

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. Extemporaneous 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 Maschinen GmbH	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 in equity, 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 ex-right 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 Amend 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 Amend 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 Amend 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 Amend 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 Amend 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 :

Extemporaneous Motion

Meeting Adjournment

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.

Items	2018	2017	Unit:NT\$ thousands
			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

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 inter-affiliate 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 Only of 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, high-precision 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”.

**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

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

**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)

Assets		Notes	December 31, 2018		December 31, 2017	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 513,703	17	\$ 345,051	14
1150	Notes receivable, net	6(2) and 12	25,223	1	23,933	1
1170	Accounts receivable, net	6(2) and 12	193,483	6	209,939	9
1180	Accounts receivable-related parties	7	331,376	11	215,744	9
1200	Other receivables		4,209	-	4,028	-
1210	Other receivables-related parties	7	-	-	45,033	2
130X	Inventory	5 and 6(3)	548,104	18	293,179	12
1410	Prepayments		13,601	-	8,223	-
11XX	Total current assets		<u>1,629,699</u>	<u>53</u>	<u>1,145,130</u>	<u>47</u>
Non-current assets						
1550	Investments accounted for under equity method	6(4)	404,277	13	306,036	13
1600	Property, plant and equipment	6(5) and 8	848,825	28	814,135	34
1780	Intangible assets	6(6)(7)	101,446	3	42,907	2
1840	Deferred income tax assets	6(21)	27,076	1	16,552	1
1915	Prepayments for equipment	6(5)	52,737	2	11,561	-
1920	Guarantee deposits paid		1,567	-	1,561	-
1980	Other financial assets-non-current	8	-	-	1,445	-
1990	Other non-current assets	6(6) and 7	3,436	-	73,185	3
15XX	Total non-current assets		<u>1,439,364</u>	<u>47</u>	<u>1,267,382</u>	<u>53</u>
1XXX	Total assets		<u>\$ 3,069,063</u>	<u>100</u>	<u>\$ 2,412,512</u>	<u>100</u>

(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		December 31, 2017		
		AMOUNT	%	AMOUNT	%	
Liabilities						
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 portion	6(10)(25), 8 and 9	55,134	2	58,533	2
21XX	Total current liabilities		<u>645,417</u>	<u>21</u>	<u>525,300</u>	<u>22</u>
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		<u>487,791</u>	<u>16</u>	<u>357,296</u>	<u>15</u>
2XXX	Total liabilities		<u>1,133,208</u>	<u>37</u>	<u>882,596</u>	<u>37</u>
Equity						
Share capital						
3110	Share capital - common stock	6(12)(14)	738,069	24	620,455	26
Capital reserves						
3200	Capital surplus	6(13)(14)	440,667	14	463,051	19
Retained earnings						
3310	Legal reserve	6(12)(14)(21)	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)	-	-	(118,544)	(5)
3XXX	Total equity		<u>1,935,855</u>	<u>63</u>	<u>1,529,916</u>	<u>63</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments						
3X2X	Total liabilities and equity		<u>\$ 3,069,063</u>	<u>100</u>	<u>\$ 2,412,512</u>	<u>100</u>

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)

Items	Notes	Year ended December 31				
		2018		2017		
		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)(23)	(1,060,083)	(58)	(788,524)	(66)
5900	Gross profit		776,406	42	409,994	34
5910	Unrealized gain from inter-affiliate accounts	6(4)	(94,712)	(5)	(52,500)	(4)
5920	Realized gain from inter-affiliate accounts	6(4)	52,500	3	61,186	5
5950	Net operating margin		734,194	40	418,680	35
	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, associates and joint ventures accounted for under equity method	6(4)	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 plans	6(11)	(\$ 2,005)	-	(\$ 1,281)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	583	-	217	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(4)	(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	

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

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)

	Notes	Share capital - common stock	Capital reserve	Retained earnings			Other equity interest	Treasury stocks	Total
				Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations		
<u>For the year ended December 31, 2017</u>									
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:									
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
<u>For the year ended December 31, 2018</u>									
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		-	-	-	-	(1,422)	(4,680)	-	(6,102)
Total comprehensive income (loss) for the year		-	-	-	-	471,295	(4,680)	-	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)	-	-	(1,631)
Balance at December 31, 2018		\$ 738,069	\$ 440,667	\$ 97,280	\$ 12,367	\$ 664,519	(\$ 17,047)	\$ -	\$ 1,935,855

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

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)

	Notes	For the years ended December 31,	
		2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 587,460	\$ 278,490
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment profit	12	(908)	-
Reversal of allowance for doubtful accounts	6(16) and 12	-	(1,176)
(Gain) loss on inventory market price decline	6(3)	(8,690)	9,119
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(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 equipment	6(17)	-	(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		<u>295,917</u>	<u>229,871</u>

(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)

	Notes	For the years ended December 31,	
		2018	2017
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (increase) in other non-operating receivables due from related parties		\$ 40,431	(\$ 40,431)
Interest received from borrowings and lending among related parties		96	254
Cash paid for acquisition of investments accounted for under equity method-subidiaries	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 equipment	6(5)(18)(24)	(845)	-
Proceeds from disposal of property, plant and 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		(148,837)	(132,612)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
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

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

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 Accounting 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 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 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 internal 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)

Assets	Notes	December 31, 2018		December 31, 2017		
		AMOUNT	%	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		<u>1,998,305</u>	<u>62</u>	<u>1,479,621</u>	<u>56</u>
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-current	8	-	-	1,445	-
1990	Other non-current assets		3,643	-	2,046	-
15XX	Total non-current assets		<u>1,249,079</u>	<u>38</u>	<u>1,159,198</u>	<u>44</u>
1XXX	Total assets		<u>\$ 3,247,384</u>	<u>100</u>	<u>\$ 2,638,819</u>	<u>100</u>

(Continued)

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

Liabilities and Equity		Notes	December 31, 2018		December 31, 2017	
			AMOUNT	%	AMOUNT	%
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 portion	6(9)(25), 8 and 9	57,208	2	69,935	3
21XX	Total current liabilities		<u>774,282</u>	<u>24</u>	<u>663,719</u>	<u>25</u>
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		<u>537,247</u>	<u>16</u>	<u>445,364</u>	<u>17</u>
2XXX	Total liabilities		<u>1,311,529</u>	<u>40</u>	<u>1,109,083</u>	<u>42</u>
Equity						
Share capital						
3110	Share capital - common stock	6(11)(13)	738,069	23	620,455	23
Capital reserves						
3200	Capital surplus	6(11)(12)	440,667	14	463,051	18
Retained earnings						
3310	Legal reserve	6(11)(13)(22)	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)	-	-	(118,544)	(5)
31XX	Equity attributable to owners of the parent		<u>1,935,855</u>	<u>60</u>	<u>1,529,916</u>	<u>58</u>
36XX	Non-controlling interest		-	-	(180)	-
3XXX	Total equity		<u>1,935,855</u>	<u>60</u>	<u>1,529,736</u>	<u>58</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments						
3X2X	Total liabilities and equity		<u>\$ 3,247,384</u>	<u>100</u>	<u>\$ 2,638,819</u>	<u>100</u>

