



Stock code:5263

Brogent Technologies Inc.

2019 Annual Meeting of Shareholders

Proceedings Manual

Date: Wednesday, May 29, 2019

Location: No. 9, Fuxing 4th Rd., Qianzhen District, Kaohsiung City, Taiwan
(Assembly Hall, Building A, Brogent Technologies)

Table of Contents

	<u>Page</u>
I. Meeting Procedure-----	2
II. Meeting Agenda-----	3
III. Reports -----	4
IV. Ratifications-----	6
V. Matters for Discussion -----	8
VI. Extempore Motions-----	9
VII. Attachments	
(1) Business Report-----	10
(2) Supervisors' Audit Report-----	12
(3) 2018 CPA Audit Report and Financial Report-----	13
(4) Comparison Table of the "Articles of Incorporation" before and after Revision --	24
(5) Comparison Table of the " Procedures for Acquisition and Disposal of Assets " before and after Revision-----	26
(6) Comparison Table of the " Comparison Table of the Handling Procedures for Loaning Funds " before and after Revision-----	46
(7) Comparison Table of the " Comparison Table of the Handling Procedures for Making of Endorsements/Guarantees " before and after Revision-----	51
VIII. Appendices	
(1) Articles of Incorporation -----	55
(2) Procedures for Acquisition and Disposal of Assets-----	60
(3) Handling Procedures for Loaning Funds -----	76
(4) Handling Procedures for Making of ndorsements/Guarantees-----	81
(5) Rules of Procedure for Shareholders Meetings-----	86
(6) Shareholding Status of Directors and Supervisors-----	96

Brogent Technologies Inc.
Proceedings of the 2019 Annual Meeting of Shareholders

- 1) Call to Order
- 2) Chairperson's Remarks
- 3) Reports
- 4) Ratifications
- 5) Matters for Discussion
- 6) Extempore Motions
- 7) Meeting Adjourned

Brogent Technologies Inc.

Agenda of the 2019 Annual Meeting of Shareholders

Time: 9:00AM, Wednesday, May 29, 2019

Venue: No. 9, Fuxing 4th Road, Qianzhen District, Kaohsiung City (Assembly Hall, Building A, Brogent Technologies)

- 1) Call to Order (respective holding of shareholders present announced)
- 2) Chairperson's Remarks
- 3) Reports
 - (1): 2018 Business Report.
 - (2): 2018 Supervisors' Audit Report.
 - (3): 2018 Report on Remuneration Distribution of Employees, Directors, and Supervisors.
 - (4): Private Placement Status Report.
- 4) Ratifications
 - (1): 2018 Business Report and Financial Report.
 - (2): 2018 Earnings Distribution Proposal.
- 5) Matters for Discussion
 - (1): Adoption of the proposal for Stock dividends distributed from capital surplus transferred to common stock
 - (2): Adoption of the Proposal for Cash distribution from Capital Surplus
 - (3): Amendment to "Articles of Incorporation"
 - (4): Amendment to "Procedures for Acquisition and Disposal of Assets"
 - (5): Amendment to "Operational Procedures for Loaning of Company Funds" and "Operational Procedures for Endorsements and Guarantees:"
- 6) Extempore Motions
- 7) Meeting Adjourned

Reports

I: The 2018 Business Report is hereby submitted for review.

Please refer to Attachment 1 on page 9 of the Manual for the Business Report.

II: The 2018 Supervisors' Audit Report is hereby submitted for review.

Please refer to Attachment 2 on page 11 of the Manual for the Supervisors' Audit Report.

III: The 2018 Report on Remuneration Distribution of Employees, Directors, and Supervisors is hereby submitted for review.

Explanation: Pursuant to Article 21 of the Company's Articles of Incorporation, if the Company has generated profits in the current year, five to fifteen percent of the profits shall be set aside for employee remuneration. The remuneration for Directors and Supervisors shall be no higher than two percent. The proposed employee remuneration is NT\$28,267,738 and the proposed remuneration for Directors and Supervisors is NT\$5,975,840; both shall be distributed in cash and may be issued in installments.

IV: The Private Placement Status Report is hereby submitted for review.

Explanation: Placement status is as listed below:

Item	Date of Issue: July 06, 2015				
Types of Privately Placed Securities	Ordinary shares				
Date and number of shares passed in the shareholders' meeting	On June 11, 2014, the annual shareholders' meeting passed the private placement of 3,300,000 ordinary shares, which shall take place in one or multiple tranches (no more than twice) within a year starting from the date of resolution.				
Pricing criteria and rationality	The pricing criterion for the issuance of privately placed ordinary share resolved in the annual shareholders' meeting on June 11, 2014, was no less than 80% of the reference price. This conforms to regulations governing public issuing companies regarding the terms and condition of private placement securities; therefore, the price should be deemed reasonable.				
Method of selecting designated party	Not applicable.				
Necessary reason for private placement	Compared with publicly placed securities, privately placed securities may not be transferred freely within three years, and such regulation ensures the long-term cooperation between the Company and placement subscribers. Moreover, in consideration of the timeliness and convenience of financing requirements and other factors such as capital market uncertainty, the issuance of ordinary share was conducted through private placement in lieu of public offering.				
Date of Payment Completion	2015.06.03				
Subscriber information	Private placement	Criteria	Number of shares	Relation with the	Participation in corporate

	subject		subscribed	Company	management
	Kodasha Custody Account at Taipei Fubon Financial Bank	Conforms to Article 43-6 of the Securities and Exchange Act	250,000	None	None
	Gains Investment Corporation		500,000	None	None
	Shang Yang Investment Corporation		100,000	None	None
	Chao Yang Investment Corporation		100,000	None	None
	Cheng-Chien Pu		50,000	None	None
	Ming-Chu Kuo		30,000	None	None
Actual subscription (or conversion) price	NT\$308.				
Actual subscription (or conversion) price and difference with reference price	No difference.				
Effect of private placement on shareholder's equity	The current private placement funds are utilized as operational funds to strengthen financial structure, facilitate operation promotion, attract long-term partners, and promote stable business growth, thus benefiting shareholders' rights and interests.				
Status of private placement fund spending and project implementation progress	All funds have been received and will be successively utilized following planning completion.				
Manifestation of private placement benefits	Not applicable.				

Ratifications

Item 1: The 2018 Business Report and Financial Report are hereby submitted for ratification. (Proposed by the Board of Directors)

Explanation: 1.The Company's 2018 Financial Report has been audited by CPAs Hui-Ping Liu and Jay Lo of Grant Thornton Taiwan. The Financial Report and Business Report have been forwarded to the Supervisors for review, and the written Audit Report is submitted for approval.
2.The Company's 2018 Business Report (please refer to Attachment 1 on page 9-10 of the Manual) and Financial Report (please refer to Attachment 3 on pages 12-22 of the Manual).
3.The reports are hereby submitted for ratification.

Resolution:

Item 2: The 2018 Earnings Distribution Proposal is hereby submitted for ratification. (Proposed by the Board of Directors)

Explanation: 1.The Company's net profit after tax in 2018 amounted to NT\$257,168,051, of which 10% (NT\$16,991,578) has been set aside as the legal reserve. The distributable profits available as of the end of 2018 amounted to NT\$179,704,660. According to Article 22 of the Company's Articles of Incorporation, a cash dividend of NT\$3.38 per share is proposed for the current year. Based on the 53,092,772 shares outstanding, the total cash dividend to be distributed is NT\$179,453,569. The cumulative undistributed profits at the end of the period is NT\$251,091.
2.The Board of Directors shall be authorized to separately establish a record date and issuance date etc. following the resolution of the Annual Shareholders Meeting.
3.In the event the numbers of shares outstanding are subsequently affected by changes in the Company's share capital or other reasons, resulting in the necessity to revise the shareholder's payout ratio, the shareholders shall be requested to authorize the Board of Directors at the Annual Shareholders Meeting to conduct such revision at its full discretion.
4.The Company's 2018 Earnings Distribution Table is as follows:

Brogent Technologies Inc.
PROFIT DISTRIBUTION TABLE
Year 2018

Unit: NT\$

Item	Sub Total	Total
Balance, Beginning of Year	22,928,272	
Less: Effect of Retrospective Application of IFRS 9	(2,247,714)	
Less: Retirement of Treasury Shares	(85,004,549)	
Plus: Net Income in 2018	257,168,051	
Subtotal		169,915,788
Less: Legal Reserve	(16,991,578)	
Add: Special Reserve- Exchange Differences Arising on Translation of Foreign Operations	4,048,693	
Less: Remeasurement of Defined Benefit Plans	(196,515)	
		179,704,660
Distribution Item:		
Cash Dividends to Common Shareholders(NT\$3.38 Per Share)	(179,453,569)	
Balance, end of Year		251,091

董事長：



總經理：



會計主管：



5. The table is hereby submitted for ratification.

Resolution:

