75,275) (30,147)						
Income tax received - 254 Income tax paid (75,275) (30,147)	Interest paid		((
Income tax paid (`	-	`	
			(75,275)	(30,147)
	Net cash flows from operating activities		`	321,768	`	406,706

(Continued)

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

(Expressed in thousands of New Taiwan dollars,)

(rusunus of frew f	For the years ended Dece			mber 31,
	Notes		2018		2017
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	6(24)	(\$	63,607)	(\$	205,337)
Interest paid for acquisition of property, plant and	6(4)(17)(24)				
equipment		(845)		-
Proceeds from disposal of property, plant and					
equipment			522		2,600
Acquisition of intangible assets	6(5)	(16,282)	(63,361)
Increase in prepayment for equipment		(84,228)	(8,758)
Decrease (increase) in guarantee deposits paid			85	(1,164)
Decrease (increase) in other financial assets - non-					
current			1,445	(15)
(Increase) decrease in other non-current assets		(1,597)		1,568
Net cash flows used in investing activities		(164,507)	(274,467)
CASH FLOWS FROM FINANCING ACTIVITIES					
(Decrease) increase in short-term borrowings	6(25)	(5,516)		27,040
Increase in long-term borrowings	6(25)		460,000		114,189
Decrease in long-term borrowings	6(25)	(402,426)	(61,446)
Payment of cash dividends	6(13)	(59,045)	(59,045)
Change in non-controlling interest			-	(4)
Net cash flows (used in) from financing					
activities		(6,987)		20,734
Effect of foreign exchange rate changes on cash and					
cash equivalents		(4,698)	(7,579)
Net increase in cash and cash equivalents			145,576		145,394
Cash and cash equivalents at beginning of year	6(1)		651,824		506,430
Cash and cash equivalents at end of year	6(1)	\$	797,400	\$	651,824

Attachment 5

Chieftek Precision Co., Ltd. 2018 Profit Distribution Proposal

Unit: NT\$ in dollar

Thomas	Am	ount
Item	Subtotal	Total
Undistributed surplus balance at the beginning of the period		\$ 261,014,366
Decrease: Confirmation of actuarial losses of benefit plan		(1,421,826)
Decrease: Retirement of treasury stock		(66,159,764)
Decrease: Difference between the acquisition price and carrying		
amount of subsidiaries		(1,630,611)
Reserved surplus at the beginning of the period after adjustment		191,802,165
Distributable surplus available of this year		
Profit for the year	472,717,241	
Less: 10% Legal Reserve	(47,271,724)	
Less: reverse special reverse	(4,680,148)	
Profit in 2018 Available for Distribution		420,765,369
Cumulative distributable surplus		612,567,534
Distribution Item:		
- Cash Dividends to Common Share Holders (NT\$1 per share)	(73,806,862)	
- dividend on shares(NT\$1.0 per share)	(73,806,870)	
Subtotal of distributed amount		(147,613,732)
Undistributed surplus balance		<u>\$ 464,953,802</u>

Notes:

- 1. The surplus distribution for this time will give priority to distribution of 2018 surplus.
- 2. The cash dividend shall be calculated according to the shareholding ratio of shareholders recorded in the shareholders ledger on the dividend distribution base date, until distributed to NT\$1(neglecting all those less than NT\$1). After the above dividend distribution is passed by the general meeting of shareholders, the board of directors shall be authorized to further arrange the dividend distribution base date and designate special persons for handling all the cash dividend of less than NT\$1.

Attachment6

Chieftek Precision Co., Ltd.

The Comparison Table of Amendment of Articles of Incorporation

Before revised	Revised Version	Description
Article 1:	Article 1:	Modified with
According to the Company Acts, the	According to the Company Acts, the	acts
company is naming as Chieftek	company is naming as Chieftek	
Precision Co., Ltd	Precision Co., Ltd, and the English	
	version will be named as CHIEFTEK	
	PRECISION CO.,LTD. •	
Article 3:	Article 3:	Modified with
The company established head office	The head office of the company	the changing
in Tainan Science-based Industrial	established in Tainan Science-based	name of
Park. The Board of Directors will	Industrial Park, the Board of Directors	Administration
resolute to establish branches at home	will resolute to establish branches at	
and abroad if necessary.	home and abroad if necessary	
Article 5:	Article 5:	In response to
The amount of capital of the company	The amount of capital of the company	the future
is NT\$1,200,000,000, which divided	is NT\$1,500,000,000, which be divided	development of
into 120,000,000 shares. The	<u>into 150,000,000 shares</u> . The	the company,
denomination of every share is NT\$10,	denomination of each share is NT\$10,	increasing the
and is authorized to be distributed by	and is authorized to be distributed by	rated amount of
the Board of Directors. The former	the Board of Directors. The former	capital.
amount of capital retains	amount of capital retains	
NT\$30,000,000 for the issuance of	NT\$30,000,000 for the issuance of	
employee's equity certificates, taking	employee's equity certificates, taking	
into account 3 million shares, and each	into account 3 million shares, and each	
denomination of per share is NT\$10, it	denomination of per share is NT\$10, it	
is authorized to be distributed by the	is authorized to be distributed by the	
Board of Directors.	Board of Directors.	
Article 6:	Article 6:	Modified with
The company may issue registered	The company may issue registered	acts
shares and be signed or stamped by	shares and be signed or stamped by the	
more than three directors, who shall be	directors representing the company, and	
issued after a visa by the competent	shall, by law, act as a bank visa for the	
authority in accordance with the law.	<u>issuer of the shares</u> . When the company	
When the company issues new shares,	issues new shares, its shares shall be	
its shares shall be printed or be free of	printed or be free of printed shares in	
printed shares in respect of the total	respect of the total number of such	
number of such offerings. However, it	offerings. However, it shall be kept or	
shall be kept or logged in with the	logged in with the centralized custody	
centralized custody institutions of the	institutions of the securities. The shares	
securities. The shares of the company	of the company have to be issued	
have to be issued without physical	without physical distribution, and so do	
	the other securities.	

Before revised	Revised Version	Description
distribution, and so do the other		
securities.		
	Article 7-1:	Modified with
	The company shall buy shares in	acts
	accordance with the provisions of	
	company law, the object of its transfer,	
	the object of the employee's equity	
	voucher, the employees who acquire the	
	issuance of new shares, and the object	
	of issuing new shares restricting the	
	rights of employees, including	
	employees of subordinate companies who meet certain conditions.	
Article 14:	Article 14:	Modified with
The Board of Directors shall be	The Board of Directors shall be	acts
organized by the directors, who shall	organized by the directors, who shall be	acts
be represented by more than two-thirds	represented by more than two-thirds of	
of the directors and the consent of a	the directors and the consent of a	
majority of the directors to be	majority of the directors to be	
represented by the Chairman, who	represented by the Chairman, who	
represents the company externally. The	represents the company externally. The	
notice of the convening of the Board of	notice of the convening of the Board of	
Directors shall be dealt with in	Directors shall be dealt with in	
accordance with Article 204 of acts	accordance with Article 204 of acts and	
and by written, e-mail or facsimile	by written, e-mail, facsimile and any	
means. The resolution of the Board of	other <u>electronical</u> means. The resolution	
Directors shall, except as otherwise	of the Board of Directors shall, except	
provided by law, be attended by a	as otherwise provided by law, be attended by a majority of the directors	
majority of the directors and be represented by a majority of the	and be represented by a majority of the	
directors.	directors.	
Article 21:	Article 21:	Modified with
The general annual accounts of the	The general annual accounts of the	acts
company will be assigned as following	company will be assigned as following	uots
if there is a surplus:	if there is a surplus:	
1. Withholding Tax	1. Withholding Tax	
2. Covering the deficit	2. Covering the deficit	
3. The deposit of 10% is the legal	3. The deposit of 10% is the legal	
surplus reserve.	surplus reserve. However, if the	
	statutory surplus reserve has reached	
	the amount of capital received, it	
4 76	would be an exception.	
4. If necessary, providing for the	4. If necessary, providing for the listing	
listing of rotation of the special	of rotation of the special surplus	
surplus reserve by order of law or by	reserve by order of law or by the	
the competent authority.	competent authority.	

Before revised	Revised Version	Description
5. After deducting the balance of the	5. After deducting the balance of the	
preceding paragraphs 1-4, and with	preceding paragraphs 1-4, and with	
the undistributed surplus of the	the undistributed surplus of the	
previous year, the Board shall	previous year, the Board shall subject	
subject to the operational	to the operational requirements,	
requirements, propose an allocation	propose an allocation motion to be	
motion to be summited to the	summited to the shareholders'	
shareholders' meeting for the	meeting for the allocation of	
allocation of dividends or	dividends or reservations to	
reservations to shareholders.	shareholders. However, the dividend	
However, the dividend distribution	distribution amount shall not be less	
amount shall not be less than 20% of	than 20% of the remaining amount	
the remaining amount after the	after the annual return is deducted	
annual return is deducted according	according to the amount specified in	
to the amount specified in paragraph 1 to 4.	paragraph 1 to 4.	
In order to continuously expand the	In order to continuously expand the	
scale of operation, enhance	scale of operation, enhance competitive	
competitive strength, modify with the	strength, modify with the company's	
company's long term business	long term business development, and	
development, and the needs of capital	the needs of capital as well as long-	
as well as long-term financial	term financial planning, the company's	
planning, the company's dividend	dividend issuance policy is based on	
issuance policy is based on stock	stock dividend and matching part of	
dividend and matching part of cash	cash dividend, the total amount of cash	
dividend, the total amount of cash	dividend should not be less than 10%	
dividend should not be less than 10%	of the total shareholder dividend to be	
of the total shareholder dividend to be	issued.	
issued.	The Board of Directors of the company	
	shall be represented by more than two-	
	thirds directors and shall attend a	
	resolution of a majority of the	
	directors. Also, shall assign all or part	
	of the reserve of dividends, bonus,	
	capital reserve or legal reserve to the	
	payment of cash, and report to the	
	shareholders' meeting. It is not	
	applicable to the provisions of the	
	preceding resolution of the	
	shareholders' meeting.	Modified with
	Article 21-1: The company may in accordance with	
	The company may, in accordance with acts, make a surplus allocation or loss-	acts
	making supplement after the end of	
	-	
	each half of the fiscal year. When allocating surplus, the company should	

Before revised	Revised Version	Description
	initially estimate and retain taxable	
	contributions, make up for losses in	
	accordance with the law and bring up	
	legal reserve. However, if legal reserve	
	reached the amount of capital received,	
	it would be an exception. If the retained	
	earnings are issued in cash, it shall be	
	handled by resolution of the Board of	
	Directors. When the issuance of new	
	shares is issued, it shall be governed by	
	a resolution of the shareholders'	
	meeting in accordance with the	
	provisions.	
Article 23:	Article 23:	Modified with
The article was established on October	The article was established on October	dates.
14, 1998.	14, 1998.	
First amended on January 6, 1999.	First amended on January 6, 1999.	
The second amendment was on	The second amendment was on	
October 14, 1999.	October 14, 1999.	
The third amendment was on January	The third amendment was on January	
1, 2000.	1, 2000.	
The fourth amendment was on June	The fourth amendment was on June 22,	
22, 2000.	2000.	
The fifth amendment was on April 4,	The fifth amendment was on April 4,	
2001.	2001.	
The sixth amendment was on May 15, 2001.	The sixth amendment was on May 15, 2001.	
The seventh amendment was on April 3, 2002.	The seventh amendment was on April 3, 2002.	
The eighth amendment was on June 6,	The eighth amendment was on June 6,	
2002.	2002.	
The ninth amendment was on June 20,	The ninth amendment was on June 20,	
2003.	2003.	
The tenth amendment was on August	The tenth amendment was on August	
25, 2003.	25, 2003.	
The eleventh amendment was on	The eleventh amendment was on	
November 25, 2003.	November 25, 2003.	
The twelfth amendment was on April	The twelfth amendment was on April	
15, 2004.	15, 2004.	
The thirteenth amendment was on	The thirteenth amendment was on	
December 30, 2004.	December 30, 2004.	
The fourteenth amendment was on	The fourteenth amendment was on	
November 17, 2006.	November 17, 2006.	
The fifteenth amendment was on June	The fifteenth amendment was on June	
29, 2007.	29, 2007.	

Before revised	Revised Version	Description
The sixteenth amendment was on June	The sixteenth amendment was on June	
30, 2008.	30, 2008.	
The seventeenth amendment was on	The seventeenth amendment was on	
November 12, 2010.	November 12, 2010.	
The eighteenth amendment was on	The eighteenth amendment was on	
June 17, 2011.	June 17, 2011.	
The nineteenth amendment was on	The nineteenth amendment was on	
June 20, 2012.	June 20, 2012.	
The twentieth amendment was on June	The twentieth amendment was on June	
27, 2013.	27, 2013.	
The twenty-first amendment was on	The twenty-first amendment was on	
June 6, 2014.	June 6, 2014.	
The twenty-second amendment was on	The twenty-second amendment was on	
June 25, 2015.	June 25, 2015.	
The twenty-third amendment was on	The twenty-third amendment was on	
June 26, 2016.	June 26, 2016.	
The twenty-fourth amendment was on	The twenty-fourth amendment was on	
June 22, 2017.	June 22, 2017.	
The twenty-fifth amendment was on	The twenty-fifth amendment was on	
May 28, 2018.	May 28, 2018.	
	The twenty-sixth amendment was on	
	June 12, 2019.	

Attachment 7

Chieftek Precision Co., Ltd.

Comparison Tables of Procedures for the acquisition or disposal of assets to be amended

Comparison Tables of Procedures for the acquisition or disposal of assets to be amended					
Before Revised	Revised Version	Description			
Article 3: Scope of Assets	Article 3: Scope of Assets	1. Modified with the			
1. Investments in stocks, bonds,	1. Investments in stocks, bonds,	application of the			
corporate bonds, financial bonds,	corporate bonds, financial bonds,	international			
securities recognized by the fund,	securities recognized by the fund,	Financial Reporting			
depository receipts, call warrant,	depository receipts, call warrant,	Standards(IFRS) No.			
beneficiary certificate and asset	beneficiary certificate and asset	16 "Lease", the			
backed securities, etc. •	backed securities, etc. •	addition of paragraph			
2. Real estate (including land, housing	2. Real estate (including land, housing	5 of the right to use assets norms.			
and construction, investment real	and construction, investment real	2. Section 5 to section 8			
estate, inventory of construction	estate, inventory of construction	are moved to section 6			
industry) and equipment.	industry) and equipment.	to section 9.			
3. Membership.	3. Membership.	to section y.			
4. Intangible assets such as patent	4. Intangible assets such as patent				
rights, copyrights, trademark rights and concessions.	rights, copyrights, trademark rights and concessions.				
and concessions.	5. Right-of-Use Assets thereof				
5. Claims of financial institutions	6. Claims of financial institutions				
(including receivables, discounting	(including receivables, discounting				
of purchase of remittances and	of purchase of remittances and				
loans, collection items).	loans, collection items).				
6. Financial Derivatives:	7. Financial Derivatives.				
7. Assets acquired or disposed of by	8. Assets acquired or disposed of by				
merging, splitting, acquiring or	merging, splitting, acquiring or				
obtaining shares in accordance	obtaining shares in accordance				
with the law.	with the law.				
8. Other important assets.	9. Other important assets.				
Article 3: Nominal Definition	Article 3: Nominal Definition	1. Modified with the			
1. Financial Derivatives: It referred	1. Financial Derivatives: Forward	application of the			
herein are broadly defined as	contracts, options contracts, futures	International			
instruments that derive their value from the performance of	contracts, leverage contracts, or	Financial Reporting Standards (IFRS) No.			
from the performance of underlying assets, interest or	swap contracts, whose value is derived from a specified interest	9 "Financial			
currency exchange rates, indexes	rate, financial instrument price,	Instruments",			
or other. Such instruments include	commodity price, foreign exchange	amended section 1			
swaps, options, futures contracts,	rate, index of prices or rates, credit	and texts.			
leverage contracts, forwards, and	rating or credit index, or other	2. Modified with acts,			
various combinations thereof.	variable; or hybrid contracts	amended Article 156,			
Forwards referred herein exclude	combining the above contracts; or	section 8 to Article			
insurance, performance, post-sale	hybrid contracts or structured	156-3.			
service, long-term lease and long-	products containing embedded	3. Clearly define the			
term sales/procurement contracts.	derivatives. The term "forward	scope of stock			