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)

Items	Notes	Year ended December 31			
		2018		2017	
		AMOUNT	%	AMOUNT	%
4000					
4000					
5000					
5900					
6100					
6200					
6300					
6450					
6000					
6900					
7010					
7020					
7050					
7000					
7900					
7950					
8200					
8311					
8349					
8361					
8300					
8500					
8610					
8620					
8710					
8720					
9750					
9850					

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

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)

Notes	Equity attributable to owners of the parent							Total	Non-controlling interest	Total equity
	Share capital - common stock	Capital reserve	Legal reserve	Special reserve	Retained Earnings	Unappropriated retained earnings	Other Equity Interest Financial statements translation differences of foreign operations			
<u>For the year ended December 31, 2017</u>										
	\$ 620,455	\$ 463,051	\$ 64,905	\$ -	\$ 334,354	(\$ 5,928)	(\$ 118,544)	\$ 1,358,293	\$ 123	\$ 1,358,416
	-	-	-	-	238,171	-	-	238,171	(299)	237,872
	-	-	-	-	(1,064)	(6,439)	-	(7,503)	(4)	(7,507)
	-	-	-	-	237,107	(6,439)	-	230,668	(303)	230,365
	-	-	8,558	-	(8,558)	-	-	-	-	-
6(13)	-	-	-	5,928	(5,928)	-	-	-	-	-
6(13)	-	-	-	-	(59,045)	-	-	(59,045)	-	(59,045)
	\$ 620,455	\$ 463,051	\$ 73,463	\$ 5,928	\$ 497,930	(\$ 12,367)	(\$ 118,544)	\$ 1,529,916	(\$ 180)	\$ 1,529,736
<u>For the year ended December 31, 2018</u>										
	\$ 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
	-	-	-	-	(1,422)	(4,680)	-	(6,102)	14	(6,088)
	-	-	-	-	471,295	(4,680)	-	466,615	(1,451)	465,164
	-	-	23,817	-	(23,817)	-	-	-	-	-
6(13)	-	-	-	6,439	(6,439)	-	-	-	-	-
6(13)	-	-	-	-	(59,045)	-	-	(59,045)	-	(59,045)
6(11)(13)	147,614	-	-	-	(147,614)	-	-	-	-	-
6(11)(12)	(30,000)	(22,384)	-	-	(66,160)	-	118,544	-	-	-
6(22)	-	-	-	-	(1,631)	-	-	(1,631)	1,631	-
	\$ 738,069	\$ 440,667	\$ 97,280	\$ 12,367	\$ 664,519	(\$ 17,047)	\$ -	\$ 1,935,855	\$ -	\$ 1,935,855

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

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	For the years ended December 31,	
		2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 609,837	\$ 300,124
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	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)
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		(7,849)	(2,597)
Inventories		(305,750)	(40,760)
Prepayments		773	(6,090)
Changes in operating liabilities			
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)
Net cash flows from operating activities		<u>321,768</u>	<u>406,706</u>

(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,)

	Notes	For the years ended December 31,	
		2018	2017
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(24)	(\$ 63,607)	(\$ 205,337)
Interest paid for acquisition of property, plant and equipment	6(4)(17)(24)	(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)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(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

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

Attachment 5

Chieftek Precision Co., Ltd.
2018 Profit Distribution Proposal

Unit: NT\$ in dollar

Item	Amount	
	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		(<u>1,630,611</u>)
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	(<u>4,680,148</u>)	
Profit in 2018 Available for Distribution		<u>420,765,369</u>
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		(<u>147,613,732</u>)
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.

Chieftek Precision Co., Ltd.

The Comparison Table of Amendment of Articles of Incorporation

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

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

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

Before revised	Revised Version	Description
	<u>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.</u>	
<p>Article 23: The article was established on October 14, 1998. First amended on January 6, 1999. The second amendment was on October 14, 1999. The third amendment was on January 1, 2000. The fourth amendment was on June 22, 2000. The fifth amendment was on April 4, 2001. The sixth amendment was on May 15, 2001. The seventh amendment was on April 3, 2002. The eighth amendment was on June 6, 2002. The ninth amendment was on June 20, 2003. The tenth amendment was on August 25, 2003. The eleventh amendment was on November 25, 2003. The twelfth amendment was on April 15, 2004. The thirteenth amendment was on December 30, 2004. The fourteenth amendment was on November 17, 2006. The fifteenth amendment was on June 29, 2007.</p>	<p>Article 23: The article was established on October 14, 1998. First amended on January 6, 1999. The second amendment was on October 14, 1999. The third amendment was on January 1, 2000. The fourth amendment was on June 22, 2000. The fifth amendment was on April 4, 2001. The sixth amendment was on May 15, 2001. The seventh amendment was on April 3, 2002. The eighth amendment was on June 6, 2002. The ninth amendment was on June 20, 2003. The tenth amendment was on August 25, 2003. The eleventh amendment was on November 25, 2003. The twelfth amendment was on April 15, 2004. The thirteenth amendment was on December 30, 2004. The fourteenth amendment was on November 17, 2006. The fifteenth amendment was on June 29, 2007.</p>	<p>Modified with dates.</p>

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

Chieftek Precision Co., Ltd.