Matters for Discussion

Item 1: Proposal for Stock dividends distributed from a new share issue through capitalization of capital surplus is hereby submitted for discussion. (proposed by the Board of Directors)

- Explanation: 1. To strengthen the capital structure, the management plans to have a new share issue through capital surplus transferred to capital in accordance with Article 241 of the Company Act. A stock dividend of NT\$0.5 will be assigned free of charge per share based on the 53,092,772 shares outstanding. The total stock dividend to be distributed from capitalization of capital surplus is NT\$26,546,386.
2. For share assignment, 50 shares will be assigned free of charge per 1,000 existing shares held shareholders as indicated in the shareholders' roster on the ex-dividend date. Shareholders must submit applications to the company's share transfer agent to combine their fractional shares within five days after the record date of capital increase. If the amount is still less than one share after combination or application for share combination is submitted late, the full amount is converted into cash based on their face value. These fractional shares will be subscribed on face value to specific person(s) designated by the Chairman.
 3. The shareholder rights and obligations of the new shares are the same as those of existing shares. After the approval of the Annual Meeting of Shareholders and the competent authority, the new shares will be distributed on a record date determined by the Board.
 4. If the number of total shares outstanding, prior to the ex-dividend date for the distribution, has changed due to the repurchasing of shares by the Company, such that the ratios of the stock dividends and cash dividends are affected and must be adjusted, the Board is authorized to make such adjustments.
 5. It is proposed that the Board of Directors be authorized to take any action that may be required in connection with the capital increase plan as a result of any amendment to applicable laws or regulations or as required by the competent authorities..
6. Submitted for discussion.

Resolution:

Item 2: Proposal for Cash distribution from Capital Surplus is hereby submitted for discussion. (proposed by the Board of Directors)

- Explanation: 1. It is proposed to distribute NT\$32,917,518 from capital surplus of the issuing premium of the par value of the common share pursuant to Article 241 of the Company Act. A cash dividend of NT\$0.62 per share is to be distributed based on the 53,092,772 shares outstanding.
2. The distribution will be based on the list of shareholders registered as of the record date of cash distribution of capital surplus. The aforementioned cash distribution will be paid to the rounded-down full NT dollar.
 3. Upon the approval of the Annual Meeting of Shareholders, it is

proposed that the Board of Directors be authorized to resolve the ex-dividend record date, issuance date and other relevant issues.

4. If the number of total shares outstanding, prior to the ex-dividend date for the distribution, has changed due to the repurchasing of shares by the Company, such that the ratios of the stock dividends and cash dividends are affected and must be adjusted, the Board is authorized to make such adjustments.
5. Submitted for discussion.

Resolution:

Item 3: The amendment of clauses of the “Articles of Incorporation” is hereby submitted for discussion. (proposed by the Board of Directors)

- Explanation:
1. To implement corporate governance, amendments for clauses of the Company's “Articles of Incorporation” are proposed.
 2. Please refer to Attachment 4 on page 24 of the Manual for the Comparison Table of the "Articles of Incorporation" before and after revision.
 3. Submitted for discussion.

Resolution:

Item 4: The amendment of clauses of the “Procedures for Acquisition and Disposal of Assets” is hereby submitted for discussion. (proposed by the Board of Directors)

- Explanation:
1. To comply with the laws and regulations of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", it is proposed to revise “Procedures for Acquisition and Disposal of Assets”.
 2. Please refer to Attachment 5 on page 26 of the Manual for the Comparison Table of the “Procedures for Acquisition and Disposal of Assets” before and after revision.
 3. Submitted for discussion.

Resolution:

Item 5: The amendment of clauses of the “Operational Procedures for Loaning of Company Funds” and “Operational Procedures for Endorsements and Guarantees” is hereby submitted for discussion. (proposed by the Board of Directors)

- Explanation:
1. To comply with the laws and regulations of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies".
 2. Please refer to Attachment 6 on page 25 of the Manual for the Comparison Table of the "Articles of Incorporation" before and after revision.
 3. Submitted for discussion.

Resolution:

Extempore motions

Meeting adjourned

Brogent Technologies Inc. Business Report

1) Operating policies

Brogent has a abundant year of 2018 with the successful grand openings of our theme park clients, Ferrari Land, Europa Park and This is Holland. Among these successful cases, Europa Park has an outstanding record by its over 2 million visitors within only 6 months. In addition, the i-Ride “Voletarium” in Europa Park has awarded Europe’s Best New Ride, which further increased Brogent’s brand recognition in the international settings. Under the guidance of such policies, Brogent will gradually expand its productions from a delicate approach to mass production in 2018. The client base will also include franchised customers, which will boost our 2019 revenue growth. In order to enter the mid-sized segment, renovation and R&D will be the key elements to enhance the global market share of Brogent. Looking forward, with the continuous renovation and market expansion, the growth of Brogent is expectable.

2) Business Plan Implementation Results:

The Company's net operating revenue in 2018 amounted to NT\$1,637 million, an increase of approximately 8.1% from the net operating revenue of NT\$258 million in 2018. The Company's net profit in the current period amounted to NT\$268 million, a 157% increase from NT\$104 million in 2016.

3) Operating Income and Budget Execution

(1) Operating income

The categories of operating income in 2018 included income from projects, labor, and other operations, and the total amount was NT\$1,514million, a growth of NT\$633 million from the NT\$882 million in 2016. The primary reason was the record number of received orders, resulting in the increase of total revenue for the year from the previous year.

(2) Operating expenses

Total operating expenses in 2018 amounted to NT\$385 million, an increase of NT\$48 million from the NT\$336 million of 2017. The primary reasons was mainly from the increase of NT\$24 million in the bonus of employee and directors, in addition to the purchase of necessary components of m-Ride. These expenditures resulted in the substantial increase of consolidated management and marketing expenses for the Group in 2018 compared to 2017.

4) Profitability analysis

The Company continued to expand its scale of operations and diversification in 2018. With an increase in revenue and effective budget control, the Group's operating expense ratio decreased from 38.17% in 2016 to 25.39%. Operating profits increased 214% and net profit after tax increased 157% from 2016. With the increase of new contracts and Brogent’s brand awareness in the global markets, as well as the business direction heading for the mid-sized segment, the growth power of 2018 is expected to be


enhanced to the next level.

5) Research and development

The Company continues to provide customers with the best services, create joyful experiences, and maximize value for shareholders with its unique, industry-leading research and development capabilities. Despite an increase in research and development expenses in 2017, mostly from purchasing necessary components of m-Ride. The company had applied for government funding, in order to lower and control the research and development expenses occurred. The Company shall continue to innovate and remain committed to research and development because these aspects of operation embody corporate competitiveness. The Company shall continue to engage in advanced technological R&D and innovative applications, and implement product-centric design and research as well as systematic management to maintain the leading position of products and technologies, i.e. down-sized i-Ride, VR/AR products and Q-Ride.

董事長：

總經理：

會計主管：

Brogent Technologies Inc. Supervisors' Audit Report

The 2018 Financial Statements compiled and delivered by the Board of Directors have been audited by Hui-Ping Liu and Jay Lo, certified public accountants practicing at Grant Thornton Taiwan. The Financial Statements, along with the Business Report and Earnings Distribution Table, have been reviewed by the Supervisors who have found them to be compliant with regulations. The Audit Report is therefore provided in accordance with the provisions stipulated in Article 219 of the Company Act and filed for approval.

To

2019 Annual Shareholders Meeting of Brogent Technologies Inc.

Brogent Technologies Inc.

Supervisor: Yi-Hsiang Huang



Supervisor: Yung-Liang Huang



Supervisor: Gen-Huang Lin



March 12, 2019



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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors and Shareholders of
Brogent Technologies Inc.**

Opinion

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

In our opinion, based on our audit and the report of the other independent accountants, (please refer to the paragraph of Other Matters) the accompanying consolidated financial statements present fairly, in all material respects, the consolidated balance sheets of the Group as of December 31, 2018 and 2017, and its consolidated statements of comprehensive income 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 (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission in Taiwan.

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 Taiwan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of Taiwan and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Impairment of Accounts Receivable

Whether accounts receivable are impaired is subject to management's subjective judgment by determining the recoverable amount of overdue receivables with credit risk. The carrying amount is reduced through the use of an allowance account, and bad debts are recognized by reference to the assessment of the customers' credit quality. Therefore, we focus on the receivables with significant delays in the collection, and the reasonableness of bad debts recognized by management.

The Group's main business is the design, production and sales of the simulation entertainment equipment. In the past two years, the construction contract revenue accounts for more than 94.82% of the annual net revenue. The carrying amount of accounts receivable as of December 31, 2018 accounts for approximately 12.21% of current assets. The amount is significant and represents the major cash inflows provided by the operating activities of the Group. These involve the identification and subjective judgment for the construction contract, as a result, construction contract revenue and related receivable has been identified as a key audit matter.