Before Revised	Revised Version	Description
	contracts" does not include	exchanges at home
	insurance contracts, performance	and abroad and stock
	contracts, after-sales service	exchanges and over-
	contracts, long-term leasing	the-counter market.
	contracts, or long-term purchase	4. Modified with the
	(sales) contracts.	provisions to amend
2. Assets acquired or disposed	2. Assets acquired or disposed	texts.
through mergers, demergers,	through mergers, demergers,	5. Article 7 to Article 8
acquisitions, or transfer of shares	acquisitions, or transfer of shares in	amended to Article 10
in accordance with law: Refers to	accordance with law: Refers to	to Article 11.
assets acquired or disposed	assets acquired or disposed through	
through mergers, demergers, or	mergers, demergers, or acquisitions	
acquisitions conducted under the	conducted under the Business	
Business Mergers and Acquisitions	Mergers and Acquisitions Act,	
Act, Financial Holding Company	Financial Holding Company Act,	
Act, Financial Institution Merger	Financial Institution Merger Act	
Act and other acts, or to transfer of	and other acts, or to transfer of	
shares from another company	shares from another company	
through issuance of new shares of	through issuance of new shares of	
its own as the consideration	its own as the consideration	
therefor (hereinafter "transfer of	therefor (hereinafter "transfer of	
shares") under Article 156-3 of the	shares") under Article 156-3 of the	
Company Act.	Company Act.	
3. Related party or subsidiary: As	3. Related party or subsidiary: As	
defined in the Regulations	defined in the Regulations	
Governing the Preparation of	Governing the Preparation of	
Financial Reports by Securities	Financial Reports by Securities	
Issuers.	Issuers.	
4. Professional appraiser: Refers to a	4. Professional appraiser: Refers to a	
real property appraiser or other person duly authorized by law to	real property appraiser or other person duly authorized by law to	
engage in the value appraisal of real	engage in the value appraisal of real	
property or equipment.	property or equipment.	
5. Date of occurrence: Refers to the	5. Date of occurrence: Refers to the	
date of contract signing, date of	date of contract signing, date of	
payment, date of consignment	payment, date of consignment	
trade, date of transfer, dates of	trade, date of transfer, dates of	
boards of directors' resolutions, or	boards of directors' resolutions, or	
other date that can confirm the	other date that can confirm the	
counterpart and monetary amount	counterpart and monetary amount	
of the transaction, whichever date	of the transaction, whichever date	
is earlier; provided, for investment	is earlier; provided, for investment	
for which approval of the	for which approval of the	
competent authority is required, the	competent authority is required, the	
earlier of the above date or the date	earlier of the above date or the date	

Before Revised	Revised Version	Description
of receipt of approval by the	of receipt of approval by the	
competent authority shall apply.	competent authority shall apply.	
6. Mainland China area investment:	6. Mainland China area investment:	
Refers to investments in the	Refers to investments in the	
mainland China area approved by	mainland China area approved by	
the Ministry of Economic Affairs Investment Commission or	the Ministry of Economic Affairs Investment Commission or	
conducted in accordance with the	conducted in accordance with the	
provisions of the Regulations	provisions of the Regulations	
Governing Permission for	Governing Permission for	
Investment or Technical	Investment or Technical	
Cooperation in the Mainland Area.	Cooperation in the Mainland Area.	
7. Provisions of this procedure	7. Investment professional: Refers to	
relating to total assets 10% will	financial holding companies,	
calculate the total amount of assets	banks, insurance companies, bill	
in the latest individual or individual	finance companies, trust enterprises, securities firms	
reports as stipulated in the guidelines for the preparation of	enterprises, securities firms operating proprietary trading or	
financial reports by issuers of	underwriting business, futures	
securities.	commission merchants operating	
8. Those who own company shares	proprietary trading business,	
that are non-denomination or	securities investment trust	
denomination per share of NT\$10,	enterprises, securities investment	
this procedure provides for the	consulting enterprises, and fund	
transaction amount of 20% of the	management companies, that are	
collected capital amount,	lawfully incorporated and are	
calculated on the basis of the equity attributable to the owner of 10% of	regulated by the competent financial authorities of the	
the parent company.	jurisdiction where they are located.	
the parent company.	8. Securities exchange: "Domestic	
	securities exchange" refers to the	
	Taiwan Stock Exchange	
	Corporation; "foreign securities	
	exchange" refers to any organized	
	securities exchange market that is	
	regulated by the competent	
	securities authorities of the jurisdiction where it is located.	
	9. 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	

Before Revised	Revised Version	Description
Before Revised	regulated by the foreign competent authority and that is permitted to conduct securities business. 10. The provisions of the procedure relating to total assets 10% are calculated on the basis of the total assets in the latest individual or individual financial reports, as stipulated in the guidelines for the preparation of financial reports of issuers of securities. 11. People who own company shares that are non-denomination or denomination per share of NT\$10, this procedure provides for the transaction amount of 20% of the collected capital amount, calculated on the basis of the equity attributable to the owner of the parent company 10%. Provisions on the amount of transactions in which the paid-in capital amounts	Description
Article 5: Exclusion of related persons Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be the related persons of the company.	on the amount of transactions in which the paid-in capital amounts to NT\$ 10 billion are calculated on the basis of BT\$ 20 billion in the interest attributable to the owners of the parent company.	destructive qualifications of relevant experts.

Before Revised	Revised Version	Description
	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.	
	2. May not be related parties or de	
	facto related parties of each other.	
	3. If the company is required to obtain	
	appraisal reports from two or more	
	professional appraisers, the	
	different professional appraisers or	
	appraisal officers may not be	
	related parties or de facto related	
	parties of each other.	
	When issuing an appraisal report or	
	opinion, the personnel referred to in the preceding paragraph shall	
	comply with the following:	
	1. Prior to accepting a case, they shall	
	prudently assess their own	
	professional capabilities, practical	
	experience, and independence.	
	2. When examining a case, they shall	
	appropriately plan and execute	
	adequate working procedures, in	
	order to produce a conclusion and	
	use the conclusion as the basis for	
	issuing the report or opinion. The	
	related working procedures, data	
	collected, and conclusion shall be	
	fully and accurately specified in the	
	case working papers.	
	3. They shall undertake an item-by-	
	item evaluation of the	
	comprehensiveness, accuracy, and	
	reasonableness of the sources of	
	data used, the parameters, and the	
	information, as the basis for	
	issuance of the appraisal report or	
	the opinion.	

Before Revised	Revised Version	Description
	4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.	
Article 6: Procedures for Acquisition or Disposal of Immovable Property or Equipment 1. Procedures for Evaluating and Operating The company obtains or disposes of real estate or equipment, in accordance with the company's internal control system of real estate, factory, and cycle- equipment related regulations.	Article 6: Procedures for Acquisition or Disposal of Immovable Property, Equipment or Assets of their right to use 1. Procedures for Evaluating and Operating The company obtains or disposes of real estate ,equipment or its right-of-use assets thereof, in accordance with the company's internal control system of real estate, factory, and cycle-equipment related regulations.	1. Modified with the application of the International Financial Reporting Standards (IFRS) No. 16 "Lease", added the right-of-use assets thereof regulation. 2. Modified with the provisions to amend texts. 3. Domestic bonds are not within the scope of
2. Procedure for determining the terms of trading and the amount of authorization (1) To acquire or dispose of immovable property, 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 amount of the NT\$50,000,000 of the following persons, shall petition the Chairman for approval and shall make a presentation at the recent Directors' meeting. Those who exceed NT\$50,000,000 shall petition the approval of the Chairman and upon adoption	2. Procedure for determining the terms of trading and the amount of authorization (1) To acquire or dispose of immovable property, 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 amount of the NT\$50,000,000 of the following persons, shall petition the Chairman for approval and shall make a presentation at the recent Directors' meeting. Those who exceed NT\$50,000,000 shall petition the approval of the Chairman and upon adoption	immunity due to the different debt of overseas government.

Before Revised	Revised Version	Description
by the Board of Directors	by the Board of Directors	
before doing so.	before doing so.	
(2) The acquisition or disposition	(2) The acquisition or disposition	
of equipment shall be made by	of equipment or its right-of-use	
way of inquiry, price	<u>assets</u> thereof, shall be made by	
comparison, bargaining or	way of inquiry, price	
tender. Those whose amount is	comparison, bargaining or	
below NT\$50,000,000, shall be	tender. Those whose amount is	
approved step by step in	below NT\$50,000,000, shall be	
accordance with the nuclear	approved step by step in	
Authority management	accordance with the nuclear	
procedures; those who exceed	Authority management	
the NT\$50,000,000 are	procedures; those who exceed	
appointed after the approval of	the NT\$50,000,000 are	
the Board of Directors.	appointed after the approval of	
4 F	the Board of Directors.	
3. Execution Unit	3. Execution Unit	
When the company acquires or	When the company acquires or	
disposes of real property or	disposes of real property or	
equipment, shall be carried out by	equipment or its right-of-use assets	
the user department and the	thereof, shall be carried out by the	
relevant unit of responsibility after	user department and the relevant	
the decision has been made in	unit of responsibility after the	
accordance with the preceding	decision has been made in	
decision.	accordance with the preceding decision.	
4. Valuation Report on Real Estate or	4. Valuation Report on Real Estate,	
Equipment	Equipment or its right-of-use assets	
The company acquires or disposes	thereof.	
of real property or equipment, in	The company acquires or disposes	
addition to transactions with	of real property or equipment or its	
government agencies, self-district	right-of-use assets thereof, in	
committee construction, Rental	addition to transactions with	
District Committee construction,	domestic government agencies,	
or acquisition, disposal of	self-district committee	
equipment for business use, those	construction, Rental District	
whose transaction amount is up to	Committee construction, or	
20% or NT\$ 300,000,000 for the	acquisition, disposal of equipment	
company's paid in capital, shall	for business use or its right-of-use	
obtain a valuation report issued by	assets thereof, those whose	
a professional valuer before the	transaction amount is up to 20% or	
fact occurs, and shall meet the	NT\$ 300,000,000 for the	
following requirements:	company's paid in capital, shall	
	obtain a valuation report issued by	
	a professional valuer before the	

Before Revised	Revised Version	Description
	fact occurs, and shall meet the	_ 0.001- F 0.001
	following requirements:	
(1) When the price, specific price	(1) When the price, specific price	
or special price shall be used as	or special price shall be used as	
the reference for the transaction	the reference for the transaction	
price for special reasons, the	price for special reasons, the	
transaction shall be approved	transaction shall be firstly	
first by resolution of the Board	approved by resolution of the	
of Trustees. Those who change	Board of Trustees, and the	
the trading conditions in the	same shall apply as to the	
future shall also proceed with	change of trading condition	
the procedure accordingly.	hereafter.	
Article 8: Procedures for acquisition	_	1. Modified with the
or deposal of membership <u>or</u>	deposal of intangible assets	application of the
intangible assets	or right-of-use assets thereof	International
1 December for solveting and	or memberships	Financial Reporting
1. Procedure for valuation and	1. Procedure for valuation and	Standards (IFRS) No.
operation The company acquires or disposes	operation	16 "Lease", added the
The company acquires or disposes of the transaction process of	The company acquires or disposes of the transaction process of	right-of-use assets thereof regulation.
memberships or intangible assets,	intangible assets or right-of-use	2. Modified with the
shall in accordance with the	assets thereof or memberships,	provisions to amend
related regulations of the	shall in accordance with the related	texts.
company's internal control system	regulations of the company's	3. Domestic bonds are
of real estate, factories and cycle-	internal control system of real	not within the scope
equipment.	estate, factories and cycle-	of immunity due to
144	equipment.	the different debt of
2. Procedure for determining the	2. Procedure for determining the	overseas
terms of trading and the amount of	terms of trading and the amount of	government.
authorization.	authorization.	Č
(1) To acquire or dispose of a	(1) To acquire or dispose of	
memberships, shall refer to as	memberships, shall refer to as	
fair value, resolute trading	fair value, resolute trading	
conditions and transaction	conditions and transaction	
prices, when the amount is	prices, when the amount is	
below NT\$50,000,000	below NT\$ 50,000,000	
(inclusive), the approval shall	(inclusive), the approval shall	
be given step by step in	be given step by step in	
accordance with the Nuclear	accordance with the Nuclear	
Authority management	Authority management	
procedure. Those who exceed	procedure. Those who exceed	
NT\$ 50,000,000, could start it	NT\$ 50,000,000, could start it	
after the adoption of the Board	after the adoption of the Board	
Directors.	Directors.	
(2) When acquires or disposes of	(2) When acquires or disposes of	
intangible assets, shall refer to	intangible assets or right-of-	

Before Revised	Revised Version	Description
valuation report of the	use assets thereof, shall refer	
professionals or fair value.	to valuation report of the	
Resolution of trading	professionals or fair value.	
conditions and transaction	Resolution of trading	
prices, the amount of which is	conditions and transaction	
below NT\$ 50,000,000	prices, the amount of which is	
(inclusive), shall approved by	below NT\$ 50,000,000	
the Chairman and make a	(inclusive), shall approved by	
presentation at the recent	the Chairman and make a	
Directors' meeting. Those who exceed NT\$ 50,000,000,	presentation at the recent Directors' meeting. Those	
could start it after the adoption	who exceed NT\$ 50,000,000,	
of the Board Directors.	could start it after the adoption	
of the Board Directors.	of the Board Directors.	
3. Execution Unit	3. Execution Unit	
When the company acquires or	When the company acquires or	
deposes of memberships or	deposes of or intangible assets or	
intangible assets, shall be carried	right-of-use assets thereof or	
out by the user department and the	memberships, shall be carried out	
relevant unit of responsibility after	by the user department and the	
the decision has been made in	relevant unit of responsibility after	
accordance with the preceding	the decision has been made in	
decision.	accordance with the preceding	
4. Due feesie neleż accessment nement an	decision.	
4. Professionals' assessment report on memberships or intangible assets	4. Professionals' assessment report on intangible assets or right-of-use	
When the company acquires or	assets thereof or memberships.	
disposes of intangible assets or	When the company acquires or	
memberships and the transaction	disposes of intangible assets or	
amount reaches 20 percent or more	right-of-use assets thereof or	
of paid-in capital or	memberships and the transaction	
NT\$300,000,000 or more, except	amount reaches 20 percent or more	
in transactions with government	of paid-in capital or	
agency, the company shall engage	NT\$300,000,000 or more, except	
a certified public accountant prior	in transactions with a domestic	
to the date of occurrence of the	government agency, the company	
event to render an opinion on the	shall engage a certified public	
reasonableness of the transaction	accountant prior to the date of	
price; the CPA shall comply with	occurrence of the event to render	
the provisions of Statement of Auditing Standards No. 20	an opinion on the reasonableness of the transaction price; the CPA	
published by the ARDF.	shall comply with the provisions of	
paononea of the fines.	Statement of Auditing Standards	
	No. 20 published by the ARDF.	
Article 9: Procedure for the	Article 9: Procedure for the	1. Domestic bonds are
transaction of related party	transaction of related party	not within the scope of

Before Revised

2. Procedure for Valuation and Operation

When the company intends to acquire or dispose of real property, or when it intends to acquire or dispose of assets other than real property or right-ofuse assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or 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:

- (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (2) The reason for choosing the related party as a transaction counterparty.
- (3) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in

Revised Version

2. Procedure for Valuation and Operation

When the company intends to acquire or dispose of real property or right-ofuse assets thereof from a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from a related party and 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:

- (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (2) The reason for choosing the related party as a transaction counterparty.
- (3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the

Description

immunity due to the different debt of overseas government.