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

Before Revised	Revised Version	Description
<p>Article 3: Scope of Assets</p> <ol style="list-style-type: none"> 1. Investments in stocks, bonds, corporate bonds, financial bonds, securities recognized by the fund, depository receipts, call warrant, beneficiary certificate and asset backed securities, etc. ° 2. Real estate (including land, housing and construction, investment real estate, inventory of construction industry) and equipment. 3. Membership. 4. Intangible assets such as patent rights, copyrights, trademark rights and concessions. 5. Claims of financial institutions (including receivables, discounting of purchase of remittances and loans, collection items). 6. Financial Derivatives: 7. Assets acquired or disposed of by merging, splitting, acquiring or obtaining shares in accordance with the law. 8. Other important assets. 	<p>Article 3: Scope of Assets</p> <ol style="list-style-type: none"> 1. Investments in stocks, bonds, corporate bonds, financial bonds, securities recognized by the fund, depository receipts, call warrant, beneficiary certificate and asset backed securities, etc. ° 2. Real estate (including land, housing and construction, investment real estate, inventory of construction industry) and equipment. 3. Membership. 4. Intangible assets such as patent rights, copyrights, trademark rights and concessions. 5. Right-of-Use Assets thereof 6. Claims of financial institutions (including receivables, discounting of purchase of remittances and loans, collection items). 7. Financial Derivatives. 8. Assets acquired or disposed of by merging, splitting, acquiring or obtaining shares in accordance with the law. 9. Other important assets. 	<ol style="list-style-type: none"> 1. Modified with the application of the international Financial Reporting Standards(IFRS) No. 16 “Lease”, the addition of paragraph 5 of the right to use assets norms. 2. Section 5 to section 8 are moved to section 6 to section 9.
<p>Article 3: Nominal Definition</p> <ol style="list-style-type: none"> 1. Financial Derivatives: It referred herein are broadly defined as instruments that derive their value from the performance of underlying assets, interest or currency exchange rates, indexes or other. Such instruments include swaps, options, futures contracts, leverage contracts, forwards, and various combinations thereof. Forwards referred herein exclude insurance, performance, post-sale service, long-term lease and long-term sales/procurement contracts. 	<p>Article 3: Nominal Definition</p> <ol style="list-style-type: none"> 1. Financial Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term “forward 	<ol style="list-style-type: none"> 1. Modified with the application of the International Financial Reporting Standards (IFRS) No. 9 “Financial Instruments”, amended section 1 and texts. 2. Modified with acts, amended Article 156, section 8 to Article 156-3. 3. Clearly define the scope of stock

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

Before Revised	Revised Version	Description
<p>of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>7. Provisions of this procedure relating to total assets 10% will calculate the total amount of assets in the latest individual or individual reports as stipulated in the guidelines for the preparation of financial reports by issuers of securities.</p> <p>8. Those 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 10% of the parent company.</p>	<p>of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.</p> <p>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.</p> <p>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</p>	

Before Revised	Revised Version	Description
	<p>venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</p> <p>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.</p> <p>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 to NT\$ 10 billion are calculated on the basis of BT\$ 20 billion in the interest attributable to the owners of the parent company.</p>	
<p>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.</p>	<p>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 meet the following requirement:</p> <p>1. May not have previously received a final and unappeasable the following requirement: sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the</p>	<p>1. Giving explicit of destructive qualifications of relevant experts.</p> <p>2. Giving explicit of the responsibilities of external experts, and to add the valuation of reports or submissions by relevant experts, verify and declare matters.</p>

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	<p>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.</p> <p>2. May not be related parties or de facto related parties of each other.</p> <p>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.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>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.</p> <p>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.</p>	

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	<p>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.</p>	
<p>Article 6: Procedures for Acquisition <u>or</u> Disposal of Immovable Property or Equipment</p> <p>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.</p> <p>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</p>	<p>Article 6: Procedures for Acquisition or Disposal of Immovable Property, Equipment <u>or Assets of their right to use</u></p> <p>1. Procedures for Evaluating and Operating The company obtains or disposes of real estate ,equipment <u>or its right-of-use assets</u> thereof, in accordance with the company's internal control system of real estate, factory, and cycle-equipment related regulations.</p> <p>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</p>	<p>1. Modified with the application of the International Financial Reporting Standards (IFRS) No. 16 "Lease", added the right-of-use assets thereof regulation.</p> <p>2. Modified with the provisions to amend texts.</p> <p>3. Domestic bonds are not within the scope of immunity due to the different debt of overseas government.</p>

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

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

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

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<p data-bbox="161 320 675 387">2. Procedure for Valuation and Operation</p> <p data-bbox="161 398 675 1384">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-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 government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p data-bbox="161 1496 675 2007"> (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 </p>	<p data-bbox="675 320 1189 387">2. Procedure for Valuation and Operation</p> <p data-bbox="675 398 1189 1485">When the company intends to acquire or dispose of real property or right-of-use 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 the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p data-bbox="675 1496 1189 2007"> (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 </p>	<p data-bbox="1189 320 1528 421">immunity due to the different debt of overseas government.</p> <p data-bbox="1189 432 1528 723">2. Modified with the application of the International Financial Reporting Standards (IFRS) No. 16 "Lease", added the right-of-use assets regulation.</p> <p data-bbox="1189 734 1528 1160">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</p> <p data-bbox="1189 1171 1528 1272">4. Added suitable regulation of The Audit Committee.</p>

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

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<p>When to acquire or dispose the equipment for business operation between the company and its subsidiaries, 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 and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p>	<p>Where an audit committee has been established in accordance with the provisions of the Act, the matters for which regulation requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution. 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.</p> <p>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</p>	

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<p>3. Reasonable Valuation of Transaction cost</p> <p>(1) The company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <ol style="list-style-type: none"> 1. 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 non-financial industry lending rate announced by the Ministry of Finance. 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 	<p>and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <ol style="list-style-type: none"> (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. <p>3. Reasonable Valuation of Transaction cost</p> <p>(1) 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:</p> <ol style="list-style-type: none"> 1. 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 non-financial industry lending rate announced by the Ministry of Finance. 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the 	

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

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

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<p>similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale.</p> <p>(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.</p> <p>2. Where the company acquiring real property, from a related party provides evidence that the terms of the completed transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of</p>	<p>reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>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.</p> <p>Transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of</p>	

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

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<p>transaction, and the FSC has given its consent.</p> <p>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's equity stake in the other company.</p> <p>2. Supervisors shall comply with Article 218 of the Company Act.</p> <p>3. Shall report to the shareholders' meeting the processing subsequences of the first and second of the section and the details of the transaction will be disclosed in the annual report as well as annual handbook.</p> <p>(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</p>	<p>nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>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.</p> <p>2. Supervisors shall comply with Article 218 of the Company Act. Where an audit committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee.</p> <p>3. Shall report to the shareholders' meeting the processing subsequences of the first and second of the section, and the details of the transaction will be disclosed in the annual report as well as annual handbook.</p> <p>(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</p>	