Please refer to Note 4(15) to the consolidated financial statements for the related accounting policy. For the carrying amount of accounts receivable, please refer to Note 6(5) to the consolidated financial statements.

In relation to the key audit matter above, our principal audit procedures included to obtain the aging analysis of accounts receivable, calculate the aging intervals, and sample the original vouchers to examine whether the receivables are allocated in the aging analysis table appropriately; sample and deliver confirmation requests; test the collection subsequent to the reporting period to evaluate the reasonableness of allowance for impairment losses of accounts receivable; and obtain management's assessment on allowance for doubtful receivables to examine whether it is in accordance with the Group's accounting policy, and review the completeness and accuracy of related disclosures made by management.

Construction Contracts - Total Cost Estimates and the Recognition of the Stage of Completion

The Group estimates total costs of the construction contract for each project and measures the stage of completion according to the proportion of actual construction working hours to recognize its revenue and costs of the construction contract, which is the Group's main business. Total estimated costs, total estimated working hours required and actual working progress of the contract involve the effective implementation of the project contract and management's subjective judgment, which contain uncertainty for accounting estimates. Considering that the recognition of the Group's construction contract revenue and costs has a significant impact on the consolidated financial statements, this subject has been identified as a key audit matter.

Please refer to Note 4(8) to the consolidated financial statements for the accounting policy in regard to construction contracts. For net amount for the construction contract and the recognition of revenue and costs, please refer to Notes 6(6) and 6(23) of the consolidated financial statements.

In relation to the key audit matter above, our principal audit procedures included evaluation on whether the project construction contract is established in accordance with its relevant internal control operations; obtain the project cost list and project schedule to examine whether total cost and working hours are reasonably estimated based on management's accumulated experience and the current optimal situation; review expected changes of significant estimates; sample the original vouchers to examine whether the actual construction costs incurred have been listed in the appropriate period; confirm whether the actual stage of completion of the project plan has been reviewed by the appropriate authorized personnel and whether the construction schedule has been met; and evaluate the reasonableness of revenue and costs recognized according to the proportion of actual working progress.

Impairment of Property, Plant and Equipment and Intangible Assets

The value of property, plant and equipment and intangible assets is the future recoverable amount generating from related assets which have not been depreciated or amortized under the situation of management's continued operation. Management should evaluate whether there is any indication that assets may be impaired on each balance sheet date. If such indication exists, the recoverable amount of the asset should be estimated. When it is not possible to estimate the recoverable amount of an individual asset, management should estimate the recoverable amount of the cash-generating unit to which the asset belongs. Whether assets have been impaired and the calculations of the amount of the impairment loss involve multiple assumptions and accounting estimates, it is important to verify that the Group is in compliance with IAS 36 and that the carrying amount of above assets does not exceed the recoverable amount.

Please refer to Notes 4(10), (11) and (12) of the consolidated financial statements for related accounting policies. For the carrying amount of related assets, please refer to Notes 6(11) and (12) of the consolidated financial statements.

In relation to the key audit matter mentioned above, our principal audit procedures included to understand the design and implementation of the method of assessing impairment and its relevant control system; obtain the impairment assessment made by management on the basis of the cash-generating unit, and verify the reasonableness of the identification of the impairment as well as the appropriateness of assumptions used by management in relation to cash-generating unit division, cash flow forecast, discount rate, etc.

Other Matters – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of a wholly-owned consolidated subsidiary whose statements are based solely on the reports of other auditors that is included in the consolidated financial statements. Total assets of the subsidiary amounted to NT\$353,841 thousand and NT\$350,275 thousand, which constituting 8.39% and 10.08% of consolidated total assets as of December 31, 2018 and 2017, respectively, and operating income was NT\$ 91,970 thousand and NT\$129,964 thousand, which constituting 5.62% and 8.58% of consolidated total operating income for the years ended December 31, 2018 and 2017, respectively.

We have also audited the individual financial statements of Brogent Technologies Inc. for the years ended December 31, 2018 and 2017 on which we have issued an unqualified opinion with other matter paragraph, as reference.

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, IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission in Taiwan, the Republic of China, and for such internal control as management determines is necessary to enable the preparation of the 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee, that an audit conducted in accordance with generally accepted auditing standards of in Taiwan, the Republic of China, and will detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, are 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 generally accepted auditing standards of Taiwan, the Republic of China, we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition, we also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than those resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management assessment on Group's ability to continue as a going concern. Based on the audit evidence obtained, determine whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements,

including the disclosures; and whether the consolidated financial statements truly capture all underlying transactions and events in a manner that achieve the fair presentation of the Group's financial performance and operation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Grant Thornton

March 12, 2019

Kaohsiung, Taiwan

(File No. B002.19F0009)

The accompanying consolidated financial statements are not intended to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than those other than Taiwan. The standards, procedures and practices in Taiwan governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than those of Taiwan. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in Taiwan and their applications in practice. As the financial statements are the responsibility of the management, Grant Thornton will not 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 of Group's consolidated financial statements, including notes to the consolidated financial statements.

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

Items	December 31, 2018		December 31, 2017	
	Amount	%	Amount	%
Current Assets				
Cash and cash equivalents (Note 6(1))	\$660,349	16	\$710,647	20
Financial assets at fair value through profit or loss-current (Note 6(2))	459,056	11	230,967	7
Financial assets at amortized cost-current (Notes 6(3) and 8)	304,864	7	-	-
Debt investments with no active market-current (Note 6(4))	-	-	196,066	6
Notes and accounts receivable, net (Note 6(5))	326,625	8	225,968	7
Construction receipts receivable (Note 6(6))	529,353	12	440,021	13
Income tax assets	61	-	9,659	-
Inventories (Note 6(7))	200,016	5	189,115	5
Prepayments	162,390	4	159,587	5
Other current assets (Notes 6(13) and 8)	31,148	1	41,607	1
Total current assets	<u>2,673,862</u>	<u>64</u>	<u>2,203,637</u>	<u>64</u>
Noncurrent Assets				
Financial assets at fair value through profit or loss-noncurrent (Note 6(2))	134,530	3	-	-
Held-to-maturity financial assets- noncurrent (Note 6(8))	-	-	35,570	1
Financial assets at amortized cost-noncurrent (Notes 6(3) and 8)	59,175	2	-	-
Financial assets carried at cost - noncurrent (Note 6(9))	-	-	17,856	1
Investments accounted for using equity method (Note 6(10))	5,772	-	8,061	-
Property, plant and equipment (Notes 6(11) and 8)	1,066,459	25	951,441	27
Intangible assets (Note 6(12))	166,597	4	120,157	4
Deferred income tax assets (Note 6(26))	12,618	-	6,392	-
Refundable deposits	11,719	-	9,794	-
Long-term notes and accounts receivable (Note 6(5))	-	-	9,656	-
Other noncurrent assets (Notes 6(13) and 8)	85,079	2	112,338	3
Total noncurrent assets	<u>1,541,949</u>	<u>36</u>	<u>1,271,265</u>	<u>36</u>
Total Assets	<u>\$4,215,811</u>	<u>100</u>	<u>\$3,474,902</u>	<u>100</u>

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

(Continued)

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

Items	December 31, 2018		December 31, 2017	
	Amount	%	Amount	%
Current Liabilities				
Notes payable	511,328	-	515,812	-
Accounts payable	109,690	3	35,111	1
Construction receipts payable (Note 6(6))	74,294	2	93,541	3
Other payables (Note 6(14))	110,080	3	96,101	3
Income tax payable	39,319	1	31,395	1
Long-term liabilities-current portion (Note 6(15))	108,927	3	38,576	1
Other current liabilities	79,185	2	2,607	-
Total current liabilities	532,823	14	313,143	9
Noncurrent Liabilities				
Long-term bank loans (Note 6(15))	759,343	18	342,474	10
Deferred income tax liabilities (Note 6(26))	16,008	-	5,730	-
Net defined benefit liabilities-noncurrent (Note 6(16))	8,165	-	7,835	-
Total noncurrent liabilities	783,516	18	356,039	10
Total Liabilities	1,316,339	32	669,182	19
Equity Attributable To Shareholders of the Parent				
Capital stock				
Common stock (Note 6(17))	530,928	13	446,780	13
Capital surplus				
Additional paid-in capital (Note 6(20))	1,779,281	42	1,793,826	52
From convertible bonds (Note 6(20))	247,223	6	249,244	7
From treasury shares (Note 6(20))	-	-	9,566	-
From share of changes in equities of associates and joint venture	1,219	-	849	-
Total capital surplus (Notes 6(18) and (19))	2,027,723	48	2,053,485	59
Retained earnings				
Legal reserve	73,817	2	47,250	1
Special reserve	4,049	-	751	-
Unappropriated earnings (Note 6(19))	192,647	4	318,257	9
Total retained earnings	270,513	6	366,258	10
Other equity				
Foreign Currency Transaction Reserve-subsiidiaries accounted for using equity method	7,631	-	(3,409)	-
Foreign Currency Transaction Reserve-associates and joint ventures accounted for using equity method	(619)	-	(640)	-
Total other equity	7,012	-	(4,049)	-
Treasury shares (Note 6(20))	-	-	(115,476)	(3)
Equity Attributable To Shareholders Of The Parent	2,836,176	67	2,746,998	79
Non-controlling Interests (Note 6(21))	63,296	1	58,722	2
Total Equity	2,899,472	68	2,805,720	81
Total Liabilities and Equity	\$4,215,811	100	\$3,474,902	100