- 2. Modified with the application of the International Financial Reporting Standards (IFRS) No. 16 "Lease", added the right-of-use assets regulation.
- 3. Relaxing of the relationship between the acquisition or disposal of operational equipment and right-of-use assets shall be firstly approved by the Chairman, and amended texts
- 4. Added suitable regulation of The Audit Committee.

Before Revised	Revised Version	Description
accordance with Article 9	preliminary transaction terms in	
paragraph 3, section 1 to 4 and 6.	accordance with Article 9	
	paragraph 3, section 1 to 4 and 6.	
(4) The date and price at which the	(4) The date and price at which the	
related party originally acquired	related party originally acquired	
the real property, the original	the real property, the original	
transaction counterparty, and	transaction counterparty, and	
relationship to the company and	relationship to the company as	
the related party.	well as the related party.	
(5) Monthly cash flow forecasts for	(5) Monthly cash flow forecasts for	
the year commencing from the	the year commencing from the	
anticipated month of signing of	anticipated month of signing of	
the contract, and evaluation of the	the contract, and evaluation of the	
necessity of the transaction, and	necessity of the transaction, and	
reasonableness of the funds	reasonableness of the funds	
utilization.	utilization.	
(6) An appraisal report from a	(6) An appraisal report from a	
professional appraiser or a CPA's	professional appraiser or a CPA's	
opinion obtained in compliance	opinion obtained in compliance	
with the preceding article.	with the preceding article.	
(7) Restrictive covenants and other	(7) Restrictive covenants and other	
important stipulations associated	important stipulations associated	
with the transaction.	with the transaction.	
The calculation of the transaction	The calculation of the transaction	
amounts referred to in the preceding	amounts referred to in the preceding	
paragraph shall be made in	paragraph shall be made in	
accordance with Article 12, paragraph	accordance with Article 12, paragraph	
1, section 8 herein, and "within the	1, section 8 herein, and "within the	
preceding year" as used herein refers	preceding year" as used herein refers	
to the year preceding the date of	to the year preceding the date of	
occurrence of the current transaction.	occurrence of the current transaction.	
Items that have been approved by the	Items that have been approved by the	
board of directors and recognized by	board of directors and recognized by	
the supervisors need not be counted	the supervisors need not be counted	
toward the transaction amount.	toward the transaction amount.	

Before Revised	Revised Version	Description
When to acquire or dispose the	Where an audit committee has been	-
equipment for business operation	established in accordance with the	
between the company and its	provisions of the Act, the matters for	
subsidiaries, the company's board of	which regulation requires recognition	
directors may pursuant to Article 6,	by the supervisors shall first be	
paragraph 2, Article 7, paragraph 2	approved by more than half of all	
and Article 8, paragraph 2 delegate	audit committee members and then	
the board chairman to decide such	submitted to the board of directors for	
matters when the transaction is within	a resolution. If approval of more than	
a certain amount and have the	half of all audit committee members	
decisions subsequently submitted to	as required in the preceding paragraph	
and ratified by the next board of	is not obtained, the procedures may be	
directors meeting.	implemented if approved by more	
	than two-thirds of all directors, and	
	the resolution of the audit committee	
	shall be recorded in the minutes of the	
	board of directors meeting. The	
	terms "all audit committee members"	
	and "all directors" in the preceding	
	paragraph shall be counted as the	
	actual number of persons currently	
	holding those positions.	
	When to acquire or dispose the	
	equipment for business operation	
	between the company and its	
	subsidiaries, or by its subsidiaries in	
	which it directly or indirectly holds	
	100 percent of the issued shares or	
	authorized capital, the company's	
	board of directors may pursuant to	
	Article 6, paragraph 2, Article 7,	
	paragraph 2 and Article 8, paragraph	
	2 delegate the board chairman to	
	decide such matters when the	
	transaction is within a certain amount	

Before Revised	Revised Version	Description
	and have the decisions subsequently submitted to and ratified by the next board of directors meeting: (1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use. (2) Acquisition or disposal of real property right-of-use assets held for business use.	
 Reasonable Valuation of Transaction cost The company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means: Based upon the related party's 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 nonfinancial industry lending rate announced by the Ministry of Finance. 	 Reasonable Valuation of Transaction cost The company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means: Based upon the related party's 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 nonfinancial industry lending rate announced by the Ministry of 	
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	Finance. 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the	

Before Revised	Revised Version	Description
1 year or more. However, this shall	period of the loan shall have been 1	Description
not apply where the financial	year or more. However, this shall	
institution is a related party of one	not apply where the financial	
of the transaction counterparties.	institution is a related party of one	
(2) Where land and structures	of the transaction counterparties. (2) Where land and structures	
thereupon are combined as a	thereupon are combined as a	
single property purchased in one	single property purchased or	
transaction, the transaction costs	leased in one transaction, the	
for the land and the structures may	transaction costs for the land and	
be separately appraised in	the structures may be separately	
accordance with either of the	appraised in accordance with	
means listed in the Article 9,	either of the means listed in the	
paragraph 3, section1.	Article 9, paragraph 3, section1.	
(3) The company that acquires real	(3) The company that acquires real	
property from a related party and	property or right-of-use assets	
appraises the cost of the real	thereof from a related party and	
property in accordance with	appraises the cost of the real	
Article 9, paragraph 3, section 1	property or right-of-use assets	
and section 2 shall also engage a	thereof in accordance with Article	
CPA to check the appraisal and	9, paragraph 3, section 1 and	
render a specific opinion.	section 2 shall also engage a CPA	
	to check the appraisal and render	
	a specific opinion.	
(4) The company that acquires real	(4) The company that acquires real	
property, when the results of the	property or right-of-use assets,	
company's appraisal conducted in	when the results of the company's	
accordance with Article 9,	appraisal conducted in accordance	
paragraph 3, section 1 and section	with Article 9, paragraph 3,	
2 are uniformly lower than the	section 1 and section 2 are	
transaction price, the matter shall	uniformly lower than the	
be handled in compliance with	transaction price, the matter shall	
Article 9, paragraph 3, section 5.	be handled in compliance with	
However, where the following	Article 9, paragraph 3, section 5.	
circumstances exist, objective	However, where the following	
evidence has been submitted and	circumstances exist, objective	
specific opinions on	evidence has been submitted and	

Before Revised	Revised Version	Description
reasonableness have been	specific opinions on	
obtained from a professional real	reasonableness have been	
property appraiser and a CPA	obtained from a professional real	
have been obtained, this	property appraiser and a CPA	
restriction shall not apply:	have been obtained, this	
 Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: Where undeveloped land is 	restriction shall not apply: 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: (1) Where undeveloped land is	
(1) Where undeveloped land is appraised in accordance with the	(1) Where undeveloped land is appraised in accordance with the	
means in Article 9, paragraph 3,	means in Article 9, paragraph 3,	
section 1 to section 3 and section	section 1 to section 3 and section	
6, and structures according to the	6, and structures according to the	
related party's construction cost	related party's construction cost	
plus reasonable construction	plus reasonable construction	
profit are valued in excess of the	profit are valued in excess of the	
actual transaction price. The	actual transaction price. The	
"Reasonable construction profit"	"Reasonable construction profit"	
shall be deemed the average gross	shall be deemed the average gross	
operating profit margin of the	operating profit margin of the	
related party's construction	related party's construction	
division over the most recent 3	division over the most recent 3	
years or the gross profit margin	years or the gross profit margin	
for the construction industry for	for the construction industry for	
the most recent period as	the most recent period as	
announced by the Ministry of	announced by the Ministry of	
Finance, whichever is lower.	Finance, whichever is lower.	
(2) Completed transactions by	(2) Transactions by unrelated parties	
unrelated parties within the	within the preceding year	
preceding year involving other	involving other floors of the same	
floors of the same property or	property or neighboring or closely	
neighboring or closely valued	valued parcels of land, where the	
parcels of land, where the land	land area and transaction terms are	
area and transaction terms are	similar after calculation of	

Before Revised	Revised Version	Description
similar after calculation of	reasonable price discrepancies in	
reasonable price discrepancies in	floor or area land prices in	
floor or area land prices in	accordance with standard	
accordance with standard	property market sale or leasing	
property market sale.	practices.	
(3) Leasing transactions by 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 estimation in floor in		
accordance with standard		
property market sale or leasing		
practices.		
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 transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.	2. Where the company acquiring real property or obtaining real property right-of-use asset through leasing, 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.	
Completed transactions involving	Transactions involving neighboring	
neighboring or closely valued parcels	or closely valued parcels of land in the	
of land in the preceding paragraph in	preceding paragraph in principle	
principle refers to parcels on the same	refers to parcels on the same or an	
or an adjacent block and within a	adjacent block and within a distance	
distance of no more than 500 meters	of no more than 500 meters or parcels	
or parcels close in publicly announced	close in publicly announced current	
current value; transactions involving	value; transactions involving	
similarly sized parcels in principle	similarly sized parcels in principle	
refers to transactions completed by	refers to transactions completed by	
unrelated parties for parcels with a	unrelated parties for parcels with a	
land area of no less than 50 percent of	land area of no less than 50 percent of	

Before Revised	Revised Version	Description
the property in the planned	the property in the planned	
transaction; within the preceding year	transaction; within the preceding year	
refers to the year preceding the date of	refers to the year preceding the date of	
occurrence of the acquisition of the	occurrence of the acquisition of the	
real property.	real property or obtainment of the	
	right-of-use assets thereof.	
(5) Where the company acquires real	(5) Where the company acquires real	
property from a related party and	property or right-of-use assets	
the results of appraisals conducted	from a related party and the results	
in accordance with Article 9,	of appraisals conducted in	
paragraph 3, section 1 to section 4,	accordance with Article 9,	
are uniformly lower than the	paragraph 3, section 1 to section 4,	
transaction price, the following	are uniformly lower than the	
steps shall be taken:	transaction price, the following	
Where the company or the company	steps shall be taken:	
uses the equity method to account for	Where the company or the company	
its investment in a public company,	uses the equity method to account for	
then the special reserve called for	its investment in a public company,	
under the Act shall be set aside pro	then the special reserve called for	
rata in a proportion consistent with	under the Act shall be set aside pro	
the share of public company's equity	rata in a proportion consistent with the	
stake in the other company.	share of public company's equity	
	stake in the other company.	
The company that has set aside a	The company that has set aside a	
special reserve under the preceding	special reserve under the preceding	
paragraph may not utilize the special	paragraph may not utilize the special	
reserve until it has recognized a loss	reserve until it has recognized a loss	
on decline in market value of the	on decline in market value of the	
assets it purchased, or they have been	assets it purchased or leased at a	
disposed of, or adequate compensation	premium, or they have been disposed	
has been made, or the status quo ante	of, or the leasing contract has been	
has been restored, or there is other	terminated, or adequate compensation	
evidence confirming that there was	has been made, or the status quo ante	
nothing unreasonable about the	has been restored, or there is other	
	evidence confirming that there was	

Before Revised	Revised Version	Description
transaction, and the FSC has given its	nothing unreasonable about the	
consent.	transaction, and the FSC has given its	
	consent.	
1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company. 2. Supervisors shall comply with Article 218 of the Company Act.	consent. 1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property and right-of-use assets transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. 2. Supervisors shall comply with Article 218 of the Company Act. Where an audit committee has been established in accordance with the	
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. (6) Where the company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 9, paragraph	provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee. 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. (6) Where the company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 9, paragraph	

Before Revised	Revised Version	Description
2, and Article 9, paragraph 3, section	2, and Article 9, paragraph 3, section	-
1 to section 3 does not apply:	1 to section 3 does not apply:	
 The related party acquired the real property through inheritance or as a gift. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction. 	 The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the 	
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.	current transaction. 3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land. 4. The real property right-of-use assets for business use are acquired by the company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.	
(7) When a public company obtains real property from a related party, it shall also comply with Article 9, paragraph 3, section 5 if there is other evidence indicating that the acquisition was not an arms length transaction.	(7) When a public company obtains real property from a related party, it shall also comply with Article 9, paragraph 3, section 5 if there is other evidence indicating that the acquisition was not an arms length transaction.	
Article 10: Engaging in Derivatives Trading	Article 10: Engaging in Derivatives Trading	Modified with the provisions to amend
 Risk management measures Operating Risk Management Certainly follow the degree of authority delegated, operating procedure and incorporate into Internal audit system, in order to avoid operational risks. Personnel engaged in derivatives trading may not serve concurrently 	 Risk management measures Operating Risk Management Certainly follow the degree of authority delegated, operating procedure and incorporate into Internal audit system, in order to avoid operational risks. Personnel engaged in derivatives trading may not serve concurrently 	texts. 2. Added suitable regulation of The Audit Committee

Before Revised	Revised Version	Description
in other operations such as confirmation and settlement. 3. Risk measurement, monitoring, and control personnel shall be assigned to a different department that the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making. 4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.	in other operations such as confirmation and settlement. 3. Risk measurement, monitoring, and control personnel shall be assigned to a different department that the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making. 4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors. 5. Other important risk management measures.	
3. Internal Audit System A public company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.	A public company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing. Where independent directors have been appointed in accordance with the provisions of the Act, for matters for which notice shall be given to the supervisors under the preceding paragraph, written notice shall also be given to the independent directors. Where an audit committee has been	

Before Revised	Revised Version	Description
	established in accordance with the	
	provisions of the Act, the provisions	
	relating to supervisors shall apply	
	mutatis mutandis to the audit	
	committee.	
 5. Supervision and Management of Board of Directors (1) board of directors shall faithfully supervise and manage such trading in accordance with the following principles: 1. Designate senior management personnel to pay continuous attention to monitoring and 	 5. Supervision and Management of Board of Directors (1) board of directors shall faithfully supervise and manage such trading in accordance with the following principles: 1. Designate senior management personnel to pay continuous attention to monitoring and 	
controlling derivatives trading risk. The rule of managing is as	controlling derivatives trading risk. The rule of managing is as	
following: (1) Periodically evaluate the risk management. measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company. (2) When irregular circumstances are found in the course of supervising trading and profitloss circumstances, appropriate	following: (1) Periodically evaluate the risk management. measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company. (2) When irregular circumstances are found in the course of supervising trading and profitloss circumstances, appropriate	
measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion. 2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.	measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion. 2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.	