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<p>2, and Article 9, paragraph 3, section 1 to section 3 does not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired the real property through inheritance or as a gift. 2. 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. 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. <p>(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.</p>	<p>2, and Article 9, paragraph 3, section 1 to section 3 does not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift. 2. 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 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. <p>(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.</p>	
<p>Article 10: Engaging in Derivatives Trading</p> <p>2. Risk management measures</p> <p>(5) Operating Risk Management</p> <ol style="list-style-type: none"> 1. Certainly follow the degree of authority delegated, operating procedure and incorporate into Internal audit system, in order to avoid operational risks. 2. Personnel engaged in derivatives trading may not serve concurrently 	<p>Article 10: Engaging in Derivatives Trading</p> <p>2. Risk management measures</p> <p>(5) Operating Risk Management</p> <ol style="list-style-type: none"> 1. Certainly follow the degree of authority delegated, operating procedure and incorporate into Internal audit system, in order to avoid operational risks. 2. Personnel engaged in derivatives trading may not serve concurrently 	<ol style="list-style-type: none"> 1. Modified with the provisions to amend texts. 2. Added suitable regulation of The Audit Committee

Before Revised	Revised Version	Description
<p>in other operations such as confirmation and settlement.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>in other operations such as confirmation and settlement.</p> <p>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.</p> <p>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.</p> <p>5. Other important risk management measures.</p> <p>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.</p> <p>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.</p> <p>Where an audit committee has been</p>	

Before Revised	Revised Version	Description
<p>5. Supervision and Management of Board of Directors</p> <p>(1) board of directors shall faithfully supervise and manage such trading in accordance with the following principles:</p> <p>1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk. The rule of managing is as following:</p> <p>(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.</p> <p>(2) When irregular circumstances are found in the course of supervising trading and profit-loss 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.</p> <p>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.</p>	<p>established in accordance with the provisions of the Act, the provisions relating to supervisors shall apply mutatis mutandis to the audit committee.</p> <p>5. Supervision and Management of Board of Directors</p> <p>(1) board of directors shall faithfully supervise and manage such trading in accordance with the following principles:</p> <p>1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk. The rule of managing is as following:</p> <p>(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.</p> <p>(2) When irregular circumstances are found in the course of supervising trading and profit-loss 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.</p> <p>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.</p>	

Before Revised	Revised Version	Description
<p>3. A company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</p>	<p>3. A company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</p>	
<p>Article 12: Procedures for Information Disclosure</p> <p>1. Announce the declaration project and the standard:</p> <p>(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.</p> <p>(2) Merger, demerger, acquisition, or share transfer.</p> <p>(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.</p> <p>(4) Where equipment or the type of assets for business use are acquired or disposed of, and furthermore the transaction</p>	<p>Article 12: Procedures for Information Disclosure</p> <p>1. Announce the declaration project and the standard:</p> <p>(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.</p> <p>(2) participating in the merger, demerger, acquisition, or share transfer.</p> <p>(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.</p> <p>(4) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction</p>	<p>1. Modified with the provisions to amend texts.</p> <p>2. Modified with the application of the International Financial Reporting Standards (IFRS) No. 16 "Lease", added the right-of-use assets thereof regulation.</p> <p>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.</p> <p>4. Domestic bonds are not within the scope of immunity due to the different debt of overseas government.</p>

Before Revised	Revised Version	Description
<p>counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <ol style="list-style-type: none"> 1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. 2. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more. <p>(5) Acquisition or disposal by a public company in the construction business of real property for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million.</p> <p>(6) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p>	<p>counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <ol style="list-style-type: none"> 1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. 2. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more. <p>(5) Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the 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.</p> <p>(6) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the</p>	

Before Revised	Revised Version	Description
<p>(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:</p> <ol style="list-style-type: none"> 1. Trading of government bonds. 2. 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. 3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. <p>(8) The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the 	<p>transaction reaches NT\$500 million.</p> <p>(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:</p> <ol style="list-style-type: none"> 1. Trading of domestic government 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 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. <p>(8) The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the 	

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<p>same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year.</p> <p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p>	<p>same type of underlying asset with the same transaction counterparty within the preceding year</p> <p>3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p>	
<p>Article 14: Control procedures for the acquisition and disposal of assets by subsidiaries</p> <p>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.</p> <p>2. When subsidiaries acquire or dispose assets, they execute according to the processing procedure that instituted by Acts.</p> <p>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.</p> <p>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</p>	<p>Article 14: Control procedures for the acquisition and disposal of assets by subsidiaries</p> <p>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.</p> <p>2. When subsidiaries acquire or dispose assets, they execute according to the processing procedure that instituted by Acts.</p> <p>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.</p> <p>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</p>	<p>1. Added suitable regulation of The Audit Committee</p>

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

Before Revised	Revised Version	Description
<p>In the case of a discussion by the Board, the opinions of the independent directors shall be fully taken into account, if they have objections or reservations, shall be set out in the proceedings of the Board of Trustees.</p>	<p>In the case of a discussion by the Board, the opinions of the independent directors shall be fully taken into account, if they have objections or reservations, shall be set out in the proceedings of the Board of Trustees.</p> <p>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.</p>	

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The Comparison tables of the Procedures for the Endorsement and Guarantees to be amended

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

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

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<p>Directors. Where the company has established the position of independent director, when it submits its Operational Procedures for Loaning Funds to Others for discussion by the board 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. However, in order to meet the time limit, the Board of Directors shall authorize the Chairman to make a decision in accordance with the provisions of this operating method within the limits of per NT\$ 20,000,000, and shall report the Board of Directors afterwards for approvals.</p>	<p>Directors. Where the company has established the position of independent director, when it submits its Operational Procedures for Loaning Funds to Others for discussion by the board 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. However, in order to meet the time limit, the Board of Directors shall authorize the Chairman to make a decision in accordance with the provisions of this operating method within the limits of per NT\$ 50,000,000, and shall report the Board of Directors afterwards for approvals.</p>	<p>Endorsement and Guarantees.</p>
<p>Article 13: Procedures for implementation After the Procedures are passed by the resolution of the Board of Directors, submit the Procedures to each supervisor and submit them for approval by the shareholders' meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion to each supervisor and for discussion by the shareholders' meeting. The same shall apply to</p>	<p>Article 13: Procedures for implementation After the Procedures are passed by the resolution of the Board of Directors, submit the Procedures to each supervisor and submit them for approval by the shareholders' meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion to each supervisor and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures. When it submits its Operational Procedures for Loaning Funds to</p>	<p>Modified with the Financial Supervisory Commission's letter of March 7, 2019, ChinKuanChengPhaChi No. 1080304826, amended the Procedures for the Endorsement and Guarantees.</p>

Before Revised	Revised Version	Description
<p>any amendments to the Procedures.</p>	<p>Others for discussion by the Board 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.</p> <p>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.</p> <p>If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> <p>The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the</p>	