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

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings per Share)

Items	2018		2017	
	Amount	%	Amount	%
Net Revenue (Note 6(23))	\$1,637,438	100	\$1,514,469	100
Cost of Revenue (Note 6(25))	(916,196)	(56)	(789,134)	(52)
Gross Profit	721,242	44	725,335	48
Operating Expenses				
Selling and marketing	(56,277)	(3)	(39,867)	(3)
General and administrative	(257,083)	(16)	(214,785)	(14)
Research and development	(118,370)	(7)	(129,949)	(8)
Total operating expenses (Notes 6(25) and 7)	(431,730)	(26)	(384,601)	(25)
Operating Income	289,512	18	340,734	23
Non-operating Income and Losses				
Other gains and losses (Notes 6(24) and 7)	33,657	1	(12,911)	(1)
Interest income	11,368	-	7,216	-
Interest costs	(10,713)	-	(6,238)	-
Loss from investment in associates and joint ventures accounted for using equity method (Note 6(10))	(2,697)	-	(1,238)	-
Total non-operating income and loss	31,615	1	(13,171)	(1)
Income Before Income Tax	321,127	19	327,563	22
Income Tax Expenses (Note 6(26))	(62,709)	(4)	(56,382)	(4)
Net Income	258,418	15	271,181	18
Other Comprehensive Income (Loss)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(249)	-	(583)	-
Income tax benefit related to components of other comprehensive income that will not be reclassified subsequently (Note 6(26))	52	-	99	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences arising on translation of foreign operations	11,075	1	(2,196)	-
Exchange differences arising on translation of foreign operations of associates and joint ventures accounted for using equity method (Note 6(10))	21	-	81	-
Income tax expense related to components of other comprehensive income that may be reclassified subsequently (Note 6(26))	-	-	(329)	-
Other comprehensive income (loss) for the year, net of income tax	10,899	1	(2,928)	-
Total Comprehensive Income (Loss) For The Year	\$269,317	16	\$268,253	18
Net Income Attributable To :				
Shareholders of the parent	\$257,168	15	\$265,670	18
Non-controlling interests	1,250	-	5,511	-
	\$258,418	15	\$271,181	18
Total Comprehensive Income (loss) Attributable To :				
Shareholders of the parent	\$268,032	16	\$262,742	18
Non-controlling interests	1,285	-	5,511	-
	\$269,317	16	\$268,253	18
Basic earnings per share (Note 6(27))	\$4.84		\$5.00	
Diluted earnings per share (Note 6(27))	\$4.84		\$5.00	

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

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

Items	Equity Attributable to Shareholders of the Parent										
	Capital Stock		Retained Earnings				Other Equity		Equity Attributable to Shareholders of the Parent	Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Treasury Shares				
Balance at January 1, 2018	\$446,780	\$2,053,485	\$47,250	\$751	\$318,257	(\$4,049)	(\$115,476)	\$2,746,998	\$58,722	\$2,805,720	
Effect of retrospective application	-	-	-	-	(2,248)	-	-	(2,248)	-	(2,248)	
Adjusted balance at January 1, 2018	446,780	2,053,485	47,250	751	316,009	(4,049)	(115,476)	2,744,750	58,722	2,803,472	
Appropriations of prior year's earnings											
Legal reserve	-	-	26,567	-	(26,567)	-	-	-	-	-	
Special reserve	-	-	-	4,049	(4,049)	-	-	-	-	-	
Cash dividends	-	-	-	-	(176,976)	-	-	(176,976)	-	(176,976)	
Stock dividends	88,488	-	-	-	(88,488)	-	-	-	-	-	
Reversal of special reserve	-	-	-	(751)	751	-	-	-	-	-	
Adjustments to share of changes in equities of associates and joint ventures	-	(100)	-	-	-	-	-	(100)	-	(100)	
Net income in 2018	-	-	-	-	257,168	-	-	257,168	1,250	258,418	
Other comprehensive income (loss) in 2018	-	-	-	-	(197)	11,061	-	10,864	35	10,899	
Total comprehensive income in 2018	-	-	-	-	256,971	11,061	-	268,032	1,285	269,317	
Retirement of treasury shares	(4,340)	(26,132)	-	-	(85,004)	-	115,476	-	-	-	
Share-based payment transactions	-	470	-	-	-	-	-	470	69	539	
Increase in non-controlling interests	-	-	-	-	-	-	-	-	5,511	5,511	
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(2,291)	(2,291)	
Balance at December 31, 2018	\$530,928	\$2,027,723	\$73,817	\$4,049	\$192,647	\$7,012	\$-	\$2,836,176	\$63,296	\$2,899,472	
Balance at January 1, 2017	\$446,780	\$2,052,669	\$37,115	\$751	\$173,816	(\$1,605)	(\$115,476)	\$2,594,050	\$53,136	\$2,647,186	
Appropriations of prior year's earnings											
Legal reserve	-	-	10,135	-	(10,135)	-	-	-	-	-	
Cash dividends	-	-	-	-	(110,610)	-	-	(110,610)	-	(110,610)	
Adjustments to share of changes in equities of associates and joint ventures	-	387	-	-	-	-	-	387	-	387	
Net income in 2017	-	-	-	-	265,670	-	-	265,670	5,511	271,181	
Other comprehensive income (loss) in 2017	-	-	-	-	(484)	(2,444)	-	(2,928)	-	(2,928)	
Total comprehensive income in 2017	-	-	-	-	265,186	(2,444)	-	262,742	5,511	268,253	
Share-based payment transactions	-	429	-	-	-	-	-	429	75	504	
Balance at December 31, 2017	\$446,780	\$2,053,485	\$47,250	\$751	\$318,257	(\$4,049)	(\$115,476)	\$2,746,998	\$58,722	\$2,805,720	

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

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

Items	2018	2017
Cash Flows From Operating Activities		
Income Before Income Tax	\$321,127	\$327,563
Adjustments for:		
The items of gains and losses:		
Depreciation	55,338	46,726
Amortization	38,393	35,713
Reversal of bad debts	-	(900)
Loss on financial assets at fair value through profit or loss	276	2,400
Interest expense	10,713	6,238
Interest income	(11,368)	(7,216)
Dividend income	-	(132)
Compensation cost of share-based payment transactions	539	504
Loss on investment in associates and joint ventures accounted for using equity method	2,697	1,238
Loss on disposal of property, plant and equipment	-	44
Unrealized currency exchange gains or loss	(13,886)	9,709
Total adjustments for the items of gains and losses	82,702	94,324
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit or loss	(233,239)	(90,192)
Decrease (increase) in notes and accounts receivable	(85,599)	86,496
Decrease (increase) in accounts receivable-related parties	-	25,681
Decrease (increase) in construction receipts receivable	(89,332)	(160,611)
Decrease (increase) in inventories	(10,901)	(38,772)
Decrease (increase) in prepayments	(2,803)	(128,572)
Decrease (increase) in other current assets	(25,090)	23,753
Decrease (increase) in other financial assets	-	92,637
Decrease (increase) in long-term notes and accounts receivable	-	(10,205)
Increase (decrease) in notes payable	(4,484)	(74,818)
Increase (decrease) in accounts payable	74,579	(38,750)
Increase (decrease) in construction receipts payable	(19,247)	87,806
Increase (decrease) in other payables	7,311	21,004
Increase (decrease) in other current liabilities	76,578	(1,680)
Increase (decrease) in net defined benefit liabilities-noncurrent	81	80
Net changes in operating assets and liabilities	(312,146)	(206,143)
Total adjustments	(229,444)	(111,819)
Cash generated from (used in) operations	91,683	215,744
Income taxes paid	(41,083)	(43,279)
Net cash provided by (used in) operating activities	50,600	172,465

(Continued)