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3. A company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivates trading in accordance with its Procedures for Engaging in Derivatives Trading. Article 12: Procedures for Information	3. A company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivates trading in accordance with its Procedures for Engaging in Derivatives Trading. Article 12: Procedures for Information	1. Modified with the
Disclosure 1. Announce the declaration project and the standard: (1) When the company intends to acquire or dispose of real property 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.	Disclosure 1. Announce the declaration project and the standard: (1) When the company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or 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.	provisions to amend texts. 2. Modified with the application of the International Financial Reporting Standards (IFRS) No. 16 "Lease", added the right-ofuse assets thereof regulation. 3. Harmonize normative terms, the principles of the subject matter or institutions referred to in this standard are consistently included at home and abroad, thus delete the words at home and abroad.
(2) Merger, demerger, acquisition, or share transfer.	(2) participating in the merger, demerger, acquisition, or share transfer.	immunity due to the different debt of overseas government.
(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.	(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.	
(4) Where equipment or the type of assets for business use are acquired or disposed of, and furthermore the transaction	(4) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction	

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counterparty is not a related	counterparty is not a related	
party, and the transaction amount	party, and the transaction amount	
meets any of the following criteria:	meets any of the following criteria:	
1. For a public company whose paid-	1. For a public company whose paid-	
in capital is less than NT\$10	in capital is less than NT\$10	
billion, the transaction amount	billion, the transaction amount	
reaches NT\$500 million or more.	reaches NT\$500 million or more.	
2. For a public company whose paid-	2. For a public company whose paid-	
in capital is NT\$10 billion or more,	in capital is NT\$10 billion or more,	
the transaction amount reaches	the transaction amount reaches	
NT\$1 billion or more.	NT\$1 billion or more.	
(5) Acquisition or disposal by a public	(5) Acquisition or disposal by a public	
company in the construction	company in the construction	
business of real property for	business of real property or right-	
construction use, and furthermore	of-use assets thereof for	
the transaction counterparty is	construction use, and furthermore	
not a related party, and the	the transaction counterparty is not	
transaction amount reaches	a related party, and the	
NT\$500 million.	transaction amount reaches NT\$500 million; among such	
	cases, if the public company has	
	paid-in capital of NT\$10 billion	
	or more, and it is disposing of real	
	property from a completed	
	construction project that it	
	constructed itself, and	
	furthermore the transaction	
	counterparty is not a related	
	party, then the threshold shall be	
	a transaction amount reaching	
	NT\$1 billion or more.	
(6) Where land is acquired under an	(6) Where land is acquired under an	
arrangement on engaging others	arrangement on engaging others	
to build on the company's own land, engaging others to build on	to build on the company's own land, engaging others to build on	
rented land, joint construction	rented land, joint construction	
and allocation of housing units,	and allocation of housing units,	
joint construction and allocation	joint construction and allocation	
of ownership percentages, or	of ownership percentages, or	
joint construction and separate	joint construction and separate	
sale, and the amount the	sale, and furthermore the	
company expects to invest in the	transaction counterparty is not a	
transaction reaches NT\$500	related party, and the amount the	
million.	company expects to invest in the	

Before Revised	Revised Version	Description
(7) Where an asset transaction other than any of those referred to in the preceding six 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: 1. Trading of government bonds.	transaction reaches NT\$500 million. (7) Where an asset transaction other than any of those referred to in the preceding six 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: 1. Trading of domestic government	
 Where done by professional investors-securities trading on securities exchanges or OTC markets at home or abroad, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics that are offered and issued in the primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. 	bonds. 2. Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the	
 3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (8) The amount of transactions above shall be calculated as follows: 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the 	Taipei Exchange. 3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (8) The amount of transactions above shall be calculated as follows: 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the	

Before Revised	Revised Version	Description
same type of underlying asset with the same transaction counterparty within the preceding year. 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.	same type of underlying asset with the same transaction counterparty within the preceding year 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.	
Article 14: Control procedures for the acquisition and disposal of assets by subsidiaries 1. Subsidiaries shall also stipulate the Procedure for Acquisition or Disposal of Assets of a Public Company in accordance with the relevant provisions of the Procedure for Acquisition or Disposal of Assets. 2. When subsidiaries acquire or dispose assets, they execute according to the processing procedure that instituted by Acts. 3. Information required to be publicly announced and reported in accordance with the provisions of the preceding Chapter on acquisitions and disposals of assets by a public company's subsidiary that is not itself a public company in Taiwan shall be reported by the public company. 4. In the announcement and declaration standard of subsidiaries, 20% of the amount of capital received by the company or 10% of the total assets, shall be based on the amount of capital	Article 14: Control procedures for the acquisition and disposal of assets by subsidiaries 1. Subsidiaries shall also stipulate the Procedure for Acquisition or Disposal of Assets of a Public Company in accordance with the relevant provisions of the Procedure for Acquisition or Disposal of Assets. 2. When subsidiaries acquire or dispose assets, they execute according to the processing procedure that instituted by Acts. 3. Information required to be publicly announced and reported in accordance with the provisions of the preceding Chapter on acquisitions and disposals of assets by a public company's subsidiary that is not itself a public company in Taiwan shall be reported by the public company. 4. In the announcement and declaration standard of subsidiaries, 20% of the amount of capital received by the company or 10% of the total assets, shall be based on the amount of capital	1. Added suitable regulation of The Audit Committee

Before Revised	Revised Version	Description
		Description
received or the total assets of the	received or the total assets of the	
company. 5. If subsidiaries acquire or dispose	company. 5. If subsidiaries acquire or dispose	
assets, they shall at least	assets, they shall at least	
periodically be made a	periodically be made a	
determination of the procedure for	determination of the procedure for	
acquisition or disposal of assets,	acquisition or disposal of assets,	
and its operational situation. If any	and its operational situation. If any	
material violation is discovered,	material violation is discovered,	
the audit unit of the company shall	the audit unit of the company shall	
be notified in writing, and the audit	be notified in writing, and the audit	
unit of the company shall notify	unit of the company shall notify	
supervisors in writing.	supervisors in writing.	
6. The auditor of the company shall be	6. The auditor of the company shall be	
informed of the implementation of	informed of the implementation of	
the procedure for acquisition or	the procedure for acquisition or	
disposal of assets by subsidiaries	disposal of assets by subsidiaries	
when auditors auditing subsidiaries	when auditors auditing subsidiaries	
under the annual audit plan. If any	under the annual audit plan. If any	
violation is discovered, its	violation is discovered, its	
reformation shall be continually	reformation shall be continually	
traced and be reported to	traced and be reported to	
supervisors. Where an audit committee has been	supervisors. Where an audit committee has been	
established in accordance with the	established in accordance with the	
provisions of the Act, the provisions	provisions of the Act, the provisions	
relating to supervisors shall apply	relating to supervisors shall apply	
mutatis mutandis to the audit	mutatis mutandis to the audit	
committee.	committee.	
	Article 17: Implement and Amendment	1. Modified with the
	A public company shall establish its	
procedures for the acquisition or	procedures for the acquisition or	texts.
disposal of assets in accordance with	disposal of assets in accordance with	2. Added suitable
the provisions of these Regulations.	the provisions of these Regulations.	regulation of The
After the procedures have been	After the procedures have been	Audit Committee.
approved by the board of directors,	approved by the board of directors,	
they shall be submitted to each	they shall be submitted to each	
supervisor, and then to a shareholders'	supervisor, and then to a shareholders'	
meeting for approval; the same	meeting for approval; the same	
applies when the procedures are	applies when the procedures are	
amended. If any director expresses	amended. If any director expresses	
dissent and it is contained in the	dissent and it is contained in the	
minutes or a written statement, the	minutes or a written statement, the	
company shall submit the director's	company shall also submit the	
dissenting opinion to each supervisor.	director's dissenting opinion to each	
	supervisor.	

Before Revised	Revised Version	Description
In the case of a discussion by the	In the case of a discussion by the	Description
Board, the opinions of the	Board, the opinions of the	
independent directors shall be fully	independent directors shall be fully	
taken into account, if they have	taken into account, if they have	
objections or reservations, shall be set	objections or reservations, shall be set	
out in the proceedings of the Board of	out in the proceedings of the Board of	
Trustees.	Trustees.	
	Where the position of independent	
	director has been created in	
	accordance with the provisions of the	
	Securities and Exchange Act, 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 opinions. If an independent	
	director objects to or expresses	
	reservations about any matter, it shall be recorded in the minutes of the	
	board of directors meeting. Where an	
	audit committee has been established	
	in accordance with the provisions of	
	the 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. The terms	
	"all audit committee members" and	
	"all directors" in the preceding	
	paragraph shall be counted as the	
	actual number of persons currently	
	holding those positions.	

Chieftek Precision Co., Ltd.

The Comparison tables of the Procedures for the Endorsement and

Guarantees to be amended

Before Revised	Revised Version	Description
Article 10: Announcement and	Article 10: Announcement and	Modified with the
Declaration of Time	Declaration of Time	Financial Supervisory
Limit and Content	Limit and Content	Commission's letter of
1. The company shall announce	1. The company shall announce	March 7, 2019,
and report the previous month's	and report the previous month's	ChinKuanChengPhaC
balance of	balance of	hi No. 1080304826,
endorsements/guarantees of	endorsements/guarantees of	amended the
itself and its subsidiaries by the	itself and its subsidiaries by the	Procedures for the
10th day of each month.	10th day of each month.	Endorsement and
2. The company whose balance of	2. The company whose balance of	Guarantees.
endorsements/guarantees	endorsements/guarantees	
reaches one of the following	reaches one of the following	
levels shall announce and report	levels shall announce and report	
such event within two days	such event within two days	
commencing immediately from	commencing immediately from	
the date of occurrence:	the date of occurrence:	
(1) The aggregate balance of	(1) The aggregate balance of	
endorsements/guarantees by	endorsements/guarantees by	
the company reaches 50	the company reaches 50	
percent or more of the public	percent or more of the public	
company's net worth as stated	company's net worth as stated	
in its latest financial statement.	in its latest financial statement.	
(2) The balance of endorsements	(2) The balance of endorsements	
/guarantees by the company for	/guarantees by the company for	
a single enterprise reaches 20	a single enterprise reaches 20	
percent or more of the public	percent or more of the public	
company's net worth as stated in its latest financial statement.	company's net worth as stated in its latest financial statement.	
(3) The balance of endorsements	(3) The balance of endorsements	
/guarantees by the public	/guarantees by the public	
company and its subsidiaries	company and its subsidiaries	
for a single enterprise reaches	for a single enterprise reaches	
NT\$10 millions or more, and	NT\$10 millions or more and	
the investment of a long-term	the aggregate amount of all	
nature in, and balance of loans	endorsements/guarantees for,	
to, such enterprise reaches 30	investment of a long-term	

Before Revised	Revised Version	Description
percent or more of the	nature in, and balance of loans	Description
company's net worth as stated	to, such enterprise reaches 30	
in its latest financial statement,	percent or more of the	
or after the declaration is	company's net worth as stated	
declared in accordance with	in its latest financial statement,	
these measures, the balance of	or after the declaration is	
each increase exceeds 5	declared in accordance with	
percent or more of the	these measures, the balance of	
company's net worth as stated	each increase exceeds 5 percent	
in its latest financial statement.	or more of the company's net	
	worth as stated in its latest	
	financial statement.	
(4) The amount of new	(4) The amount of new	
endorsements/guarantees	endorsements/guarantees made	
made by the company or its	by the company or its	
subsidiaries reaches NT\$30	subsidiaries reaches NT\$30	
million or more, and reaches 5	million or more, and reaches 5	
percent or more of the	percent or more of the	
company's net worth as stated	company's net worth as stated	
in its latest financial statement.	in its latest financial statement.	
3. The company shall announce	3. The company shall announce	
and report on behalf of any	and report on behalf of any	
subsidiary thereof that is not a	subsidiary thereof that is not a	
public company of the Republic	public company of the Republic	
of China any matters that such subsidiary is required to	of China any matters that such subsidiary is required to	
announce and report pursuant to	announce and report pursuant to	
the preceding paragraph.	the preceding paragraph.	
4. "Date of occurrence" in these	4. "Date of occurrence" in these	
Regulations means the date of	Regulations means the date of	
contract signing, date of	contract signing, date of	
payment, dates of boards of	payment, dates of boards of	
directors' resolutions, or other	directors' resolutions, or other	
date that can confirm the	date that can confirm the	
counterparty and monetary	counterparty and monetary	
amount of the transaction,	amount of the transaction,	
whichever date is earlier.	whichever date is earlier.	
Article 6: Hierarchy of Decision-	Article 6: Hierarchy of Decision-	Modified with the
making Authority and	making Authority and	Financial Supervisory
Delegation thereof	Delegation thereof	Commission's letter of
1. When departments are required	1. When departments are required	March 7, 2019,
to obtain endorsement or	to obtain endorsement or	ChinKuanChengPhaC
guarantees due to business	guarantees due to business	hi No. 1080304826,
needs, they shall firstly be	needs, they shall firstly be	amended the
approved by the Board of	approved by the Board of	Procedures for the

Before Revised	Revised Version	Description
Directors. Where the company	Directors. Where the company	Endorsement and
has established the position of	has established the position of	Guarantees.
independent director, when it	independent director, when it	
submits its Operational	submits its Operational	
Procedures for Loaning Funds	Procedures for Loaning Funds to	
to Others for discussion by the	Others for discussion by the	
board of directors under the	board of directors under the	
preceding paragraph, the board	preceding paragraph, the board	
of directors shall take into full	of directors shall take into full	
consideration each independent	consideration each independent	
director's opinion; independent	director's opinion; independent	
directors' opinions specifically	directors' opinions specifically	
expressing assent or dissent and their reasons for dissent shall be	expressing assent or dissent and their reasons for dissent shall be	
included in the minutes of the	included in the minutes of the	
board of directors' meeting.	board of directors' meeting.	
However, in order to meet the	However, in order to meet the	
time limit, the Board of	time limit, the Board of	
Directors shall authorize the	Directors shall authorize the	
Chairman to make a decision in	Chairman to make a decision in	
accordance with the provisions	accordance with the provisions	
of this operating method within	of this operating method within	
the limits of per NT\$	the limits of per NT\$	
20,000,000, and shall report the	50,000,000, and shall report the	
Board of Directors afterwards	Board of Directors afterwards	
for approvals.	for approvals.	
Article 13: Procedures for	Article 13: Procedures for	Modified with the
implementation	implementation	Financial Supervisory
After the Procedures are passed by	After the Procedures are passed by	Commission's letter of
1	the resolution of the Board of	March 7, 2019,
the resolution of the Board of	Directors, submit the Procedures	ChinKuanChengPhaC
Directors, submit the Procedures	to each supervisor and submit	hi No. 1080304826,
to each supervisor and submit	them for approval by the	amended the
them for approval by the	shareholders' meeting; where any	Procedures for the
shareholders' meeting; where any	director expresses dissent and it is contained in the minutes or a	Endorsement and Guarantees.
director expresses dissent and it is	written statement, the company	
contained in the minutes or a	shall submit the dissenting opinion	
written statement, the company	to each supervisor and for discussion by the shareholders'	
shall submit the dissenting opinion	meeting. The same shall apply to	
to each supervisor and for	any amendments to the	
discussion by the shareholders'	Procedures.	
	When it submits its Operational	
meeting. The same shall apply to	Procedures for Loaning Funds to	

Before Revi	sed		Revised Version	Description
any amendments	to	the	Others for discussion by the Board	
Procedures.			of Directors under the preceding	
			paragraph, the board of directors	
			shall take into full consideration	
			each independent director's	
			opinion; independent directors'	
			opinions specifically expressing	
			assent or dissent and their reasons	
			for dissent shall be included in the	
			minutes of the Board of Directors'	
			meeting.	
			Where an audit committee has	
			been established in accordance	
			with the provisions of the 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.	
			The terms "all audit committee	
			members" in paragraph 3 and "all	
			directors" in the preceding	
			paragraph shall be counted as the	

Before Revised	Revised Version	Description
	actual number of persons currently	
	holding those positions.	
Article 12: Penalty for violation of	Article 12: Penalty for violation of	Modified with the
these Regulations or	these Regulations or	Financial Supervisory
the company's	the company's	Commission's letter of
Operational	Operational	March 7, 2019,
Procedures for	Procedures for	ChinKuanChengPhaC
Endorsements/Guarant	Endorsements/Guarant	hi No. 1080304826,
ees by managers and	ees by managers and	amended the
personnel in charge	personnel in charge	Procedures for the
When the manager and personnel	When the manager and personnel	Endorsement and
in charge of the company violates	in charge of the company violates	Guarantees.
this operating procedure, shall	this operating procedure, shall	
report the assessment in	report the assessment in	
accordance with the company's	accordance with the company's	
Personnel Management Act and	Personnel Management Act and	
Work Rules, shall be punished	Work Rules, shall be punished	
according to its circumstances and severity.	according to its circumstances and severity.	
seventy.	Where independent directors have	
	been appointed in accordance with	
	the provisions of the Act, for	
	matters for which notice shall be	
	given to the supervisors under	
	Article 15, paragraph 2 or Article	
	18, paragraph 2, written notice	
	shall also be given to the	
	independent directors. Based on	
	Article 16 or Article 20, the	
	reformation plan for the	
	supervisors, shall also inform	
	independent directors.	
	Where an audit committee has	
	been established by the company,	
	Article 15, Article 16, Article 18	
	and Article 20 relating to	
	supervisors shall apply mutatis	
	mutandis to the audit committee.	