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	actual number of persons currently holding those positions.	
<p>Article 12: Penalty for violation of these Regulations or the company's Operational Procedures for Endorsements/Guarantees by managers and personnel in charge</p> <p>When the manager and personnel in charge of the company violates this operating procedure, shall report the assessment in accordance with the company's Personnel Management Act and Work Rules, shall be punished according to its circumstances and severity.</p>	<p>Article 12: Penalty for violation of these Regulations or the company's Operational Procedures for Endorsements/Guarantees by managers and personnel in charge</p> <p>When the manager and personnel in charge of the company violates this operating procedure, shall report the assessment in accordance with the company's Personnel Management Act and Work Rules, shall be punished according to its circumstances and severity.</p> <p>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.</p> <p>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.</p>	<p>Modified with the Financial Supervisory Commission's letter of March 7, 2019, ChinKuanChengPhaChi No. 1080304826, amended the Procedures for the Endorsement and Guarantees.</p>

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

Before Revised	Revised Version	Description
<p>Article 3: Evaluation Standards for Loaning Funds to Others</p> <p>Under the Company Act, the company shall not loan funds to any of its shareholders or any other person except under the following circumstances:</p> <p>1. Where an inter-company or inter-firm business transaction calls for a loan arrangement with the company.</p> <p>The term “inter-firm business transaction” refers to those who have a purchase or sales conduct with the company.</p> <p>2. Where an inter-company or inter-firm short-term financing facility with the company.</p> <p>It refers to an inter-company or inter-firm short-term financing facility whose shareholding of the company reaches 50% or more.</p> <p>The term “short-term” as used in the preceding paragraph means the period of one year, or where the company’s operating cycle (whichever is longer),</p> <p>The term “financing amount” as used in means the cumulative</p>	<p>Article 3: Evaluation Standards for Loaning Funds to Others</p> <p>Under the Company Act, the company shall not loan funds to any of its shareholders or any other person except under the following circumstances:</p> <p>1. Where an inter-company or inter-firm business transaction calls for a loan arrangement with the company.</p> <p>The term “inter-firm business transaction” refers to those who have a purchase or sales conduct with the company.</p> <p>2. Where an inter-company or inter-firm short-term financing facility with the company.</p> <p>It refers to an inter-company or inter-firm short-term financing facility whose shareholding of the company reaches 50% or more.</p> <p>The term “short-term” as used in the preceding paragraph means the period of one year, or where the company’s operating cycle (whichever is longer),</p> <p>The term “financing amount” as used in means the cumulative</p>	<p>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.</p>

Before Revised	Revised Version	Description
<p>balance of the public company's short-term financing.</p> <p>3. To which the company's Board of Directors approves to loan funds.</p> <p>4. The restriction in paragraph 1, subparagraph 2 shall not apply to inter-company loans of funds between overseas companies in which the company holds, directly or indirectly, 100% of the voting shares. However, the provisions of Article 4 and Article 5, concerning the setting of the amount limits and the durations of loans shall still apply.</p>	<p>balance of the public company's short-term financing.</p> <p>3. To which the company's Board of Directors approves to loan funds.</p> <p>4. The restriction in paragraph 1, subparagraph 2 shall not apply to inter-company loans of funds between overseas companies in which the company holds, directly or indirectly, 100% of the voting shares, or the inter-company loans of funds between overseas companies in which the public company holds, directly 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.</p>	
<p>Article 10: Disclosure of Information</p> <p>1. The company shall enter the company's and its subsidiaries' balance of loaning funds for the previous month into the Public Information Observatory by 10th of each month.</p> <p>2. The company whose balance of loaning funds reaches one of the following levels shall enter into the Public Information Observatory within two days commencing immediately from the date of occurrence:</p> <p>(1) The aggregate balance of loaning funds to others reaches 20 percent or more of the company's net worth as stated in its latest</p>	<p>Article 10: Disclosure of Information</p> <p>1. The company shall enter the company's and its subsidiaries' balance of loaning funds for the previous month into the Public Information Observatory by 10th of each month.</p> <p>2. The company whose balance of loaning funds reaches one of the following levels shall enter into the Public Information Observatory within two days commencing immediately from the date of occurrence:</p> <p>(1) The aggregate balance of loaning funds to others reaches 20 percent or more of the company's net worth as stated in</p>	<p>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.</p>

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

Before Revised	Revised Version	Description
<p>properly disclose the relevant information in the financial report, also provide relevant data to the visa accountant to carry out the necessary verification procedures.</p> <p>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.</p>	<p>properly disclose the relevant information in the financial report, also provide relevant data to the visa accountant to carry out the necessary verification procedures.</p> <p>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.</p>	
<p>Article 6: Procedures for Handling and Reviewing</p> <p>1. Process of Application</p> <p>(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.</p> <p>(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</p>	<p>Article 6: Procedures for Handling and Reviewing</p> <p>1. Process of Application</p> <p>(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.</p> <p>(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</p>	<p>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.</p>

Before Revised	Revised Version	Description
<p>financial unit, it shall also be reported to the Board of Directors for resolution.</p> <p>(3) Where the company has established the position of independent director, when it submits Loaning Funds to Others for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinion; people who specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.</p> <p>2. Credit Investigation</p> <p>(1) For the first time of debtor, shall provide basic information</p>	<p>financial unit, it shall also be reported to the Board of Directors for resolution.</p> <p>(3) Where the company has established the position of independent director, when it submits Loaning Funds to Others for discussion by the board of directors, 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.</p> <p>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 holding those positions.</p> <p>2. Credit Investigation</p> <p>(1) For the first time of debtor, shall provide basic information</p>	