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

Items	2018	2017
Cash Flows From Investing Activities		
Acquisitions of financial assets at fair value through profit or loss-noncurrent	(114,048)	-
Acquisitions of financial assets at amortized cost-current	(66,305)	-
Acquisitions of financial assets at amortized cost-noncurrent	(2,817)	-
Proceeds from debt investments with no active market	-	328,252
Acquisitions of investments accounted for using equity method	-	(2,679)
Acquisitions of property, plant and equipment	(166,438)	(77,210)
Decrease (increase) in refundable deposits	(926)	(1,665)
Acquisitions of intangible assets	(72,875)	(9,558)
Decrease (increase) in other non-current assets	(3,270)	(80,264)
Decrease (increase) in prepayments for equipment	-	831
Interest received	11,092	7,184
Dividend received	-	132
Net cash generated from (used in) investing activities	<u>(415,587)</u>	<u>165,023</u>
Cash Flows From Financing Activities		
Increase (decrease) in short-term bank loans	-	(20,000)
Proceeds from long-term bank loans	520,000	50,000
Repayments of long-term bank loans	(32,780)	(19,847)
Cash dividends paid	(176,976)	(110,610)
Interest paid	(10,549)	(6,190)
Cash dividend paid to noncontrolling interests	(2,291)	-
Increase (decrease) in noncontrolling interests	5,511	-
Net cash (used in) provided by financing activities	<u>302,915</u>	<u>(106,647)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents□	<u>11,774</u>	<u>(2,415)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(50,298)	228,426
Cash and Cash Equivalents, Beginning of Year	<u>710,647</u>	<u>482,221</u>
Cash and Cash Equivalents, End of Year	<u>\$660,349</u>	<u>\$710,647</u>

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

Comparison Table of the "Articles of Incorporation" of Brogent Technologies Inc. before and after Revision

Article Number	Before Revision	After Revision	Description
Article 14	<p>The Company shall have five to seven Directors and one to three Supervisors, who are elected during shareholders' meetings from among persons of adequate capacity to each serve a term of three years. Their terms of service may be renewed if they are re-elected in the following election. The total amount of shares held by all Directors and Supervisors of the Company shall be determined in accordance with regulations of the competent authority responsible for securities.</p> <p>The Company may purchase liability insurance for the Directors and Supervisors during their term of office based on the compensation liabilities associated with their respective business accountabilities. The Board of Directors is authorized to determine the insurance coverage based on industry practices and standards. Following the public offering of the Company's shares, the aforementioned Directors shall consist of no less than two</p>	<p>The Company shall have five to seven Directors and one to three Supervisors, who are elected during shareholders' meetings from among persons of adequate capacity to each serve a term of three years. Their terms of service may be renewed if they are re-elected in the following election. The total amount of shares held by all Directors and Supervisors of the Company shall be determined in accordance with regulations of the competent authority responsible for securities.</p> <p>The Company may purchase liability insurance for the Directors and Supervisors during their term of office based on the compensation liabilities associated with their respective business accountabilities. The Board of Directors is authorized to determine the insurance coverage based on industry practices and standards.</p> <p>The aforementioned Directors shall consist of no less than two Independent Directors. A candidate nomination system shall be adopted in the election and the Independent Directors shall be elected by the shareholders meeting from the list of candidates. The guidelines for qualifications, shareholdings, restrictions on concurrent posts, nomination, election and any other matters to be complied with by the Independent Directors of the Company shall be prescribed by the relevant regulations of</p>	Revised for the implementation of corporate governance.

	<p>Independent Directors pursuant to Article 14-2 of the Securities and Exchange Act; a candidate nomination system shall be adopted in the election and the Independent Directors shall be elected by the shareholders meeting from the list of candidates. The guidelines for qualifications, shareholdings, restrictions on concurrent posts, nomination, election and any other matters to be complied with by the Independent Directors of the Company shall be prescribed by the relevant regulations of the competent authority in charge of securities.</p>	<p>the competent authority in charge of securities. From year 2020, the Company shall have seven to nine Directors. The aforesaid Board of Directors must have at least three independent directors. The Board of Directors is authorized to determine the number of Directors. The Company may purchase liability insurance for the Directors and Supervisors during their term of office based on the compensation liabilities associated with their respective business accountabilities. The Board of Directors is authorized to determine the insurance coverage based on industry practices and standards.</p>	
Article 25	<p>The Articles of Incorporation were established on October 22, 2001. Omitted. The <u>sixteenth</u> amendment was made on May 31, 2016.</p>	<p>The Articles of Incorporation were established on October 22, 2001. Omitted. The eighteenth amendment was made on May 29, 2018. The <u>nineteenth</u> amendment was made on May 29, 2019.</p>	<p>Addition of amendment date and sequence.</p>

(Attachment 5)

Comparison Table of the " Procedures for the Acquisition or Disposal of Assets " of Brogent Technologies Inc. before and after Revision

Article Number	Before Revision	After Revision	Description
Article 3	<p>Scope of Assets</p> <p>I. Securities: Including investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>II. Real estate (including land, houses and buildings, investment property, and land use rights) and equipment.</p> <p>III. Memberships.</p> <p>IV. Intangible assets: Including patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>V. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>VI. Derivatives.</p> <p>VII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with the law.</p> <p>VIII. Other major assets.</p>	<p>Scope of Assets</p> <p>I. Securities: Including investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>II. Real estate (including land, houses and buildings, and investment property) and equipment.</p> <p>III. Memberships.</p> <p>IV. Intangible assets: Including patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>V. Right-of-use assets.</p> <p>VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>VII. Derivatives.</p> <p>VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with the law.</p> <p>IX. Other major assets.</p>	Revised in accordance with amendment in laws and regulations.
Article 4	<p>Terms and Definitions</p> <p>I. Derivatives: Refer to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does</p>	<p>Terms and Definitions</p> <p>I. Derivatives: Refer to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rates, price or fee rate, indexes, credit rating, credit indexes, or other</p>	Revised in accordance with amendment in laws and regulations.

	<p>not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p> <p>II. Assets acquired or disposed of in connection with 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 laws, or the transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Paragraph 8, Article 156 of the Company Act.</p> <p>III. Related party or subsidiary: As defined in the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>IV. Professional appraiser: Refers to a real estate appraiser or other person duly authorized by law to engage in the value appraisal of real estate and equipment.</p> <p>V. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment execution, date of transfer, dates of Board of Directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier. However, for investments for which approval of the</p>	<p>variables; hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>II. Assets acquired or disposed of in connection with 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 laws, or the 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>III. Related party or subsidiary: As defined in the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>IV. Professional appraiser: Refers to a real estate appraiser or other person duly authorized by law to engage in the value appraisal of real estate and equipment.</p> <p>V. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment execution, date of transfer, dates of Board of Directors resolutions, or other date that can confirm the</p>	
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	<p>competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>VI. Investment in the Mainland China region: Refers to investments in the Mainland China region approved by the Investment Commission, Ministry of Economic Affairs or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	<p>counterparty and monetary amount of the transaction, whichever date is earlier. However, for investments for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>VI. Investment in the Mainland China region: Refers to investments in the Mainland China region approved by the Investment Commission, Ministry of Economic Affairs or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	
Article 6	<p>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 a related party of any party to the transaction.</p>	<p>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 criteria:</p> <p>I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this</p>	<p>Revised in accordance with amendment in laws and regulations.</p>

		<p>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>II. May not be a related party or de facto related party of any party to the transaction.</p> <p>III. 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>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. 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's working papers.</p> <p>III. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the</p>	
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		<p>parameters, and the information as the basis for issuance of the appraisal report or the opinion.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, 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>	
Subparagraph 3, Paragraph 2, Article 7	<p>(II) 1. The acquisition or disposal of real estate shall take into reference the publicly announced current value, assessed value, and the actual transaction price of nearby real estate to determine transaction conditions and price, which shall be included in an analysis report to be submitted to the Chairperson for approval. The acquisition or disposal may only be implemented following approval in the next Board of Directors meeting.</p> <p>2. The acquisition or disposal of equipment shall be conducted through one of the following methods: price inquiry, price comparison, price negotiation or tendering. Acquisition or disposal under NT\$1 million (inclusive) shall be filed for approval in accordance with the authorization regulations and submitted to the President for approval; acquisition or disposal valued at over NT\$1 million may only be implemented following approval from the Chairperson.</p> <p>(III) Total amounts of real estate</p>	<p>(II) 1. The acquisition or disposal of real estate and right-of-use assets thereof shall take into reference the publicly announced current value, assessed value, and the actual transaction price of nearby real estate and right-of-use assets thereof to determine transaction conditions and price, which shall be included in an analysis report to be submitted to the Chairperson for approval. The acquisition or disposal may only be implemented following approval in the next Board of Directors meeting.</p> <p>2. The acquisition or disposal of equipment shall be conducted through one of the following methods: price inquiry, price comparison, price negotiation or tendering. Acquisition or disposal under NT\$1 million (inclusive) shall be filed for approval in accordance with the authorization regulations and submitted to the President for approval; acquisition or disposal valued at over NT\$1 million may only be implemented following approval from the</p>	Revised in accordance with amendment in laws and regulations.