Attachment 9

Chieftek Precision Co., Ltd.

The Comparison tables of the Procedures for the Management of Loaning Funds to Others to be amended

Before Revised	Revised Version	Description
Article 3: Evaluation Standards for	Article 3: Evaluation Standards for	Modified with the
Loaning Funds to Others	Loaning Funds to Others	Financial
Under the Company Act, the	Under the Company Act, the	Supervisory Commission's letter
company shall not loan funds to any	company shall not loan funds to any	of March 7, 2019,
of its shareholders or any other	of its shareholders or any other	ChinKuanChengPh
person except under the following	person except under the following	aChi No.
circumstances:	circumstances:	1080304826,
1. Where an inter-company or inter-	1. Where an inter-company or	amended the Procedures for the
firm business transaction calls	inter-firm business transaction	Management of
for a loan arrangement with the	calls for a loan arrangement with	Loans to Others.
company.	the company.	
The term "inter-firm business	The term "inter-firm business	
transaction" refers to those who	transaction" refers to those who	
have a purchase or sales conduct	have a purchase or sales conduct	
with the company.	with the company.	
2. Where an inter-company or	2. Where an inter-company or	
inter-firm short-term financing	inter-firm short-term financing	
facility with the company.	facility with the company.	
It refers to an inter-company or	It refers to an inter-company or	
inter-firm short-term financing	inter-firm short-term financing	
facility whose shareholding of the	facility whose shareholding of the	
company reaches 50% or more.	company reaches 50% or more.	
The term "short-term" as used in the	The term "short-term" as used in	
preceding paragraph means the	the preceding paragraph means the	
period of one year, or where the	period of one year, or where the	
company's operating cycle	company's operating cycle	
(whichever is longer),	(whichever is longer),	
The term "financing amount" as	The term "financing amount" as	
used in means the cumulative	used in means the cumulative	

Before Revised	Revised Version	Description
balance of the public company's	balance of the public company's	•
short-term financing.	short-term financing.	
3. To which the company's Board of	3. To which the company's Board	
Directors approves to loan funds.	of Directors approves to loan	
4. The restriction in paragraph 1,	funds.	
subparagraph 2 shall not apply to	4. The restriction in paragraph 1,	
inter-company loans of funds	subparagraph 2 shall not apply to	
between overseas companies in	inter-company loans of funds	
which the company holds,	between overseas companies in	
directly or indirectly, 100% of the	which the company holds,	
voting shares. However, the	directly or indirectly, 100% of	
provisions of Article 4 and	the voting shares, or the inter-	
Article 5, concerning the setting	company loans of funds between	
of the amount limits and the	overseas companies in which the	
durations of loans shall still	public company holds, directly	
apply.	or indirectly, 100% of the voting	
	shares. However, the provisions	
	of Article 4 and Article 5,	
	concerning the setting of the	
	total amount limits, individual	
	amount limits and the durations	
	of loans shall still apply.	
Article 10: Disclosure of Information	Article 10: Disclosure of Information	Modified with the
1. The company shall enter the	1. The company shall enter the	Financial
company's and its subsidiaries'	company's and its subsidiaries'	Supervisory
balance of loaning funds for the previous month into the Public	balance of loaning funds for the previous month into the Public	Commission's letter
Information Observatory by 10 th	Information Observatory by 10 th	of March 7, 2019, ChinKuanChengPh
of each month.	of each month.	aChi No.
2. The company whose balance of	2. The company whose balance of	1080304826,
loaning funds reaches one of the	loaning funds reaches one of the	amended the
following levels shall enter into	following levels shall enter into	Procedures for the
the Public Information Observatory within two days	the Public Information Observatory within two days	Management of Loans to Others.
commencing immediately from	commencing immediately from	Loans to Others.
the date of occurrence:	the date of occurrence:	
(1) The aggregate balance of loaning	(1) The aggregate balance of	
funds to others reaches 20	loaning funds to others reaches	
percent or more of the company's	20 percent or more of the	
net worth as stated in its latest	company's net worth as stated in	

Before Revised	Revised Version	Description
financial statement, or after the	its latest financial statement, or	
declaration in accordance with	after the declaration in	
the provisions of this regulation,	accordance with the provisions	
those whose balance each of	of this regulation, those whose	
time exceeds 2 percent or more	balance each of time exceeds 2	
of the company's net worth as	percent or more of the	
stated in its latest financial	company's net worth as stated in	
statement.	its latest financial statement.	
(2) Where the balance of loaning	(2) Where the balance of loaning funds of single entity reaches	
funds of single entity reaches 10%, or more, of the company's	funds of single entity reaches 10%, or more, of the company's	
net worth as stated in its latest	net worth as stated in its latest	
financial statement, or after the	financial statement, or after the	
declaration in accordance with	declaration in accordance with	
the provisions of this regulation,	the provisions of this regulation,	
those whose balance each of	those whose balance each of	
time exceeds 2 percent or more	time exceeds 2 percent or more	
of the company's net worth as	of the company's net worth as	
stated in its latest financial	stated in its latest financial	
statement.	statement.	
(3) The amount of new loaning funds	(3) The amount of new loaning	
made by the company or its	funds made by the company or	
subsidiaries reaches NT\$10	its subsidiaries reaches NT\$10	
million or more, and reaches 2	million or more, and reaches 2	
percent or more of the company's	percent or more of the	
net worth as stated in its latest	company's net worth as stated in	
financial statement.	its latest financial statement.	
3. The company shall announce and	3. The company shall announce and	
report on behalf of any subsidiary thereof that is not a public	report on behalf of any subsidiary	
company of the Republic of China	thereof that is not a public company of the Republic of	
any matters that such subsidiary is	China any matters that such	
required to announce and report	subsidiary is required to	
pursuant to any subparagraph of	announce and report pursuant to	
the preceding paragraph. The	any subparagraph of the	
calculation of the ratio of the	preceding paragraph. The	
loaning funds balance of the	calculation of the ratio of the	
preceding subsidiaries to the net is	loaning funds balance of the	
calculated on the basis of the	preceding subsidiaries to the net	
proportion of the balance of	is calculated on the basis of the	
loaning funds of subsidiaries.'	proportion of the balance of	
	loaning funds of subsidiaries.'	
4. The company shall assess the	4. The company shall assess the	
loaning funds and circumstances	loaning funds and circumstances	
of its and make adequate	of its and make adequate	
provision for bad debts, and	provision for bad debts, and	

Before Revised	Revised Version	Description
properly disclose the relevant information in the financial report, also provide relevant data to the visa accountant to carry out the necessary verification procedures. 5. "Date of occurrence" in these Regulations means the date of trading contract signing, date of payment, dates of Boards of Directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.	properly disclose the relevant information in the financial report, also provide relevant data to the visa accountant to carry out the necessary verification procedures. 5. "Date of occurrence" in these Regulations means the date of contract signing, date of payment, dates of Boards of Directors resolutions, or other date that can confirm the counterparty of loaning funds and monetary amount of the transaction, whichever date is earlier.	
Article 6: Procedures for Handling and Reviewing 1. Process of Application (1) When handling the matters of loaning funds, the company shall ask the debtor attaches the basic information (including Ministry of Economy Company license, Business Registration Certificate, and a copy of the ID card of person in charge), and other necessary financial documents, and the debtor could apply to the financial unit of the company for integration. (2) If inter-firm business engages in loaning funds, the financial unit of the company shall evaluate whether the amount of loan is equivalent to the inter-firm business amount of transaction. If short-term financing is necessary, the reason as well as circumstances of loaning funds shall be carried out, and shall be taken a credit investigation. After reporting the relevant information and proposed loan conditions to the supervisor and the general manager of the	Article 6: Procedures for Handling and Reviewing 1. Process of Application (1) When handling the matters of loaning funds, the company shall ask the debtor attaches the basic information (including Ministry of Economy Company license, Business Registration Certificate, and a copy of the ID card of person in charge), and other necessary financial documents, and the debtor could apply to the financial unit of the company for integration. (2) If inter-firm business engages in loaning funds, the financial unit of the company shall evaluate whether the amount of loan is equivalent to the inter-firm business amount of transaction. If short-term financing is necessary, the reason as well as circumstances of loaning funds shall be carried out, and shall be taken a credit investigation. After reporting the relevant information and proposed loan conditions to the supervisor and the general manager of the	Modified with the Financial Supervisory Commission's letter of March 7, 2019, ChinKuanChengPh aChi No. 1080304826, amended the Procedures for the Management of Loans to Others.

Before Revised	Revised Version	Description
		Description
financial unit, it shall also be	financial unit, it shall also be	
reported to the Board of Directors for resolution.	reported to the Board of Directors for resolution.	
(3) Where the company has	(3) Where the company has	
established the position of	established the position of	
independent director, when it	independent director, when it	
submits Loaning Funds to Others for discussion by the	submits Loaning Funds to Others for discussion by the	
Board of Directors, the Board of	board of directors, the Board of	
Directors shall take into full	Directors shall take into full	
consideration each independent	consideration each independent	
director's opinion; people who	director's opinion; independent	
specifically expressing assent or	directors' opinions specifically	
dissent and their reasons for	expressing assent or dissent and	
dissent shall be included in the	their reasons for dissent shall be	
minutes of the board of directors'	included in the minutes of the	
meeting.	board of directors' meeting.	
meeting.	Where an audit committee has been	
	established in accordance with the	
	provisions of the 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 2 is not	
	obtained, the procedures may be	
	implemented if approved by more	
	than two-thirds of all directors, and	
	the resolution of the audit	
	committee shall be recorded in the	
	minutes of the board of directors	
	meeting. The terms "all audit	
	committee members" and "all	
	directors" in the preceding	
	paragraph 4 shall be counted as the	
	actual number of persons currently	
2 Cradit Investigation	holding those positions.	
2. Credit Investigation(1) For the first time of debtor,	2. Credit Investigation(1) For the first time of debtor,	
shall provide basic information	shall provide basic information	
shan provide basic illibiliation	shan provide basic illiorillation	

Before Revised	Revised Version	Description
and financial documents for the	and financial documents for the	
processing of the credit.	processing of the credit.	
(2) In the case of continuing debtor,	(2) In the case of continuing debtor,	
in principle, shall re-conduct the	in principle, shall re-conduct the	
credit investigation the time of	credit investigation the time of	
renewal. If it comes to an	renewal. If it comes to an	
urgency, it could be processed at	urgency, it could be processed at	
any time if necessary.	any time if necessary.	
(3) If the financial condition of the	(3) If the financial condition of the	
debtors is fine, and the annual	debtors is fine, and the annual	
financial statements have been	financial statements have been	
entrusted to the accountant to	entrusted to the accountant to	
complete the financing visa, they	complete the financing visa,	
shall follow the survey report,	they shall follow the survey	
which has not been more than	report, which has not been more	
one year, and with the	than one year, and with the	
accountant of the period to audit	accountant of the period to audit	
the Visa report, as a reference for	the Visa report, as a reference	
loan.	for loan.	
(4) When the company makes a credit survey of the debtor, shall	credit survey of the debtor, shall	
also assess the impact of capital	also assess the impact of capital	
loans on the company's	loans on the company's	
operational risks, financial	operational risks, financial	
position and shareholders'	position and shareholders'	
equity.	equity.	
3. Hierarchy of decision-making	3. Hierarchy of decision-making	
authority and delegation thereof.	authority and delegation thereof.	
The loaning funds and matters of the	The loaning funds and matters of the	
company, could be applied after the	company, could be applied after the	
adoption of the resolution of the	adoption of the resolution of the	
Board of Directors.	Board of Directors.	
Where the company has established	Where the company has established	
the position of independent director,	the position of independent	
when it submits Loaning Funds to	director, when it submits Loaning	
Others for discussion by the Board	Funds to Others for discussion by	
of Directors, the Board of Directors	the Board of Directors, the Board of	
shall take into full consideration	Directors shall take into full	
each independent director's opinion;	consideration each independent	
people who specifically expressing	director's opinion; people who	
assent or dissent and their reasons	specifically expressing assent or	
for dissent shall be included in the	dissent and their reasons for dissent	
minutes of the board of directors'	shall be included in the minutes of	
meeting.	the board of directors' meeting.	
4. Loan Approval and Notification	4. Loan Approval and Notification	

	Before Revised		Revised Version	Description
(1)	Cases that resolute not to loan	(1)	Cases that resolute not to loan	
	after investigation and		after investigation and	
	assessment of credit, the agent		assessment of credit, the agent	
	shall reply to the debtor as soon		shall reply to the debtor as soon	
	as possible on the grounds of		as possible on the grounds of	
(2)	refusal.		refusal.	
(2)	Cases that resolute to loan after	' '	Cases that resolute to loan after	
	investigation and assessment of		investigation and assessment of	
	credit, the person in charge shall		credit, the person in charge shall	
	reply to the debtor as soon as		reply to the debtor as soon as	
	possible with letter, informing		possible with letter, informing	
	the company's loan conditions in detail, including the amount,		the company's loan conditions in detail, including the amount,	
	duration, interest rate, collateral		duration, interest rate, collateral	
	and guarantor, etc., and ask the		and guarantor, etc., and ask the	
	debtor to complete the contract		debtor to complete the contract	
	signing procedures within the		signing procedures within the	
	time limit.		time limit.	
5.	Contract Signing and Identity		Contract Signing and Identity	
	Verification		Verification	
(1)	The loan case shall be drafted by	(1)	The loan case shall be drafted by	
	the person in charge, and shall be		the person in charge, and shall	
	reviewed by the manger to audit		be reviewed by the manger to	
	and sent to the Legal Counsel for		audit and sent to the Legal	
	verification before signing the		Counsel for verification before	
	contract.		signing the contract.	
(2)	When the content of the contract	` ′	When the content of the contract	
	is consistent with the approved		is consistent with the approved	
	loan conditions, the person in		loan conditions, the person in	
	charge shall complete the		charge shall complete the	
	procedure for identity		procedure for identity	
	verification after the debtor and guarantor sign the contract.		verification after the debtor and	
6	Collateral value assessment and		guarantor sign the contract. Collateral value assessment and	
0.	right-setting debtor shall provide		right-setting debtor shall provide	
	the same amount of guaranteed		the same amount of guaranteed	
	ticket or collateral, and shall		ticket or collateral, and shall	
	complete pledge or mortgage-		complete pledge or mortgage-	
	setting procedure. The company		setting procedure. The company	
	shall also assess the value of		shall also assess the value of	
	collateral in order to ensure the		collateral in order to ensure the	
	claim of the company.		claim of the company.	
	Insurance		Insurance	
(1)	In addition to land and marketable	(1)		
	securities, Fire Insurance and		marketable securities, Fire	
	related insurance shall also be		Insurance and related insurance	

Before Revised	Revised Version	Description
insured, and the amount of	shall also be insured, and the	•
insurance shall be based on the	amount of insurance shall be	
principle of not lower than the	based on the principle of not	
quality of the collateral. The	lower than the quality of the	
policy shall indicate that the	collateral. The policy shall	
company is the beneficiary, and	indicate that the company is the	
the name, quantity, storage	beneficiary, and the name,	
location, insurance conditions,	quantity, storage location,	
insurance approval, etc., of the	insurance conditions, insurance	
subject matter on the policy shall	approval, etc., of the subject	
be in accordance with the	matter on the policy shall be in	
original nuclear loan conditions	accordance with the original	
of the company.	nuclear loan conditions of the	
	company.	
` '	(2) The personal in charge shall be	
careful to notify the debtor to	careful to notify the debtor to	
continue to insurance before the	continue to insurance before the	
expiration of the insurance	expiration of the insurance	
period.	period.	
8. Granting When the loan conditions are	8. Granting When the loan conditions are	
When the loan conditions are approved and signed by the debtor,	When the loan conditions are approved and signed by the debtor,	
also the guarantee quality(return)	also the guarantee quality(return)	
registration has been completed, the	registration has been completed, the	
debtor can apply to the financial unit	debtor can apply to the financial	
for granting after all of the	unit for granting after all of the	
procedures have been verified.	procedures have been verified.	
Article 11: Penalties	Article 11: Penalties	Modified with the
When the manager and the person in	When the manager and the person	Financial
charge of the company violates the	in charge of the company violates	Supervisory
processing procedure, they shall be	the processing procedure, they shall	Commission's letter
punished in accordance with	be punished in accordance with	of March 7, 2019,
circumstances and be submitted	circumstances and be submitted	ChinKuanChengPh
assessment according to the	assessment according to the	aChi No.
company's work rules.	company's work rules.	1080304826,
	Where independent directors have	amended the
	been appointed in accordance with	Procedures for the
	the provisions of the Act, for	Management of
	matters for which notice shall be	Loans to Others.
	given to the supervisors under	
	Article 15, paragraph 2 or Article	
	18, paragraph 2, written notice shall	
	also be given to the independent	
	directors. Based on Article 16 or	
	Article 20, the reformation plan for	

Before Revised	Revised Version	Description
	the supervisors, shall also inform	
	independent directors.	
	Where an audit committee has	
	been established by the company,	
	Article 15, Article 16, Article 18	
	and Article 20 relating to	
	supervisors shall apply mutatis	
	mutandis to the audit committee.	