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

Before Revised	Revised Version	Description
<p>(1) Cases that resolute not to loan after investigation and assessment of credit, the agent shall reply to the debtor as soon as possible on the grounds of refusal.</p> <p>(2) Cases that resolute to loan after investigation and assessment of credit, the person in charge shall reply to the debtor as soon as possible with letter, informing the company's loan conditions in detail, including the amount, duration, interest rate, collateral and guarantor, etc., and ask the debtor to complete the contract signing procedures within the time limit.</p> <p>5. Contract Signing and Identity Verification</p> <p>(1) The loan case shall be drafted by the person in charge, and shall be reviewed by the manger to audit and sent to the Legal Counsel for verification before signing the contract.</p> <p>(2) When the content of the contract is consistent with the approved loan conditions, the person in charge shall complete the procedure for identity verification after the debtor and guarantor sign the contract.</p> <p>6. Collateral value assessment and right-setting debtor shall provide the same amount of guaranteed ticket or collateral, and shall complete pledge or mortgage-setting procedure. The company shall also assess the value of collateral in order to ensure the claim of the company.</p> <p>7. Insurance</p> <p>(1) In addition to land and marketable securities, Fire Insurance and related insurance shall also be</p>	<p>(1) Cases that resolute not to loan after investigation and assessment of credit, the agent shall reply to the debtor as soon as possible on the grounds of refusal.</p> <p>(2) Cases that resolute to loan after investigation and assessment of credit, the person in charge shall reply to the debtor as soon as possible with letter, informing the company's loan conditions in detail, including the amount, duration, interest rate, collateral and guarantor, etc., and ask the debtor to complete the contract signing procedures within the time limit.</p> <p>5. Contract Signing and Identity Verification</p> <p>(1) The loan case shall be drafted by the person in charge, and shall be reviewed by the manger to audit and sent to the Legal Counsel for verification before signing the contract.</p> <p>(2) When the content of the contract is consistent with the approved loan conditions, the person in charge shall complete the procedure for identity verification after the debtor and guarantor sign the contract.</p> <p>6. Collateral value assessment and right-setting debtor shall provide the same amount of guaranteed ticket or collateral, and shall complete pledge or mortgage-setting procedure. The company shall also assess the value of collateral in order to ensure the claim of the company.</p> <p>7. Insurance</p> <p>(1) In addition to land and marketable securities, Fire Insurance and related insurance</p>	

Before Revised	Revised Version	Description
<p>insured, and the amount of insurance shall be based on the principle of not lower than the quality of the collateral. The policy shall indicate that the company is the beneficiary, and the name, quantity, storage location, insurance conditions, insurance approval, etc., of the subject matter on the policy shall be in accordance with the original nuclear loan conditions of the company.</p> <p>(2) The personal in charge shall be careful to notify the debtor to continue to insurance before the expiration of the insurance period.</p> <p>8. Granting When the loan conditions are approved and signed by the debtor, also the guarantee quality(return) registration has been completed, the debtor can apply to the financial unit for granting after all of the procedures have been verified.</p>	<p>shall also be insured, and the amount of insurance shall be based on the principle of not lower than the quality of the collateral. The policy shall indicate that the company is the beneficiary, and the name, quantity, storage location, insurance conditions, insurance approval, etc., of the subject matter on the policy shall be in accordance with the original nuclear loan conditions of the company.</p> <p>(2) The personal in charge shall be careful to notify the debtor to continue to insurance before the expiration of the insurance period.</p> <p>8. Granting When the loan conditions are approved and signed by the debtor, also the guarantee quality(return) registration has been completed, the debtor can apply to the financial unit for granting after all of the procedures have been verified.</p>	
<p>Article 11: Penalties When the manager and the person in charge of the company violates the processing procedure, they shall be punished in accordance with circumstances and be submitted assessment according to the company's work rules.</p>	<p>Article 11: Penalties When the manager and the person in charge of the company violates the processing procedure, they shall be punished in accordance with circumstances and be submitted assessment according to the company's work rules. 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</p>	<p>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.</p>

Before Revised	Revised Version	Description
	<p>the supervisors, shall also inform independent directors.</p> <p>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.</p>	

Chieftek Precision Co., Ltd.

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

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

Before Revised	Revised Version	Description
<p>effectiveness of the internal control system shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p>	

Before Revised	Revised Version	Description
<p>Article 3-1: (Personnel responsible for corporate governance affairs)</p> <p>The company is advised to have an adequate number of full time (or part-time) corporate governance personnel with appropriate qualifications and to appoint a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs. Said officer shall be a qualified, practice-eligible lawyer or accountant or have been in a managerial position for at least three years in a security, financial, or futures related institution or a public company in handling legal affairs, financial affairs, stock affairs, or corporate governance affairs.</p> <p>It is required that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:</p> <ol style="list-style-type: none"> 1. Handle the registration of the company as well as the change of registration. 2. Handling matters relating to board meetings and shareholders' meetings according to laws, and assisting the company in following the related laws of the Board of Directors and Shareholders' meeting. 3. Producing minutes of board meetings and shareholders' meetings 4. Furnishing information required for business execution and company operation by directors and supervisors, 	<p>Article 3-1: (Personnel responsible for corporate governance affairs)</p> <p>The company is advised to have an adequate number of corporate governance personnel with appropriate qualifications based on the size of the company, business situations and management needs, and to appoint a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs. Said officer shall be a qualified, practice-eligible lawyer or accountant or have been in a managerial position for at least three years in a security, financial, or futures related institution or a public company in handling legal affairs, financial affairs, stock affairs, or corporate governance affairs.</p> <p>It is required that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:</p> <ol style="list-style-type: none"> 1. Handling matters relating to board meetings and shareholders' meetings according to laws, and assisting the company in following the related laws of the Board of Directors and Shareholders' meeting. 2. Producing minutes of board meetings and shareholders' meetings 3. Assisting in onboarding and continuous development of directors and supervisors. 	<p>Modified with the Cooperate Governance Best Practice Principles for TWSE/TPEX Listed Companies, letter of D December 21, 2018, No. 10700540421</p>

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

Before Revised	Revised Version	Description
<p>that a majority of the directors (including at least one independent director) , or at least one supervisor, attend in person, and that at least one member of other functional committees attend as representative. Attendance details should be recorded in the shareholders meeting minutes.</p>	<p>one independent director) and convener of the audit committee, or at least one supervisor, attend in person, and that at least one member of other functional committees attend as representative. Attendance details should be recorded in the shareholders meeting minutes.</p>	
<p>Article 7: (The company shall encourage its shareholders to actively participate in corporate governance)</p> <p>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.</p> <p>The companies are advised to arrange for their shareholders to electronically vote on each separate proposal in the shareholders meeting agenda, and to avoid raising extraordinary motions and</p>	<p>Article 7: (The company shall encourage its shareholders to actively participate in corporate governance)</p> <p>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.</p> <p>The company is advised to avoid raising extraordinary motions and amendments to original proposals at a shareholders’ meeting, and is advised to adopt a</p>	<p>Modified with the Cooperate Governance Best Practice Principles for TWSE/TPEX Listed Companies, letter of D December 21, 2018, No. 10700540421</p>