	<p>or securities acquired by the Company and each subsidiary for purposes other than business use, and limits on individual securities investments shall be subject to the following restrictions:</p> <ol style="list-style-type: none"> 1. Total amount of real estate for purposes other than business use may not exceed thirty percent (30%) of the net value of the Company's most recent financial statements. 2. Total amount of securities may not exceed forty percent (40%) of the net value of the Company's most recent financial statements. 3. The maximum amount of individual securities may not exceed thirty percent (30%) of the net value of the Company's most recent financial statements. 	<p>Chairperson.</p> <p>(III) Total amounts of real estate and right-of-use assets thereof or securities acquired by the Company and each subsidiary for purposes other than business use and limits on individual securities investments shall be subject to the following restrictions:</p> <ol style="list-style-type: none"> 1. Total amount of real estate for purposes other than business use may not exceed thirty percent (30%) of the net value of the Company's most recent financial statements. 2. Total amount of securities may not exceed forty percent (40%) of the net value of the Company's most recent financial statements. 3. The maximum amount of individual securities may not exceed thirty percent (30%) of the net value of the Company's most recent financial statements. 	
Paragraph 4, Article 7	<p>IV. Appraisal report of real estate or equipment</p> <p>In acquiring or disposing of real estate or equipment, where the transaction amount reaches 20 percent (20%) of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery or equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(I) Where due to special circumstances it is necessary to give a specific market</p>	<p>IV. Appraisal report of real estate or equipment</p> <p>In acquiring or disposing of real estate, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent (20%) of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use or right-of-use assets thereof, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(I) Where due to special circumstances it is necessary</p>	Revised in accordance with amendment in laws and regulations.

	<p>value or specified market value as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall apply to any future changes to the terms and conditions of the transaction.</p> <p>(II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statements on Auditing Standards No. 20 published by the Accounting Research and Development Foundation in Taiwan (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. <p>(IV) No more than 3 months may</p>	<p>to give a specific market value or specified market value as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall apply when seeking to make any subsequent changes to the terms and conditions of the transaction.</p> <p>(II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statements on Auditing Standards No. 20 published by the Accounting Research and Development Foundation in Taiwan (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the 	
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	<p>elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. However, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>transaction amount. (IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. However, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	
Paragraph 6, Article 7	<p>VI. Expert Opinion Report on Memberships or Intangible Assets</p> <p>Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent (20%) or more of the Company's paid-in capital or NT\$300 million or more, except in transactions with a 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 Statements on Auditing Standards No. 20 published by the Accounting Research and Development Foundation in Taiwan (ARDF).</p>	<p>VI. Expert Opinion Report on Memberships or Intangible Assets</p> <p>Where the Company acquires or disposes of intangible assets, right-of-use assets thereof, or memberships and the transaction amount reaches 20 percent or more of the Company's paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statements on Auditing Standards No. 20 published by the Accounting Research and Development Foundation in Taiwan (ARDF).</p>	Revised in accordance with amendment in laws and regulations.
Paragraph 2, Article 8	<p>II. Assessment and Operating Procedures</p> <p>Where the Company acquires or disposes of real estate from or to a related party, or acquires or disposes of assets other than real estate from or to a related party and the transaction amount reaches 20 percent (20%) or more of the Company's paid-in capital, 10 percent (10%) 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</p>	<p>II. Assessment and Operating Procedures</p> <p>Where the Company acquires or disposes of real estate or right-of-use assets thereof from or to a related party, or acquires or disposes of assets other than real estate or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent (20%) or more of the Company's paid-in capital, 10 percent (10%) or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or</p>	Revised in accordance with amendment in laws and regulations.

<p>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 ratified by the Supervisors:</p> <p>(I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets and/or real estate.</p> <p>(II) The reason for choosing the related party as a trading counterparty.</p> <p>(III) With respect to the acquisition of real estate from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraphs (1) and (4), Paragraph 3 of this Article.</p> <p>(IV) The date and price at which the related party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</p> <p>(V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, evaluation of the necessity of the transaction, and reasonableness of fund utilization.</p> <p>(VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding Article.</p> <p>(VII) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the "transaction</p>	<p>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 ratified by the Supervisors:</p> <p>(I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(II) The reason for choosing the related party as a trading counterparty.</p> <p>(III) With respect to the acquisition of real estate or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraphs (1) and (4), Paragraph 3 of this Article.</p> <p>(IV) The date and price at which the related party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</p> <p>(V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, evaluation of the necessity of the transaction, and reasonableness of fund utilization.</p> <p>(VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding Article.</p> <p>(VII) Restrictive covenants and other important stipulations associated with the</p>	
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	<p>amount" referred to in the preceding paragraph shall be made in accordance with Paragraph 1, Article 11 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 ratified by the Supervisors in accordance with the provisions of the Standards need not be counted toward the transaction amount.</p> <p>With respect to the acquisition or disposal of equipment for business use between the Company and its subsidiaries, the Company's Board of Directors may, pursuant to Subparagraph 2, Paragraph 2, Article 7, delegate the Chairperson of the Board to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and retroactively ratified by the next Board of Directors meeting.</p>	<p>transaction.</p> <p>The calculation of the "transaction amount" referred to in the preceding paragraph shall be made in accordance with Paragraph 1, Article 11 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 ratified by the Supervisors in accordance with the provisions of the Standards need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent (100%) of the issued shares or authorized capital, the Company's Board of Directors may, pursuant to Subparagraph 2, Paragraph 2, Article 7, delegate the Chairperson of the Board 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>(I) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(II) Acquisition or disposal of real estate right-of-use assets held for business use.</p>	
Paragraph 3, Article 8	<p>III. Appraisal of the reasonableness of the transaction price</p> <p>(I) When the Company acquires real estate from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1. Based upon the related party's transaction price plus necessary interest on funding</p>	<p>III. Appraisal of the reasonableness of the transaction price</p> <p>(I) When the Company acquires real estate or right-of-use assets thereof from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1. Based upon the related party's transaction price plus</p>	Revised in accordance with amendment in laws and regulations.