Attachment 10

Chieftek Precision Co., Ltd.

The Comparison tables of the Code of Corporate Governance to be amended

Before Revised	Revised Version	Description
Article 3 (Establishing Internal Control	Article 3 (Establishing Internal Control	Modified
Systems)	Systems)	with the
The company shall follow the	The company shall follow the Criteria	Cooperate
Criteria Governing Establishment of	Governing Establishment of Internal	Governance
Internal Control Systems by the	Control Systems by the company and	Best Practice
company and take into consideration	take into consideration the overall	Principles for
the overall operational activities of	operational activities of itself and its	TWSE/TPEx
itself and its subsidiaries to design and	subsidiaries to design and fully	Listed
fully implement an internal control	implement an internal control system,	Companies,
system, and shall conduct continuing	and shall conduct continuing reviews of	letter of D
reviews of the system, in order to	the system, in order to ensure the	December 21,
ensure the continued effectiveness of	continued effectiveness of its design and	2018, No.
its design and implementation in light	implementation in light of changes in the	10700540421
of changes in the company's internal	company's internal and external	
and external environment.	environment.	
The company shall perform full self-	The company shall perform full self-	
assessments of its internal control	assessments of its internal control	
system. Its board of directors and	system. Its board of directors and	
management shall review the results of	management shall review the results of	
the self-assessments by each	the self-assessments by each department	
department at least annually and the	at least annually and the reports of the	
reports of the internal audit department	internal audit department on a quarterly	
on a quarterly basis. The audit	basis. The audit committee or	
committee or supervisors shall also	supervisors shall also attend to and	
attend to and supervise these matters.	supervise these matters.	
Directors and supervisors shall periodically hold discussions with their	Directors and supervisors shall	
internal auditors about reviews of	periodically hold discussions with their	
internal control system deficiencies. A	internal auditors about reviews of internal	
record of the discussions shall be kept,	control system deficiencies. A record of	
and the discussions shall be followed up, improvements implemented, and a	the discussions shall be kept, and the	
report submitted to the board of	discussions shall be followed up,	
directors.	improvements implemented, and a report	
Where an audit committee has been	submitted to the independent director,	
established in accordance with the	supervisor or The Audit Committee. They	
provisions of the Securities and	are advised to establish channels and	
Exchange Act, the examination of the	mechanisms of communication between	

Before Revised	
effectiveness of the internal control	their inc
system shall be approved by more than	commit
half of all audit committee members and	internal
submitted to the board of directors for a	audit co
resolution.	their co
The company shall pay special	director
attention to the internal audit department	shareho
and its personnel, fully empower them	The c
and urge them to conduct audits	to the in
effectively, to evaluate problems of the	them to
internal control system and assess the	evaluate
efficiency of its operations to ensure that	system a operation
the system can operate effectively on an	operate
on-going basis, and to assist the board of	and to a
directors and the management to perform	manage

To put the internal control system into effect, strengthen the professional abilities of the deputies of the internal auditors and to further improve and maintain the quality and implementing result of the audit, a futures commission merchant shall have deputies in place for the duties of the internal auditing personnel.

their duties effectively so as to ensure a

sound corporate governance system.

The qualification requirements for internal auditors specified in Article 11, paragraph 6, and provisions in Article 16, 17 and 18 of the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets shall apply mutatis mutandis to the deputies under the preceding paragraph.

their independent directors, audit committees or supervisors, and chief internal auditors, and the convener of the audit committee or supervisors shall report their communication with the independent directors and chief internal auditors at the shareholders' meeting.

Revised Version

Description

The company shall pay special attention to the internal audit department and its personnel, fully empower them and urge them to conduct audits effectively, to evaluate problems of the internal control system and assess the efficiency of its operations to ensure that the system can operate effectively on an on-going basis, and to assist the board of directors and the management to perform their duties effectively so as to ensure a sound corporate governance system.

Appointment, dismissal, evaluation and review, salary and compensation of internal auditors of the company shall be reported to the board of directors or shall be submitted by the chief auditor to the board chairperson for approval.

Before Revised	Revised Version	Description
Article 3-1: (Personnel responsible for	Article 3-1: (Personnel responsible for	Modified with the
corporate governance affairs)	corporate governance affairs)	Cooperate
The company is advised to have an	The company is advised to have an	Governance
adequate number of full time (or part-	adequate number of corporate governance	Best Practice
time) corporate governance personnel	personnel with appropriate qualifications	Principles for TWSE/TPEx
with appropriate qualifications and to	based on the size of the company, business	Listed
appoint a chief corporate governance	situations and management needs, and to	Companies,
officer as the most senior officer to be in	appoint a chief corporate governance	letter of D
charge of corporate governance affairs.	officer as the most senior officer to be in	December 21, 2018, No.
Said officer shall be a qualified, practice-	charge of corporate governance affairs.	10700540421
eligible lawyer or accountant or have	Said officer shall be a qualified, practice-	
been in a managerial position for at least	eligible lawyer or accountant or have been	
three years in a security, financial, or	in a managerial position for at least three	
futures related institution or a public	years in a security, financial, or futures	
company in handling legal affairs,	related institution or a public company in	
financial affairs, stock affairs, or	handling legal affairs, financial affairs,	
corporate governance affairs.	stock affairs, or corporate governance	
	affairs.	
It is required that the corporate	It is required that the corporate	
governance affairs mentioned in the	governance affairs mentioned in the	
preceding paragraph include at least the	preceding paragraph include at least the	
following items:	following items:	
1. Handle the registration of the company	1. Handling matters relating to board	
as well as the change of registration.	meetings and shareholders' meetings	
2. Handling matters relating to board	according to laws, and assisting the	
meetings and shareholders' meetings	company in following the related laws	
according to laws, and assisting the	of the Board of Directors and	
company in following the related laws	Shareholders' meeting.	
of the Board of Directors and	2. Producing minutes of board meetings	
Shareholders' meeting.	and shareholders' meetings	
3. Producing minutes of board meetings	3. Assisting in onboarding and continuous	
and shareholders' meetings	development of directors and	
4. Furnishing information required for	supervisors.	
business execution and company		
operation by directors and supervisors,		

Before Revised	Revised Version	Description
and the latest development of the laws	4. Furnishing information required for	
that related to the operating company,	business execution and company	
in order to assist the directors and	operation by directors and supervisors.	
supervisors with legal compliance.	5. Assisting directors and supervisors with	
5. Matters related to investor relations.	legal compliance.	
6. Other matters set out in the articles or	6. Other matters set out in the articles or	
corporation or contracts.	corporation or contracts.	
Article 6: (The Board of Directors shall properly arrange the agenda items and procedures for shareholders' meetings) The Board of Directors of the	Article 6: (The Board of Directors shall properly arrange the agenda items and procedures for shareholders' meetings) The Board of Directors of the company	Modified with the Cooperate Governance
company shall properly arrange the	shall properly arrange the agenda items	Best Practice
agenda items and procedures for	and procedures for shareholders' meetings,	Principles for TWSE/TPEx
shareholders' meetings, and formulate	and formulate the principles and	Listed
the principles and procedures for	procedures for shareholder nominations of	Companies,
shareholder nominations of directors and	directors and supervisors and submissions	letter of D December 21,
supervisors and submissions of	of shareholder proposals. The board shall	2018, No.
shareholder proposals. The board shall	also properly handle the proposals duly	10700540421
also properly handle the proposals duly	submitted by shareholders. Arrangements	
submitted by shareholders. Arrangements	shall be made to hold shareholders'	
shall be made to hold shareholders'	meetings at a convenient location, with	
meetings at a convenient location, with	sufficient time allowed and sufficient	
sufficient time allowed and sufficient	numbers of suitable personnel assigned to	
numbers of suitable personnel assigned to	handle attendance registrations. No	
handle attendance registrations. No	arbitrary requirements shall be imposed on	
arbitrary requirements shall be imposed	shareholders to provide additional	
on shareholders to provide additional	evidentiary documents beyond those	
evidentiary documents beyond those	showing eligibility to attend. Shareholders	
showing eligibility to attend.	shall be granted reasonable time to	
Shareholders shall be granted reasonable	deliberate each proposal and an	
time to deliberate each proposal and an	appropriate opportunity to make	
appropriate opportunity to make	statements.	
statements.	For a shareholders meeting called by the	
For a shareholders meeting called by	board of directors, it is advisable that the	
the board of directors, it is advisable that	board chairperson chair the meeting, that a	
the board chairperson chair the meeting,	majority of the directors (including at least	

Before Revised	Revised Version	Description
that a majority of the directors (including	one independent director) and convener of	
at least one independent director), or at	the audit committee, or at least one	
least one supervisor, attend in person,	supervisor, attend in person, and that at	
and that at least one member of other	least one member of other functional	
functional committees attend as	committees attend as representative.	
representative. Attendance details should	Attendance details should be recorded in	
be recorded in the shareholders meeting	the shareholders meeting minutes.	
minutes.		
minutes. Article 7: (The company shall encourage its shareholders to actively participate in corporate governance) The company shall encourage its shareholders to actively participate in corporate governance. It is advisable that the company engage a professional shareholder services agent to handle shareholders meeting matters, so that shareholders' meetings can proceed on a legal, effective and secure basis. The company shall seek all ways and means, including fully exploiting technologies for information disclosure, to upload notification of meeting of shareholders, meeting handbook, and supplementary information of shareholders' meetings in both Chinese and English concurrently, and shall adopt electronic voting, in order to enhance shareholders' attendance rates at shareholders' meetings and ensure their exercise of rights at such meetings in accordance with laws. The companies are advised to arrange for their shareholders to electronically	Article 7: (The company shall encourage its shareholders to actively participate in corporate governance) The company shall encourage its shareholders to actively participate in corporate governance. It is advisable that the company engage a professional shareholder services agent to handle shareholders meeting matters, so that shareholders' meetings can proceed on a legal, effective and secure basis. The company shall seek all ways and means, including fully exploiting technologies for information disclosure, to upload annual reports, annual financial statements, notices, agendas and supplementary information of shareholders' meetings in both Chinese and English concurrently, and shall adopt electronic voting, in order to enhance shareholders' attendance rates at shareholders' meetings and ensure their exercise of rights at such meetings in accordance with laws. The company is advised to avoid raising extraordinary motions and amendments to	Modified with the Cooperate Governance Best Practice Principles for TWSE/TPEx Listed Companies, letter of D December 21, 2018, No. 10700540421
vote on each separate proposal in the	original proposals at a shareholders'	
shareholders meeting agenda, and to	meeting, and is advised to adopt a	
avoid raising extraordinary motions and	-	

Before Revised	Revised Version	Description
amendments to original proposals at a	candidate nomination system for the	•
shareholders' meeting, and is advised to	election of directors and supervisors.	
adopt a candidate nomination system for	. The companies are advised to arrange for	
the election of directors and supervisors.	their shareholders to vote on each separate	
, and following conclusion of the	proposal in the shareholders meeting	
meeting, to enter the voting results the	agenda, and following conclusion of the	
same day, namely the numbers of votes	meeting, to enter the voting results the	
cast for and against and the number of	same day, namely the numbers of votes	
abstentions, on the Market Observation	cast for and against and the number of	
Post System.	abstentions, on the Market Observation	
The company shall not have	Post System.	
differential treatment or discrimination if		
it issues a souvenir to the shareholders in		
the shareholders' meeting.		
Article 11: (The Shareholders shall be entitled to profit distributions by the company)	Article 11: (The Shareholders shall be entitled to profit distributions by the company)	Modified with the Cooperate
The shareholders shall be entitled to	The shareholders shall be entitled to	Governance
profit distributions by the company. In	profit distributions by the company. In	Best Practice Principles for
order to ensure the investment interests of	order to ensure the investment interests of	TWSE/TPEx
shareholders, the shareholders' meeting	shareholders, the shareholders' meeting	Listed
may, pursuant to Article 184 of the	may, pursuant to Article 184 of the	Companies, letter of D
Company Act, examine the statements	Company Act, examine the statements and	December 21,
and books prepared and submitted by the	books prepared and submitted by the board	2018, No.
board of directors and the reports	of directors and the reports submitted by	10700540421
submitted by the audit committee or	the audit committee or supervisors, and	
supervisors, and may decide profit	may decide profit distributions and deficit	
distributions and deficit off-setting plans	off-setting plans by resolution. In order to	
by resolution. In order to proceed with the	proceed with the above examination, the	
above examination, the shareholders	shareholders meeting may appoint an	
meeting may appoint an inspector.	inspector.	
The shareholders may, pursuant to	The shareholders may, pursuant to	
Article 245 of the Company Act, apply	Article 245 of the Company Act, apply	
with the court to select an inspector in	with the court to select an inspector in	
examining the accounting records and	examining the accounting records, assets,	

Before Revised	Revised Version	Description
records of specific transaction of the	particulars, documents and records of	
company.	specific transaction of the company.	
The Board of Directors, audit	The Board of Directors, audit committee	
committee or supervisors, and managers	or supervisors, and managers of the	
of the company shall fully cooperate in	company shall fully cooperate in the	
the examination conducted by the	examination conducted by the inspectors in	
inspectors in the aforesaid two paragraphs	the aforesaid two paragraphs without any	
without any obstruction, rejection or	circumvention, obstruction or rejection.	
circumvention.		
Article 22: (To specify in the articles of incorporation that the it adopts the candidate nomination system for elections of directors) The company is advised to specify in its	Article 22: (To specify in the articles of incorporation that the it adopts the candidate nomination system for elections of directors) The company is advised to specify in its	Modified with the Cooperate Governance Best Practice
articles of incorporation that it adopts the	articles of incorporation that it adopts the	Principles for
candidate nomination system for	candidate nomination system for elections	TWSE/TPEx Listed
elections of directors pursuant to the	of directors, carefully review the	Companies,
Company Act. It is advisable that the	qualifications of a nominated candidate	letter of D
company review in advance the	and the existence of any other matters set	December 21, 2018, No.
qualifications, education, working	forth in Article 30 of the Company Act,	10700540421
experience, background, and the	and act in accordance with Article 192-1 of	
existence of any other matters set forth in	the Company Act.	
Article 30 of the Company Act with		
respect to the director candidates		
recommended by shareholders or		
directors, and the company may not		
arbitrarily add requirements for		
documentation of other qualifications. It		
is advised to provide the results of the		
review to shareholders for their		
reference, so that qualified directors will		
be elected.		
The Board of Directors shall assess		
carefully the qualifications and other		
matters listed in the preceding paragraph		
and the willingness of a candidate to act		