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

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<p>records of specific transaction of the company.</p> <p>The Board of Directors, audit committee or supervisors, and managers of the company shall fully cooperate in the examination conducted by the inspectors in the aforesaid two paragraphs without any obstruction, rejection or circumvention.</p>	<p>particulars, documents and records of specific transaction of the company.</p> <p>The Board of Directors, audit committee or supervisors, and managers of the company shall fully cooperate in the examination conducted by the inspectors in the aforesaid two paragraphs without any circumvention, obstruction or rejection.</p>	
<p>Article 22: (To specify in the articles of incorporation that the it adopts the candidate nomination system for elections of directors)</p> <p>The company is advised to specify in its articles of incorporation that it adopts the candidate nomination system for elections of directors pursuant to the Company Act. It is advisable that the company 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 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.</p> <p>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</p>	<p>Article 22: (To specify in the articles of incorporation that the it adopts the candidate nomination system for elections of directors)</p> <p>The company is advised to specify in its articles of incorporation that it adopts the candidate nomination system for elections of directors, carefully review the qualifications of a nominated candidate and the existence of any other matters set forth in Article 30 of the Company Act, and act in accordance with Article 192-1 of the Company Act.</p>	<p>Modified with the Cooperate Governance Best Practice Principles for TWSE/TPEX Listed Companies, letter of D December 21, 2018, No. 10700540421</p>

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<p>as director after it is so elected, before proposing a roster of director candidates as required.</p>		
<p>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)</p> <p>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.</p> <p>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.</p> <p>The company with a functional committee shall clearly define the responsibilities and duties of the committee.</p>	<p>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)</p> <p>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.</p> <p>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.</p> <p>The company with a functional committee shall clearly define the responsibilities and duties of the committee.</p>	<p>Modified with the Cooperate Governance Best Practice Principles for TWSE/TPEX Listed Companies, letter of D December 21, 2018, No. 10700540421</p>
<p>Article 24: (The company shall appoint independent directors in accordance with its articles of incorporation)</p>	<p>Article 24: (The company shall appoint independent directors in accordance with its articles of incorporation)</p>	<p>Modified with the Cooperate Governance Best Practice</p>

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

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<p>another company and its group enterprises and organizations nominate for each other any director, supervisor or managerial officer as a candidate for an independent director of the other, the company shall, at the time it receives the nominations for independent directors, disclose the fact and explain the suitability of the candidate for independent director. If the candidate is elected as an independent director, the company shall disclose the number of votes cast in favor of the elected independent director.</p> <p>The "group enterprises and organizations" in the preceding paragraph comprise the subsidiaries of the company, any foundation to which the company's cumulative direct or indirect contribution of funds exceeds 50 percent of its endowment, and other institutions or juristic persons that are effectively controlled by the company.</p> <p>Change of status between independent directors and non-independent directors during their term of office is prohibited.</p> <p>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</p>	<p>subsidiaries of the company, any foundation to which the company's cumulative direct or indirect contribution of funds exceeds 50 percent of its endowment, and other institutions or juristic persons that are effectively controlled by the company.</p> <p>Change of status between independent directors and non-independent directors during their term of office is prohibited.</p> <p>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.</p>	

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<p>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.</p> <p>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.</p>		
<p>Article 26: (The company shall stipulate the scope of duties of the independent directors)</p> <p>The company shall stipulate the scope of duties of the independent directors and empower them with manpower and physical support related to the exercise of their power. The company or other board members shall not restrict or obstruct the performance of duties by the independent directors.</p> <p>The company shall stipulate the remuneration of the directors according to applicable laws and regulations. The remuneration of the directors shall fully reflect the personal performance and the long-term management performance of the company, and shall also take the</p>	<p>Article 26: (The company shall stipulate the scope of duties of the independent directors)</p> <p>The company shall stipulate the scope of duties of the independent directors and empower them with manpower and physical support related to the exercise of their power. The company or other board members shall not obstruct, reject or circumvent the performance of duties by the independent directors.</p> <p>The company shall stipulate the remuneration of the directors according to applicable laws and regulations. The remuneration of the directors shall fully reflect the personal performance and the long-term management performance of the company, and shall also take the overall</p>	<p>Modified with the Cooperate Governance Best Practice Principles for TWSE/TPEX Listed Companies, letter of D December 21, 2018, No. 10700540421</p>

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<p>overall operational risks of the company into consideration. Different but reasonable remuneration from that of other directors may be set forth for the independent directors.</p> <p><u>When the company, under its articles of incorporation, or by resolution of its shareholders meeting, or by order of the competent authority, sets aside a certain proportion of earnings as special reserve, such allocation shall be made after the allocation of legal reserve and before the distribution of director, supervisor, and employee compensations, and the company shall provide in the articles of incorporation the method to be adopted for distributing earnings when reversal of the special reserve is added into the undistributed earnings.</u></p>	<p>operational risks of the company into consideration. Different but reasonable remuneration from that of other directors may be set forth for the independent directors.</p>	
<p>Article 28: (The company shall establish either an audit committee or a supervisor)</p> <p>The company shall establish either an audit committee or a supervisor</p> <p>The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise.</p> <p>For a company that has established an audit committee, the provisions regarding supervisors in the Securities and Exchange Act, the Company Act, other laws and regulations, and these Principles shall apply mutatis mutandis to the audit committee.</p> <p>For the company that has established an audit committee, Article 25 herein does</p>	<p>Article 28: (The company shall establish either an audit committee or a supervisor)</p> <p>The company shall establish either an audit committee or a supervisor</p>	<p>Modified with the Cooperate Governance Best Practice Principles for TWSE/TPEX Listed Companies, letter of D December 21, 2018, No. 10700540421</p>

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<p>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 directors for a resolution:</p> <ol style="list-style-type: none"> 1. Adoption or amendment of internal control system pursuant to Article 14-1 of the Securities and Exchange Act. 2. Assessment of the effectiveness of the internal control system. 3. Adoption or amendment, pursuant to Article 36-1 of the Securities and 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. 	<p>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.</p>	

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<p>10. Annual and semi-annual financial reports.</p> <p>11. Any other material matter so required by the company or the competent authority.</p> <p>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.</p>		
<p><u>Article 28-1: (The company shall establish a remuneration committee)</u> <u>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.</u> <u>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, recommendations regarding remuneration for supervisors may be</u></p>	<p>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.</p>	<p>Modified with the Cooperate Governance Best Practice Principles for TWSE/TPEX Listed Companies, letter of D December 21, 2018, No. 10700540421</p>

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<p><u>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:</u></p> <ol style="list-style-type: none"> <u>1. Prescribing and periodically reviewing the policies, systems, standards, and structures for performance evaluation and remuneration for directors, supervisors and managerial officers.</u> <u>2. Periodically evaluating and prescribing the remuneration of directors, supervisors, and managerial officers.</u> <p><u>When performing the official powers of the preceding paragraph, the remuneration committee shall follow the principles listed below:</u></p> <ol style="list-style-type: none"> <u>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.</u> <u>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.</u> 		