	<p>and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.</p> <p>(II) Where land and buildings thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the buildings may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(III) When the Company acquires real estate from a related party and appraises the cost of the real estate in accordance with Subparagraphs (1) and (2), Paragraph 3 of this Article, it shall also engage a CPA to review the appraisal and render a specific opinion.</p>	<p>necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.</p> <p>(II) Where land and buildings thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the buildings may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(III) When the Company acquires real estate or right-of-use assets thereof from a related party and appraises the cost of the real estate or right-of-use assets thereof in accordance with Subparagraphs (1) and (2), Paragraph 3 of this Article, it shall also engage a CPA to review the appraisal</p>	
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	<p>(IV) Where the Company acquires real estate from a related party and one of the following circumstances exists, the acquisition shall only be required for implementation in accordance with Paragraphs 1 and 2 of this Article regarding appraisal and operating procedures, and the regulations on the reasonableness of the transaction cost provided in Subparagraphs (1), (2), and (3), Paragraph 3 shall not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired the real estate 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 estate to the signing date for the current transaction. 3. The real estate is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real estate, either on the Company's own land or on rented land. <p>(V) When the Company acquires real estate from a related party and appraises the cost of the real estate in accordance with Subparagraphs (1) and (2), Paragraph 3 of this Article, and the results are uniformly lower than the transaction price, the matter shall be handled in compliance with the regulations in Subparagraph (6), Paragraph 3 of this Article. However, where the following circumstances exist, objective</p>	<p>and render a specific opinion.</p> <p>(IV) Where the Company acquires real estate from a related party and one of the following circumstances exists, the acquisition shall only be required for implementation in accordance with Paragraphs 1 and 2 of this Article regarding appraisal and operating procedures, and the regulations on the reasonableness of the transaction cost provided in Subparagraphs (1), (2), and (3), Paragraph 3 shall not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired the real estate 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 estate or right-of-use assets thereof to the signing date for the current transaction. 3. The real estate is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real estate, either on the Company's own land or on rented land. 4. The real estate right-of-use assets for business use are acquired by a public company from 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>(V) When the Company acquires real estate from a related party and appraises the cost of the real estate in accordance with Subparagraphs (1) and (2), Paragraph 3 of this Article, and the results are uniformly</p>	
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	<p>evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA, 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 the preceding Article, and buildings 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 deals by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</p> <p>(3) Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the</p>	<p>lower than the transaction price, the matter shall be handled in compliance with the regulations in Subparagraph (6), Paragraph 3 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA, 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 the preceding Article, and buildings according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or</p>	
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	<p>transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</p> <p>2. Where the Company acquires real estate from a related party and provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. “Completed deals for 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; transaction for “parcels of land of a similar size” in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; “within the preceding year” refers to the year preceding the date of occurrence of the acquisition of the real estate.</p> <p>(VI) When the Company acquires real estate from a related party and appraises the cost of the real estate in accordance with Subparagraphs (1) and (2), Paragraph 3 of this Article, and the results are uniformly lower than the transaction price, the following items shall be carried out. Where</p>	<p>area land prices in accordance with standard property market or leasing practices.</p> <p>2. Where the Company acquires real estate, or acquires real estate right-of-use assets through leasing from a related party and provides evidence that the terms of the transaction are similar to the terms of completed transactions for the acquisition or leasing of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. “Completed transactions for 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; transaction for “parcels of land of a similar size” in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; “within the preceding year” refers to the year preceding the date of occurrence of the acquisition of the real estate or right-of-use assets thereof.</p> <p>(VI) When the Company acquires real estate or right-of-use assets thereof from a related party and appraises the cost of the real estate in accordance with Subparagraphs (1) and (2), Paragraph 3 of the</p>	
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	<p>the Company uses the equity method to account for its investment in a public company that has set aside a special reserve under the preceding paragraph and may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium; they have been disposed of; adequate compensation has been made; the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <ol style="list-style-type: none"> 1. The Company shall set aside a special reserve in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act against the difference between the real estate transaction price and the appraised cost, and it 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 Paragraph 1, Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. 2. Supervisors shall comply with Article 218 of the Company Act. 3. Actions taken pursuant to Item 1 and Item 2 of the Subparagraph shall be reported to a shareholders meeting, and the details of the 	<p>preceding Article, and the results are uniformly lower than the transaction price, the following items shall be carried out. Where the Company uses the equity method to account for its investment in a public company that has set aside a special reserve under the preceding paragraph and may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium; they have been disposed of; adequate compensation has been made; the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <ol style="list-style-type: none"> 1. The Company shall set aside a special reserve in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act against the difference between the appraised cost and the transaction price of real estate or right-of-use assets thereof, 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 Paragraph 1, Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. 2. Supervisors shall comply with Article 218 of the Company Act. 	
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	<p>transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>(VII) When the Company obtains real estate from a related party, it shall also comply with Subparagraph (6), Paragraph 3 of the Article if there is other evidence indicating that the transaction was inconsistent with business practice.</p>	<p>3. Actions taken pursuant to Item 1 and Item 2 of the Subparagraph shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>(VII) When the Company obtains real estate or right-of-use assets thereof from a related party, it shall also comply with Subparagraph (6), Paragraph 3 of the Article if there is other evidence indicating that the transaction was inconsistent with business practice.</p>	
Paragraph 3, Article 9	<p>III. Internal auditing system</p> <p>Internal auditing personnel shall periodically study the appropriateness of internal control of derivatives transactions and conduct monthly inspections on the compliance of procedures of departments trading derivatives in order to analyze transaction cycles and formulate Audit Reports. In the event of major violations, the Supervisors shall be notified in writing.</p>	<p>III. Internal auditing system</p> <p>Internal auditing personnel shall periodically study the appropriateness of internal control of derivatives transactions and conduct monthly inspections on the compliance of procedures of departments trading derivatives in order to analyze transaction cycles and formulate Audit Reports. In the event of major violations, the 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 established in accordance with the provisions of the Act, the provisions of Paragraph 2 relating to supervisors shall apply mutatis mutandis to the Audit Committee.</p>	Revised in accordance with amendment in laws and regulations.
Paragraph 1, Article 11	<p>I. If the following conditions occur in the Company's acquisition or disposal of assets, related information shall, in accordance with its</p>	<p>I. If the following conditions occur in the Company's acquisition or disposal of assets, related information shall, in accordance with its</p>	Revised in accordance with amendment in laws and

	<p>nature and prescribed format, be input into the Market Observation Post System (MOPS) within two days of the occurrence of the fact:</p> <p>(I) Where the Company acquires or disposes of real estate from or to a related party, or acquires or disposes of assets other than real estate from or to a related party and the transaction amount reaches 20 percent (20%) or more of the Company's paid-in capital, 10 percent (10%) or more of the Company's total assets, or NT\$300 million or more. This, however, shall not apply to 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.</p> <p>(II) Merger, demerger, acquisition, or transfer of shares.</p> <p>(III) Derivative transactions that accumulate losses beyond the portfolio limits or individual limits specified in the Company's procedures.</p> <p>(IV) Where the type of asset consists in equipment for business use and is acquired or disposed, the trading counterparty is not a related party, and the transaction amount fulfills one of the following conditions:</p> <ol style="list-style-type: none"> 1. Where the Company's paid-in capital is less than NT\$10 billion and the transaction amount is more than NT\$500 million. 2. Where the Company's paid-in capital is more than NT\$10 billion and the transaction amount is more than NT\$1 billion. 	<p>nature and prescribed format, be input into the Market Observation Post System (MOPS) within two days of the occurrence of the fact:</p> <p>(I) Where the Company acquires or disposes of real estate or right-of-use assets thereof from or to a related party, or acquires or disposes of assets other than real estate or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent (20%) or more of the Company's paid-in capital, 10 percent (10%) or more of the Company's total assets, or NT\$300 million or more. This however shall not apply to 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.</p> <p>(II) Merger, demerger, acquisition, or transfer of shares.</p> <p>(III) Derivative transactions that accumulate losses beyond the portfolio limits or individual limits specified in the Company's procedures.</p> <p>(IV) Where equipment for business use or right-of-use assets thereof are acquired or disposed, the trading counterparty is not a related party, and the transaction amount fulfills one of the following conditions:</p> <ol style="list-style-type: none"> 1. Where the Company's paid-in capital is less than NT\$10 billion and the transaction amount is more than NT\$500 million. 2. Where the Company's paid-in capital is more than NT\$10 billion and the transaction amount is more than NT\$500 million. 	<p>regulations.</p>
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	<p>(V) Where the type of asset acquired or disposed by a public company that engages in the construction business consists in real estate for construction use, the trading counterparty is not a related party, and the transaction amount is more than NT\$500 million.</p> <p>(VI) Where real estate 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 is more than NT\$500 million.</p> <p>(VII) Asset transactions other than those referred to in the preceding six subparagraphs, disposal of claims by a financial institution, or an investment in the Mainland China region, where such transaction reaches 20 percent (20%) or more of the Company's paid-in capital or NT\$300 million. The above shall however not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of government bonds. 2. Securities trading through professional investment on foreign or domestic securities exchanges or places of business of securities firms, subscription and issuance of regular corporate bonds on the domestic primary market and regular financial bonds that do not involve shareholding rights, or 	<p>billion and the transaction amount is more than NT\$1 billion.</p> <p>(V) Acquisition or disposal by a public company that engages in the construction business of real property or right-of-use assets thereof for construction use, the trading counterparty is not a related party, and the transaction amount is more than NT\$500 million; and among such cases, where a public company has paid-in capital of NT\$10 billion or more and is disposing of real property from a completed construction project that it constructed itself, the trading counterparty is not a related party, and the transaction amount is more than NT\$1 billion.</p> <p>(VI) Where real estate 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, the trading counterparty is not a related party, and the amount the Company expects to invest in the transaction is more than NT\$500 million.</p> <p>(VII) Asset transactions other than those referred to in the preceding six subparagraphs, disposal of claims by a financial institution, or an investment in the Mainland China region, where such transaction reaches 20 percent (20%) or more of the Company's paid-in capital or NT\$300 million. The above shall however not apply to the</p>	
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	<p>subscription of securities required by the Taipei Exchange due to the underwriting business requirements of a securities firm or from an advisory recommending securities firm of emerging companies.</p> <p>3. Trade of bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>The transaction amount in the preceding paragraph shall be calculated in accordance with the following:</p> <ol style="list-style-type: none"> 1. The amount of each individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within a year. 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real estate under the same development project within a year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within a year. <p>“Within a year” as mentioned above shall refer to the one year dating back from the date of occurrence of the current transaction. Amounts that have already been announced in accordance with the Procedures may be excluded.</p>	<p>following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds. 2. Securities trading by investment professionals on securities exchanges or places of business of securities firms, subscription and issuance of regular corporate bonds on the primary market and regular financial bonds (excluding subordinated debentures) that do not involve shareholding rights, subscription or redemption of securities investment trust funds or futures trust funds, or subscription of securities required by the Taipei Exchange due to the underwriting business requirements of a securities firm or from an advisory recommending securities firm of emerging companies. 3. Trade of bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises. <p>The transaction amount in the preceding paragraph shall be calculated in accordance with the following:</p> <ol style="list-style-type: none"> 1. The amount of each individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within a year. 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real estate or right-of-use assets thereof under the same development 	
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		<p>project within a year.</p> <p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within a year.</p> <p>“Within a year” as mentioned above shall refer to the one year dating back from the date of occurrence of the current transaction. Amounts that have already been announced in accordance with the Procedures may be excluded.</p>	
Paragraph 5, Article 12	<p>V. The Company's paid-in capital or total assets of the Company shall be the standard for determining whether or not a transaction of a subsidiary referred to in the requirement that a public announcement and regulatory filing reaches “20 percent (20%) of the Company's paid-in capital or 10 percent (10%) of total assets”.</p>	<p>V. The Company's paid-in capital or total assets shall be the standard for determining whether or not a transaction of a subsidiary referred to in the requirement of a public announcement and regulatory filing reaches “paid-in capital or total assets”.</p>	Revised in accordance with amendment in laws and regulations.