Before Revised	Revised Version	Description
as director after it is so elected, before		
proposing a roster of director candidates		
as required.		
Article 23: (Clear Distinctions shall be drawn between the responsibilities and duties of the chairperson of the board of the company and those of its general manager) Clear distinctions shall be drawn between the responsibilities and duties of the chairperson of the board of the company and those of its general manager. It is inappropriate for the chairperson to also act as the general manager. If the chairperson also acts as the general manager or the chairperson and general manager are spouses or relatives within one degree of consanguinity, it is advisable that the number of independent directors be increased. The company with a functional committee shall clearly define the responsibilities and duties of the committee.	Article 23: (Clear Distinctions shall be drawn between the responsibilities and duties of the chairperson of the board of the company and those of its general manager) Clear distinctions shall be drawn between the responsibilities and duties of the chairperson of the board of the company and those of its general manager. It is inappropriate for the chairperson to also act as the general manager or other equivalent position (highest managerial position). If the chairperson also acts as the general manager or other equivalent position (highest managerial position) or the chairperson and general manager or other equivalent position (highest managerial position) are spouses or relatives within one degree of consanguinity, it is advisable that the number of independent directors be increased and there be a majority of the members of the board of directors who are not employees or managers. The company with a functional committee shall clearly define the responsibilities and duties of the committee.	Modified with the Cooperate Governance Best Practice Principles for TWSE/TPEx Listed Companies, letter of D December 21, 2018, No. 10700540421
Article 24: (The company shall appoint independent directors in accordance with its articles of incorporation)	Article 24: (The company shall appoint independent directors in accordance with its articles of incorporation)	Modified with the Cooperate Governance Best Practice

Before Revised	Revised Version	Description
The company shall appoint	The company shall appoint independent	Principles for TWSE/TPEx
independent directors in accordance with	directors in accordance with its articles of	Listed
its articles of incorporation. They shall be	incorporation. They shall be not less than	Companies,
not less than two in number and not less	two in number and not less than one-fifth	letter of D
than one-fifth of the total number of	of the total number of directors.	December 21, 2018, No.
directors.	Independent directors shall possess	10700540421
Independent directors shall possess	professional knowledge and there shall be	
professional knowledge and there shall	restrictions on their shareholdings.	
be restrictions on their shareholdings.	Applicable laws and regulations shall be	
Applicable laws and regulations shall be	observed and, in addition, it is not	
observed and, in addition, it is not	advisable for an independent director to	
advisable for an independent director to	hold office concurrently as a director	
hold office concurrently as a director	(including independent director) or	
(including independent director) or	supervisor of more than five other	
supervisor of more than five other	companies. Independent directors shall also	
companies. Independent directors shall	maintain independence within the scope of	
also maintain independence within the	their directorial duties, and may not have	
scope of their directorial duties, and may	any direct or indirect interest in the	
not have any direct or indirect interest in	company.	
the company.	If the company and its group enterprises	
The company shall, in accordance with	and organizations, and another company	
Article 192-1 of the Company Act, adopt	and its group enterprises and organizations	
a candidate nomination system for	nominate for each other any director,	
election of the independent directors and	supervisor or managerial officer as a	
expressly stipulate such system in the	candidate for an independent director of	
articles of incorporation; and the	the other, the company shall, at the time it	
shareholders shall elect the directors from	receives the nominations for independent	
among the nominees listed in the roster	directors, disclose the fact and explain the	
of director candidates. Independent and	suitability of the candidate for independent	
non-independent directors shall be	director. If the candidate is elected as an	
elected at the same time but on separate	independent director, the company shall	
ballots pursuant to Article 198 of the	disclose the number of votes cast in favor	
Company Act.	of the elected independent director.	
If the company and its group	The "group enterprises and organizations"	

in the preceding paragraph comprise the

enterprises and organizations, and

Before Revised	Revised Version	Description
another company and its group	subsidiaries of the company, any	
enterprises and organizations nominate	foundation to which the company's	
for each other any director, supervisor or	cumulative direct or indirect contribution	
managerial officer as a candidate for an	of funds exceeds 50 percent of its	
independent director of the other, the	endowment, and other institutions or	
company shall, at the time it receives the	juristic persons that are effectively	
nominations for independent directors,	controlled by the company.	
disclose the fact and explain the	Change of status between independent	
suitability of the candidate for	directors and non-independent directors	
independent director. If the candidate is	during their term of office is prohibited.	
elected as an independent director, the	The professional qualifications,	
company shall disclose the number of	restrictions on both shareholding and concurrent positions held, determination of	
votes cast in favor of the elected	independence, method of nomination and	
independent director.	other requirements with regard to the	
The "group enterprises and	independent directors shall be set forth in accordance with the Securities and	
organizations" in the preceding paragraph	Exchange Act, the Regulations Governing	
comprise the subsidiaries of the	Appointment of Independent Directors and	
company, any foundation to which the	Compliance Matter for Public Companies,	
company's cumulative direct or indirect	and the rules and regulations of the Taiwan Stock Exchange or GreTai Securities	
contribution of funds exceeds 50 percent	Market.	
of its endowment, and other institutions		
or juristic persons that are effectively		
controlled by the company.		
Change of status between		
independent directors and non-		
independent directors during their term of		
office is prohibited.		
If an independent director is discharged		
for any reason, resulting in a number of		
directors lower than that required under		
paragraph 1 or the articles of		
incorporation, a by-election for		
independent director shall be held at the		
next shareholders meeting. In the event		
that all the independent directors have		

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been discharged, the company shall		
convene a special shareholders meeting		
to hold a by-election within 60 days from		
the date on which the vacancies arose.		
The professional qualifications,		
restrictions on both shareholding and		
concurrent positions held, determination		
of independence, method of nomination		
and other requirements with regard to the		
independent directors shall be set forth in		
accordance with the Securities and		
Exchange Act, the Regulations		
Governing Appointment of Independent		
Directors and Compliance Matter for		
Public Companies, and the rules and		
regulations of the Taiwan Stock		
Exchange or GreTai Securities Market.		
Article 26: (The company shall stipulate	Article 26: (The company shall stipulate	Modified
the scope of duties of the independent directors)	the scope of duties of the independent directors)	with the Cooperate
The company shall stipulate the scope	The company shall stipulate the scope of	Governance
of duties of the independent directors and	duties of the independent directors and	Best Practice
empower them with manpower and	empower them with manpower and	Principles for TWSE/TPEx
physical support related to the exercise of	physical support related to the exercise of	Listed
their power. The company or other board	their power. The company or other board	Companies,
members shall not restrict or obstruct the	members shall not obstruct, reject or	letter of D December 21,
performance of duties by the independent	circumvent the performance of duties by	2018, No.
directors.	the independent directors.	10700540421
The company shall stipulate the	The company shall stipulate the	
remuneration of the directors according	remuneration of the directors according to	
to applicable laws and regulations. The	applicable laws and regulations. The	
remuneration of the directors shall fully	remuneration of the directors shall fully	
reflect the personal performance and the	reflect the personal performance and the	
long-term management performance of	long-term management performance of the	
the company, and shall also take the	company, and shall also take the overall	

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	1
consideration. Different but reasonable	
remuneration from that of other directors	
may be set forth for the independent	
directors.	
Article 28: (The company shall establish either an audit committee or a supervisor) The company shall establish either an audit committee or a supervisor	Modified with the Cooperate Governance Best Practice Principles for TWSE/TPEx Listed Companies, letter of D December 21, 2018, No. 10700540421
	remuneration from that of other directors may be set forth for the independent directors. Article 28: (The company shall establish either an audit committee or a supervisor) The company shall establish either an

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not apply to the following matters, which		
shall be subject to the consent of at least		
one half of all audit committee members		
and be submitted to the board of	The exercise of power by audit	
directors for a resolution:	committee and independent directors and	
1. Adoption or amendment of internal	related matters shall be set forth in	
control system pursuant to Article 14-	accordance with the Securities and	
1 of the Securities and Exchange Act.	Exchange Act, the Regulations Governing	
2. Assessment of the effectiveness of the	the Exercise of Powers by Audit	
internal control system.	Committees of Public Companies, and the	
3. Adoption or amendment, pursuant to	rules and regulations of the TWSE or	
Article 36-1 of the Securities and	TPEx.	
Exchange Act, of handling procedures		
for financial or operational actions of		
material significance, such as		
acquisition or disposal of assets,		
derivatives trading, extension of		
monetary loans to others, or		
endorsements or guarantees for		
others.		
4. A matter bearing on the personal		
interest of a director.		
5. A material asset or derivatives		
transaction.		
6. A material monetary loan,		
endorsement, or provision of		
guarantee.		
7. The offering, issuance, or private		
placement of any equity-type		
securities.		
8. The hiring, discharge, or		
compensation of an attesting CPA.		
9. The appointment or discharge of a		
financial, accounting, or internal		
auditing officer.		

establish a remuneration committee) The company shall establish a remuneration committee. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter. a remuneration company sha remuneration company sha remuneration company sha remuneration company its majority of me the independent d qualifications for qualifications for the exercise of the adoption of the or related matters sh the Regulations Go Appointment and the Remuneration Company Whose	Before Revised	Revised Version	Description
11. Any other material matter so required by the company or the competent authority. The exercise of power by audit committee and independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE or TPEx. Article 28-1: (The company shall establish a remuneration committee) The company shall establish a remuneration committee. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter. The remuneration committee shall	10. Annual and semi-annual financial		
required by the company or the competent authority. The exercise of power by audit committee and independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE or TPEx. Article 28-1: (The company shall establish a remuneration committee) The company shall establish a remuneration committee. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter. The remuneration committee shall	reports.		
competent authority. The exercise of power by audit committee and independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE or TPEx. Article 28-1: (The company shall establish a remuneration committee) The company shall establish a remuneration committee. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter. The remuneration committee shall	11. Any other material matter so		
The exercise of power by audit committee and independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE or TPEx. Article 28-1: (The company shall establish a remuneration committee) The company shall establish a remuneration committee. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock The remuneration committee shall The company shall remuneration of the organizational charter, and related the exercise of the adoption of the or related matters shall be Regulations Governing the Appointment and the Regulations Governing the Stock Exchange of Company Whose Stock Exchange of Sto	required by the company or the		
committee and independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE or TPEx. Article 28-1: (The company shall establish a remuneration committee) The company shall establish a remuneration committee. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter. The remuneration committee shall Article 28-1: (The a remuneration committee) The company shall eremuneration committee its majority of me the independent of qualifications for the exercise of the adoption of the or related matters shall the Regulations Governing the Appointment and the Remuneration Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter. The remuneration committee shall	competent authority.		
related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE or TPEx. Article 28-1: (The company shall establish a remuneration committee) The company shall establish a remuneration committee. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter. The remuneration committee shall The remuneration committee of a Company Whose Stock Exchange of	The exercise of power by audit		
accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE or TPEx. Article 28-1: (The company shall establish a remuneration committee) The company shall establish a remuneration committee. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter. The remuneration committee of Stock Exchange of	committee and independent directors and		
Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE or TPEx. Article 28-1: (The company shall establish a remuneration committee) The company shall establish a remuneration committee. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter. The remuneration committee of Stock Exchange of	related matters shall be set forth in		
Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE or TPEx. Article 28-1: (The company shall establish a remuneration committee) The company shall establish a remuneration committee. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter. The remuneration committee shall Article 28-1: (The a remuneration com its majority of me the independent d qualifications for the exercise of the adoption of the or related matters sh the Regulations Government and Exercise of Powers by the Company Whose Stock Exchange of Stock Exchange of	accordance with the Securities and		
Audit Committees of Public Companies, and the rules and regulations of the TWSE or TPEx. Article 28-1: (The company shall establish a remuneration committee) The company shall establish a remuneration committee. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the matters shall be handled pursuant to the matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock The remuneration committee shall Article 28-1: (The a remuneration company the company shall establish a remuneration company shall establish a remuneration committee of the company whose stock is Listed on the Stock The remuneration committee shall stock Exchange of	Exchange Act, the Regulations		
and the rules and regulations of the TWSE or TPEx. Article 28-1: (The company shall establish a remuneration committee) The company shall establish a remuneration committee. The remuneration committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock The remuneration committee shall Stock Exchange of the company whose Stock Exchange of Traded Over the Counter. Article 28-1: (The a remuneration company shall a remu	Governing the Exercise of Powers by		
Article 28-1: (The company shall establish a remuneration committee) The company shall establish a remuneration committee. The remuneration committee. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the matters shall be handled pursuant to the related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock The remuneration committee shall Article 28-1: (The a remuneration company shall a remuneration company its majority of me the independent dualifications for the independent dualifications for the exercise of their powers of office, the adoption of the or related matters shall adoption of the or related matt	Audit Committees of Public Companies,		
Article 28-1: (The company shall establish a remuneration committee) The company shall establish a remuneration committee. The remuneration committee its majority of me committee members, the exercise of their powers of office, the adoption of the matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock The remuneration committee shall Article 28-1: (The a remuneration company is a remuneration company shall remuneration company its majority of me the independent of qualifications for qualifications for adoption of the or related matters shall be handled pursuant to the Regulations Governing the Appointment and the Regulations Government and Stock Exchange of Stock Exchan	and the rules and regulations of the		
establish a remuneration committee) The company shall establish a remuneration committee. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock The remuneration committee of a Company Whose Treated Over the Counter. The remuneration committee of a Company Stock Exchange of Company S	TWSE or TPEx.		
in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the	establish a remuneration committee) The company shall establish a remuneration committee. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter. The remuneration committee shall exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the board of directors. However,	Article 28-1: (The company shall establish a remuneration committee) The company shall establish a remuneration committee. More than half of its majority of members shall be taken on the independent director. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.	Modified with the Cooperate Governance Best Practice Principles for TWSE/TPEx Listed Companies, letter of D December 21, 2018, No. 10700540421
	·		
board of directors. However,	recommendations regarding		
	remuneration for supervisors may be		

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submitted for deliberation by the board of		
directors only when the board of		
directors is expressly authorized to		
handle supervisor remuneration by the		
company's articles of incorporation or by		
a resolution of the shareholders meeting:		
1. Prescribing and periodically reviewing		
the policies, systems, standards, and		
structures for performance evaluation		
and remuneration for directors,		
supervisors and managerial officers.		
2. Periodically evaluating and		
prescribing the remuneration of		
directors, supervisors, and managerial		
officers.		
When performing the official powers of		
the preceding paragraph, the		
remuneration committee shall follow the		
principles listed below:		
1. With respect to the performance		
assessments and remuneration of		
directors, supervisors and managerial		
personnel of the company, it shall		
refer to the typical pay levels adopted		
by peer companies, and take into		
consideration the reasonableness of		
the correlation between remuneration		
and individual performance, the		
company's business performance, and		
future risk exposure.		
2. It shall not produce an incentive for the		
directors or managerial officers to		
engage in activity to pursue		
remuneration exceeding the risks that		
the company may tolerate.		