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<p><u>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.</u></p>		
<p>Article 33: (An independent director and the Board of Directors)</p> <p>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.</p> <p>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</p>	<p>Article 33: (An independent director and the Board of Directors)</p> <p>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.</p> <p>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:</p> <ol style="list-style-type: none"> 1. An independent director has a dissenting or qualified opinion which is on record or stated in a written statement. 	<p>Modified with the Cooperate Governance Best Practice Principles for TWSE/TPEX Listed Companies, letter of D December 21, 2018, No. 10700540421</p>

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<p>of trading hours on the first business day after the date of the board meeting:</p> <ol style="list-style-type: none"> 1. An independent director has a dissenting or qualified opinion which is on record or stated in a written statement. 2. The matter was not approved by the audit committee (if the company has set up an audit committee), but had the consent of more than two-thirds of all directors. <p>During a board meeting, managers from relevant departments who are not directors may, in view of the meeting agenda, sit in at the meetings, make reports on the current business conditions of the company and respond to inquiries raised by the directors. Where necessary, a CPA, legal counsel, or other 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.</p>	<ol style="list-style-type: none"> 2. The matter was not approved by the audit committee (if the company has set up an audit committee), but had the consent of more than two-thirds of all directors. <p>During a board meeting, managers from relevant departments who are not directors may, in view of the meeting agenda, sit in at the meetings, make reports on the current business conditions of the company and respond to inquiries raised by the directors. Where necessary, a CPA, legal counsel, or other 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.</p>	
<p>Article 35: (The company shall submit the following matters to its board of directors for discussion)</p> <p>The company shall submit the following matters to its board of directors for discussion:</p> <ol style="list-style-type: none"> 1. Corporate business plans. 2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under 	<p>Article 35: (The company shall submit the following matters to its board of directors for discussion)</p> <p>The company shall submit the following matters to its board of directors for discussion:</p> <ol style="list-style-type: none"> 1. Corporate business plans. 2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under 	<p>Modified with the Cooperate Governance Best Practice Principles for TWSE/TPEX Listed Companies, letter of D December 21,</p>

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

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

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<p>according to the resolutions of board of directors.</p> <p>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.</p> <p>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:</p> <ol style="list-style-type: none"> 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. 	<p>resolutions of board of directors.</p> <p>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.</p> <p>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:</p> <ol style="list-style-type: none"> 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. <p>It is advisable that performance assessments of board members (self-assessments or peer-to-peer assessments)</p>	

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<p>It is advisable that performance assessments of board members (self-assessments or peer-to-peer assessments) include the following aspects, with appropriate adjustments made on the basis of the company's needs:</p> <ol style="list-style-type: none"> 1. Their grasp of the company's goals and missions. 2. Their recognition of director's duties. 3. Their degree of participation in the company's operations. 4. Their management of internal relationships and communication. 5. Their professionalism and continuing professional education. 6. Internal controls. <p><u>The company's board of directors shall consider adjusting its composition based on the results of performance assessments.</u></p>	<p>include the following aspects, with appropriate adjustments made on the basis of the company's needs:</p> <ol style="list-style-type: none"> 1. Their grasp of the company's goals and missions. 2. Their recognition of director's duties. 3. Their degree of participation in the company's operations. 4. Their management of internal relationships and communication. 5. Their professionalism and continuing professional education. 6. <u>Internal controls.</u> <p><u>The functional committee shall consider adjusting its composition based on the results of performance assessments as following:</u></p> <ol style="list-style-type: none"> 1. <u>Their degree of participation in the company's operations.</u> 2. <u>Their recognition of the functional committees' duties.</u> 3. <u>Improves the quality of the functional committee.</u> 4. <u>Composition and selection of the functional committee.</u> 5. <u>Internal control.</u> <p><u>The company shall consider adjusting its composition based on individual director's remuneration and the nomination of renewal.</u></p>	
<p>Article 39: (The responsibility insurance of the director)</p> <p>The company is advised to take out directors' liability insurance with respect to liabilities resulting from exercising their duties during their terms of occupancy so as to reduce and spread the</p>	<p>Article 39: (The responsibility insurance of the director)</p> <p>The company shall take out directors' liability insurance with respect to liabilities resulting from exercising their insured duties during their terms of occupancy so as to reduce and spread the risk of material</p>	<p>Modified with the Cooperate Governance Best Practice Principles for TWSE/TPEX Listed</p>

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<p>risk of material harm to the company and shareholders arising from the wrongdoings or negligence of a director.</p> <p>The company is advised to report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has taken out or renewed for directors, at the next board meeting.</p>	<p>harm to the company and shareholders arising from the wrongdoings or negligence of a director.</p> <p>The company is advised to report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has taken out or renewed for directors, at the next board meeting.</p>	<p>Companies, letter of D December 21, 2018, No. 10700540421</p>
<p>Article 42: (To specify in its articles of incorporation that it adopts the candidate nomination system for elections of supervisor)</p> <p>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.</p> <p>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 as supervisor after it is so elected, before proposing a roster of supervisor candidates as required.</p>	<p>Article 42: (To specify in its articles of incorporation that it adopts the candidate nomination system for elections of supervisor)</p> <p>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.</p>	<p>Modified with the Cooperate Governance Best Practice Principles for TWSE/TPEX Listed Companies, letter of D December 21, 2018, No. 10700540421</p>

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

Before Revised	Revised Version	Description
<p>shareholders arising from the wrongdoing or negligence of a supervisor.</p> <p>The listed company is advised to 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.</p>	<p>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.</p>	<p>December 21, 2018, No. 10700540421</p>
<p>Article 55: (Disclosure of information and the internet reporting system)</p> <p>Disclosure of information is a major responsibility of the company. The company shall perform its obligations faithfully in accordance with the relevant laws and the related TWSE and TPEX rules.</p> <p>The company shall establish an Internet-based reporting system for public information, appoint personnel responsible 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.</p>	<p>Article 55: (Disclosure of information and the internet reporting system)</p> <p>Disclosure of information is a major responsibility of the company. The company shall perform its obligations faithfully in accordance with the relevant laws and the related TWSE and TPEX rules.</p> <p>The company is advised to publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.</p> <p>The company shall establish an Internet-based reporting system for public information, appoint personnel responsible 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.</p>	<p>Modified with the Cooperate Governance Best Practice Principles for TWSE/TPEX Listed Companies, letter of D December 21, 2018, No. 10700540421</p>