3. It shall take into consideration the		
characteristics of the industry and the		
nature of the company's business when		
determining the ratio of compensation		
for the short-term performance of its		
directors and senior management and		
the time at which the variable part of		
remuneration is paid.		
remuneration is paid. Article 33: (An independent director and the Board of Directors) When a board meeting is convened to consider any matter submitted to it pursuant to Article 14-3 of the Securities and Exchange Act, an independent director of the company shall attend the board meeting in person, and may not be represented by a non-independent director via proxy. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board of directors meeting; if the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she should provide a written opinion before the board meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the minutes of the board of directors meeting. In any of the following circumstances, decisions made by the board of directors shall be noted in the meeting minutes, and in addition, publicly announced and filed on the MOPS before the beginning	Article 33: (An independent director and the Board of Directors) When a board meeting is convened to consider any matter submitted to it pursuant to Article 14-3 of the Securities and Exchange Act, an independent director of the company shall attend the board meeting in person, and may not be represented by a non-independent director via proxy. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board of directors meeting; if the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she should provide a written opinion before the board meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the minutes of the board of directors meeting. In any of the following circumstances, decisions made by the board of directors shall be noted in the meeting minutes, and in addition, publicly announced and filed on the MOPS two hours before the beginning of trading hours on the first business day after the date of the board meeting: 1. An independent director has a dissenting or qualified opinion which is on record	Modified with the Cooperate Governance Best Practice Principles for TWSE/TPEx Listed Companies, letter of D December 21, 2018, No. 10700540421

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of trading hours on the first business day	2. The matter was not approved by the	
after the date of the board meeting:	audit committee (if the company has set	
1. An independent director has a	up an audit committee), but had the	
dissenting or qualified opinion which	consent of more than two-thirds of all	
is on record or stated in a written	directors.	
statement.	During a board meeting, managers from	
2. The matter was not approved by the	relevant departments who are not directors	
audit committee (if the company has	may, in view of the meeting agenda, sit in	
set up an audit committee), but had the	at the meetings, make reports on the	
consent of more than two-thirds of all	current business conditions of the company	
directors.	and respond to inquiries raised by the	
During a board meeting, managers	directors. Where necessary, a CPA, legal	
from relevant departments who are not	counsel, or other professional may be	
directors may, in view of the meeting	invited to sit in at the meetings to assist the	
agenda, sit in at the meetings, make	directors in understanding the conditions	
reports on the current business conditions	of the company for the purpose of adopting	
of the company and respond to inquiries	an appropriate resolution, provided that	
raised by the directors. Where necessary,	they shall leave the meeting when	
a CPA, legal counsel, or other	deliberation or voting takes place.	
professional may be invited to sit in at		
the meetings to assist the directors in		
understanding the conditions of the		
company for the purpose of adopting an		
appropriate resolution, provided that they		
shall leave the meeting when deliberation		
or voting takes place.		
Article 35: (The company shall submit the	Article 35: (The company shall submit the	Modified
following matters to its board of directors for discussion)	following matters to its board of directors for discussion)	with the Cooperate
The company shall submit the	The company shall submit the following	Governance
following matters to its board of directors	matters to its board of directors for	Best Practice
for discussion:	discussion:	Principles for TWSE/TPEx
1. Corporate business plans.	1. Corporate business plans.	Listed
2. Annual and semi-annual financial	2. Annual and semi-annual financial	Companies,
reports, with the exception of semi-	reports, with the exception of semi-	letter of D December 21,
annual financial reports which, under	annual financial reports which, under	December 21,

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relevant laws and regulations, need not	relevant laws and regulations, need not	2018, No.
be CPA audited and attested.	be CPA audited and attested.	10700540421
3. Adoption or amendment to an internal	3. Adoption, amendment to an internal	
control system pursuant to Article 14-1	control system pursuant to Article 14-1	
of the Securities and Exchange Act.	of the Securities and Exchange Act, and	
	audit the efficiency of its internal control	
	system.	
4. Adoption or amendment, pursuant to	4. Adoption or amendment, pursuant to	
Article 36-1 of the Securities and	Article 36-1 of the Securities and	
Exchange Act, to the handling	Exchange Act, to the handling	
procedures for financial or operational	procedures for financial or operational	
actions of material significance, such	actions of material significance, such as	
as acquisition or disposal of assets,	acquisition or disposal of assets,	
derivatives trading, extension of	derivatives trading, extension of	
monetary loans to others, and	monetary loans to others, and	
endorsements or guarantees for others.	endorsements or guarantees for others.	
5. The offering, issuance, or private	5. The offering, issuance, or private	
placement of any equity-type	placement of any equity-type securities.	
securities.		
6. The performance assessment and the	6. The performance assessment and the	
standard of remuneration of the	standard of remuneration of the	
managerial officers.	managerial officers.	
7. The structure and system of director's	7. The structure and system of director's	
remuneration.	remuneration.	
8. The appointment or discharge of a	8. The appointment or discharge of a	
financial, accounting, or internal audit	financial, accounting, or internal audit	
officer.	officer.	
9. A donation to a related party or a	9. A donation to a related party or a major	
major donation to a non-related party,	donation to a non-related party, provided	
provided that a public-interest donation	that a public-interest donation of disaster	
of disaster relief for a major natural	relief for a major natural disaster may be	
disaster may be submitted to the next	submitted to the next board meeting for	
board meeting for retroactive	retroactive recognition.	
recognition.		

Before Revised	Revised Version	Description
10. Any matter required by Article 14-3	10. Any matter required by Article 14-3 of	•
of the Securities and Exchange Act or	the Securities and Exchange Act or any	
any other law, regulation, or bylaw to	other law, regulation, or bylaw to be	
be approved by resolution at a	approved by resolution at a shareholders	
shareholders meeting or to be	meeting or to be submitted resolution	
submitted to a meeting of the board of	matters to a meeting of the board of	
directors, or any such significant	directors, or any such significant matter	
matter as may be prescribed by the	as may be prescribed by the competent	
competent authority.	authority.	
Except for matters that must be	Except for matters that must be	
submitted to the board of directors for	submitted to the board of directors for	
discussion under the preceding	discussion under the preceding paragraph,	
paragraph, when the board of directors is	when the board of directors is in recess, it	
in recess, it may delegate the exercise of	may delegate the exercise of its power to	
its power to others in accordance with	others in accordance with law, regulations,	
law, regulations, or its articles of	or its articles of incorporation. However,	
incorporation. However, the level of	the level of delegation or the content or	
delegation or the content or matters to be	matters to be delegated shall be clearly	
delegated shall be clearly specified, and	specified, and general authorization is not	
general authorization is not permitted.	permitted.	
Article 37: (Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator)	Article 37: (Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator)	Modified with the Cooperate Governance
Members of the board of directors shall	Members of the board of directors shall	Best Practice
faithfully conduct corporate affairs and	faithfully conduct corporate affairs and	Principles for TWSE/TPEx
perform the duty of care of a good	perform the duty of care of a good	Listed
administrator. In conducting the affairs	administrator. In conducting the affairs of	Companies,
of the company, they shall exercise their	the company, they shall exercise their	letter of D
powers with a high level of self-	powers with a high level of self-discipline	December 21, 2018, No.
discipline and prudence. Unless matters	and prudence. Unless matters are otherwise	10700540421
are otherwise reserved by law for	reserved by law for approval in	
approval in shareholders meetings or in	shareholders meetings or in the articles of	
the articles of incorporation, they shall	incorporation, they shall ensure that all	
ensure that all matters are handled	matters are handled according to the	

Before Revised according to the resolutions of board of directors.

Any resolution of the board of directors that involves the company's business development or a major policy direction shall be carefully considered and may not affect the implementation or effectiveness of corporate governance.

It is advisable that the company formulate rules and procedures for board of directors performance assessments, and that each year it conduct regularly scheduled performance assessments of the board of directors, functional committees, and individual directors through self-assessment, peer-to-peer assessments, engaging outside professional institutions, or in any other appropriate manner. It is advisable that the performance assessment of the board of directors (functional committees) include the following aspects, and that appropriate assessment indicators be developed in consideration of the company's needs:

- 1. The degree of participation in the company's operations.
- 2. Improvement in the quality of decision making by the board of directors.
- 3. The composition and structure of the board of directors.
- 4. The election of the directors and their continuing professional education.
- 5. Internal controls.

Revised Version resolutions of board of directors.

Description

Any resolution of the board of directors that involves the company's business development or a major policy direction shall be carefully considered and may not affect the implementation or effectiveness of corporate governance.

It is advisable that the company formulate rules and procedures for board of directors performance assessments, and that each year it conduct regularly scheduled performance assessments of the board of directors, functional committees, and individual directors through selfassessment, peer-to-peer assessments, engaging outside professional institutions, or in any other appropriate manner. It is advisable that the performance assessment of the board of directors (functional committees) include the following aspects, and that appropriate assessment indicators be developed in consideration of the company's needs:

- 1. The degree of participation in the company's operations.
- 2. Improvement in the quality of decision making by the board of directors.
- 3. The composition and structure of the board of directors.
- 4. The election of the directors and their continuing professional education.
- 5. Internal controls.

 It is advisable that performance assessments of board members (self-assessments or peer-to-peer assessments)

Before Revised	Revised Version	Description
It is advisable that performance	include the following aspects, with	
assessments of board members (self-	appropriate adjustments made on the basis	
assessments or peer-to-peer assessments)	of the company's needs:	
include the following aspects, with	1. Their grasp of the company's goals and	
appropriate adjustments made on the	missions.	
basis of the company's needs:	2. Their recognition of director's duties.	
1. Their grasp of the company's goals and	3. Their degree of participation in the	
missions.	company's operations.	
2. Their recognition of director's duties.	4. Their management of internal	
3. Their degree of participation in the	relationships and communication.	
company's operations.	5. Their professionalism and continuing	
4. Their management of internal	professional education.	
relationships and communication.	<u>6. Internal controls.</u>	
5. Their professionalism and continuing	The functional committee shall consider	
professional education.	adjusting its composition based on the results of performance assessments as	
6. Internal controls.	following:	
The company's board of directors	1. Their degree of participation in the	
shall consider adjusting its composition	company's operations.	
based on the results of performance	2. Their recognition of the functional	
assessments.	committees' duties.	
	3. Improves the quality of the functional	
	committee.	
	4. Composition and selection of the	
	<u>functional committee.</u>	
	5. Internal control.	
	The company shall consider adjusting	
	its composition based on individual	
	director's remuneration and the	
A :: 1 20 (T)	nomination of renewal.	N. 1.0. 1
Article 39: (The responsibility insurance of the director)	Article 39: (The responsibility insurance of the director)	Modified with the
The company is advised to take out	The company shall take out directors'	Cooperate
directors' liability insurance with respect	liability insurance with respect to liabilities	Governance
to liabilities resulting from exercising	resulting from exercising their insured	Best Practice Principles for
their duties during their terms of	duties during their terms of occupancy so	TWSE/TPEx
occupancy so as to reduce and spread the	as to reduce and spread the risk of material	Listed

Before Revised	Revised Version	Description
risk of material harm to the company and	harm to the company and shareholders	Companies,
shareholders arising from the	arising from the wrongdoings or negligence	letter of D
wrongdoings or negligence of a director.	of a director.	December 21, 2018, No.
The company is advised to report the	The company is advised to report the	10700540421
insured amount, coverage, premium rate,	insured amount, coverage, premium rate,	
and other major contents of the liability	and other major contents of the liability	
insurance it has taken out or renewed for	insurance it has taken out or renewed for	
directors, at the next board meeting.	directors, at the next board meeting.	
Article 42: (To specify in its articles of incorporation that it adopts the candidate nomination system for elections of supervisor) The company is advised to specify in its articles of incorporation that it adopts the candidate nomination system for elections of supervisors pursuant to the Company Act, and to review in advance the qualifications, education, working experience, background and the existence of any other matters set forth in Article 30 of the Company Act with respect to the supervisor candidates recommended by the shareholders or directors, and the company may not arbitrarily add requirements for documentation of other qualifications. It is advised to provide the results of the review to the shareholders for their reference, so that qualified supervisors will be elected. The board of directors shall assess carefully the qualifications and other matters listed in the preceding paragraph and the willingness of a candidate to act	directors, at the next board meeting. Article 42: (To specify in its articles of incorporation that it adopts the candidate nomination system for elections of supervisor) The company is advised to specify in its articles of incorporation that it adopts the candidate nomination system for elections of supervisors pursuant to the Company Act, assess carefully the qualification of the nominee and the existence of any other matters set forth in Article 30 of the Company Act with respect to the supervisor candidates recommended by the shareholders or directors based on Article 192-1 of the Company Act.	Modified with the Cooperate Governance Best Practice Principles for TWSE/TPEx Listed Companies, letter of D December 21, 2018, No. 10700540421
as supervisor after it is so elected, before		
proposing a roster of supervisor		
candidates as required.		

Before Revised	Revised Version	Description
Article 46: (A supervisor shall investigate	Article 46: (A supervisor shall investigate	Modified
the operational and financial conditions of the company from time to time)	the operational and financial conditions of	with the Cooperate
A supervisor shall investigate the	the company from time to time)	Governance
operational and financial conditions of	A supervisor shall investigate the	Best Practice
the company from time to time, and the	operational and financial conditions of the	Principles for TWSE/TPEx
relevant departments in the company	company from time to time, and the	Listed
shall provide the books or documents that	relevant departments in the company shall	Companies,
will be needed for the supervisor's	provide the books or documents that will be	letter of D
review.	needed for the supervisor's review,	December 21, 2018, No.
When reviewing the finance or	transcribe or copy.	10700540421
operations of the company, a supervisor	When reviewing the finance or	
may retain attorneys or CPAs on behalf	operations of the company, a supervisor	
of the company to perform the review;	may retain attorneys or CPAs on behalf of	
however, the company shall inform the	the company to perform the review;	
relevant persons of their confidentiality	however, the company shall inform the	
obligations.	relevant persons of their confidentiality	
The board of directors or managers	obligations.	
shall submit reports in accordance with	The board of directors or managers	
the request of the supervisors and shall	shall submit reports in accordance with the	
not for any reason obstruct, circumvent,	request of the supervisors and shall not for	
or refuse the inspection of the supervisor.	any reason obstruct or circumvent the	
When a supervisor performs his/her	inspection of the supervisor.	
duties, the company shall provide	When a supervisor performs his/her	
necessary assistance as needed by the	duties, the company shall provide	
supervisor, and the reasonable expenses	necessary assistance as needed by the	
that the supervisor needs shall be borne	supervisor, and the reasonable expenses	
by the company.	that the supervisor needs shall be borne by	
Autiala 40. (Sumauriaana' liahility	the company.	Modified
Article 49: (Supervisors' liability insurance)	Article 49: (Supervisors' liability insurance)	with the
The company may take out	The company shall take out supervisors	Cooperate
supervisors' liability insurance with	liability insurance with respect to liabilities	Governance
respect to liabilities resulting from the	resulting from the exercise of duties during their terms, so as to reduce and spread the	Best Practice Principles for
exercise of duties during their terms, so	risk of material harm to the company and	TWSE/TPEx
as to reduce and spread the risk of	shareholders arising from the wrongdoing or negligence of a supervisor.	Listed
material harm to the company and	The company is advised to report the	Companies, letter of D

Before Revised	Revised Version	Description
shareholders arising from the	insured amount, coverage, premium rate,	December 21,
wrongdoing or negligence of a	and other major contents of the liability insurance it has taken out or renewed for	2018, No. 10700540421
supervisor.	supervisors, at the next board meeting.	10/00340421
The listed company is advised to	8	
report the insured amount, coverage,		
premium rate, and other major contents		
of the liability insurance it has taken out		
or renewed for supervisors, at the next		
board meeting.		
Article 55: (Disclosure of information and		Modified
the internet reporting system)	the internet reporting system)	with the Cooperate
Disclosure of information is a major	Disclosure of information is a major	Governance
responsibility of the company. The	responsibility of the company. The	Best Practice
company shall perform its obligations	company shall perform its obligations	Principles for
faithfully in accordance with the relevant	faithfully in accordance with the relevant	TWSE/TPEx Listed
laws and the related TWSE and TPEx	laws and the related TWSE and TPEx	Companies,
rules.	rules.	letter of D
The company shall establish an	The company is advised to publish and	December 21,
Internet-based reporting system for	report its annual financial report within	2018, No. 10700540421
public information, appoint personnel	two months after the end of a fiscal year,	10/00340421
responsible for gathering and disclosing	and publish and report its financial reports	
the information, and establish a	for the first, second and third quarters as	
spokesperson system so as to ensure the	well as its operating status for each month	
proper and timely disclosure of	before the specified deadline.	
information about policies that might	The company shall establish an Internet-	
affect the decisions of shareholders and	based reporting system for public information, appoint personnel responsible	
stakeholders.	for gathering and disclosing the	
	information, and establish a spokesperson	
	system so as to ensure the proper and	
	timely disclosure of information about	
	policies that might affect the decisions of shareholders and stakeholders.	