(Attachment 6)

Comparison Table of the Handling Procedures for Loaning Funds of Brogent Technologies Inc. before and after Revision

Article Number	Before Revision	After Revision	Description
Article 2	<p>Entities to which funds are loaned. In accordance with Article 15 of the Company Act, the Company may not loan funds to shareholders or any other persons (hereinafter referred to as "borrowers") except under the following circumstances:</p> <p>I. Where an inter-company or inter-firm business transaction calls for a loan arrangement.</p> <p>II. Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent (40%) of the Company's net worth as stated in its latest financial statement.</p> <p>The term "short-term" as used herein means one year, or where the Company's operating cycle exceeds one year, one operating cycle.</p> <p>The term "financing amount" as used herein means the cumulative balance of the Company's short-term financing.</p> <p>The restriction in Subparagraph 2, Paragraph 1 shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100 percent (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>Entities to which funds are loaned. In accordance with Article 15 of the Company Act, the Company may not loan funds to shareholders or any other persons (hereinafter referred to as "borrowers") except under the following circumstances:</p> <p>I. Where an inter-company or inter-firm business transaction calls for a loan arrangement.</p> <p>II. Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent (40%) of the Company's net worth as stated in its latest financial statement.</p> <p>The term "short-term" as used herein means one year, or where the Company's operating cycle exceeds one year, one operating cycle.</p> <p>The term "financing amount" as used herein means the cumulative balance of the Company's short-term financing.</p> <p>The restriction in Subparagraph 2, Paragraph 1, shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100 percent (100%) of the voting shares, or loans of a foreign company in which the public company holds, directly or indirectly, 100 percent (100%) of the voting shares to said public company. 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>The responsible person of the Company who has violated the</p>	Revised in accordance with amendment in laws and regulations.

		provisions of the Paragraph 1 shall be liable, jointly with the borrower, for the repayment of the loan issued, and for damage compensations to the Company that resulted therefrom, if any.	
Article 9	<p>Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights.</p> <p>I. After a loan is extended, the Company shall pay attention to the financial, business, and relevant credit status of the borrower and guarantor. Where collateral is provided, the Company shall also notice whether there are changes in the value of collateral. A report on significant change in the aforesaid conditions shall be immediately submitted to the President, and appropriate disposals shall be made in accordance with the President's instructions.</p> <p>II. Where the borrower repays the loan upon or before the loan is due, accrued interests shall be calculated first. After the borrower pays off said interests along with the principal, the Company may cancel or return promissory notes and/or the loan, or conduct the release of lien.</p> <p>III. Where the loan is due and the creditor's rights cannot be recovered after debt collection, and the Company still cannot recover its creditor's rights after making necessary notices, it shall seek legal actions to perform measures to safeguard creditor's rights so as to ensure the Company's rights and interests.</p> <p>IV. Where as a result of change of conditions the entity to which funds are loaned no longer meets the requirements of the</p>	<p>Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights.</p> <p>I. After a loan is extended, the Company shall pay attention to the financial, business, and relevant credit status of the borrower and guarantor. Where collateral is provided, the Company shall also notice whether there are changes in the value of collateral. A report on significant change in the aforesaid conditions shall be immediately submitted to the President, and appropriate disposals shall be made in accordance with the President's instructions.</p> <p>II. Where the borrower repays the loan upon or before the loan is due, accrued interests shall be calculated first. After the borrower pays off said interests along with the principal, the Company may cancel or return promissory notes and/or the loan, or conduct the release of lien.</p> <p>III. Where the loan is due and the creditor's rights cannot be recovered after debt collection, and the Company still cannot recover its creditor's rights after making necessary notices, it shall seek legal actions to perform measures to safeguard creditor's rights so as to ensure the Company's rights and interests.</p> <p>IV. Where as a result of changes of condition the entity to which a fund is loaned no longer meets the requirements of the</p>	Revised in accordance with amendment in laws and regulations.

	Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, or the balance of the loan exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all the supervisors, and shall complete the rectification according to the time frame set out in the plan.	Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, or the balance of the loan exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all the supervisors and independent directors , and shall complete the rectification according to the time frame set out in the plan.	
Article 10	Audit procedures The Audit Dept. shall audit the Handling Procedures for Loaning Funds and the implementation thereof no less frequently than quarterly and prepare written records accordingly. It shall promptly notify all supervisors in writing of any material violation found.	Audit procedures The Audit Dept. shall audit the Handling Procedures for Loaning Funds and the implementation thereof no less frequently than quarterly and prepare written records accordingly. It shall promptly notify all supervisors and independent directors in writing of any material violation found.	Revised in accordance with amendment in laws and regulations.
Article 12	Disclosure of information I. The Company shall announce and report the previous month's balance of loans of itself and its subsidiaries by the 10th day of each month. II. The Company whose balance of loans reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence: (I) The aggregate balance of loans of the Company and its subsidiaries reaches 20 percent (20%) or more of the Company's net worth as stated in its latest financial statement. (II) The balance of loans of the Company and its subsidiaries to a single enterprise reaches 10 percent (10%) or more of the Company's net worth as stated in its latest financial statement. (III) The amount of new loans	Disclosure of information I. The Company shall announce and report the previous month's balance of loans of itself and its subsidiaries by the 10th day of each month. II. The Company whose balance of loans reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence: (I) The aggregate balance of loans of the Company and its subsidiaries reaches 20 percent (20%) or more of the Company's net worth as stated in its latest financial statement. (II) The balance of loans of the Company and its subsidiaries to a single enterprise reaches 10 percent (10%) or more of the Company's net worth as stated in its latest financial statement. (III) The amount of new loans	Revised in accordance with amendment in laws and regulations.

	<p>made by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent (2%) or more of the Company's net worth as stated in its latest financial statement.</p> <p>III. The Company shall announce and report, on behalf of any subsidiary that is not a public company of the Republic of China, any matters that such subsidiary is required to announce and report pursuant to Subparagraph 3 of the preceding paragraph.</p> <p>IV. The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts; the Company shall also adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.</p> <p>V. "Date of occurrence" as used herein means the date of transaction 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>made by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent (2%) or more of the Company's net worth as stated in its latest financial statement.</p> <p>III. The Company shall announce and report, on behalf of any subsidiary that is not a public company of the Republic of China, any matters that such subsidiary is required to announce and report pursuant to Subparagraph 3 of the preceding paragraph.</p> <p>IV. The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts; the Company shall also adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.</p> <p>V. "Date of occurrence" as used herein means the date of signing, date of payment, dates of Boards of Directors' resolutions, or other date that can confirm the counterparty and monetary amount of the loan, whichever date is earlier.</p>	
Article 14	<p>Implementation and revision</p> <p>I. After the Handling Procedures are passed by the Board of Directors, the Company shall submit the same to each supervisor and 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</p>	<p>Implementation and revision</p> <p>I. After the Handling Procedures are passed by the Board of Directors, the Company shall submit the same to each supervisor and 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</p>	<p>Revised in accordance with amendment in laws and regulations.</p>

	<p>dissenting opinions to each supervisor and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.</p> <p>II. Where the Company has established the position of independent director, each independent director's opinions shall be fully taken into consideration; independent directors' opinions specifically expressing assent or dissent, and the reasons for dissent, shall be included in the minutes of the Board of Directors' meeting.</p>	<p>dissenting opinions to each supervisor and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.</p> <p>II. Where the Company has established the position of independent director, each independent director's opinions shall be fully taken into consideration; if an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p>	
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(Attachment 7)

**Comparison Table of the Handling Procedures for Making of
Endorsements/Guarantees of Brogent Technologies Inc. before and after
Revision**

Article Number	Before Revision	After Revision	Description
Article 8	<p>Limits on and changes of endorsements/guarantees</p> <p>I. Where the Company needs to exceed the limits set out in Article 4 for endorsements/guarantees to satisfy its business requirements, and where the conditions set out in the Procedures are complied with, it shall obtain approval from the Board of Directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the Rules for Endorsements/Guarantees accordingly and submit the amendments to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit. In addition, independent directors' opinions shall be fully taken into consideration and said opinions specifically expressing assent or dissent, and the reasons for dissent, shall be included in the minutes of the Board of Directors' meeting.</p> <p>II. Where as a result of change of conditions the counterparty for which the endorsement/guarantee is made no longer meets the requirements of the Regulations Governing Loaning of Funds and Making of</p>	<p>Limits on and changes of endorsements/guarantees</p> <p>I. Where the Company needs to exceed the limits set out in Article 4 for endorsements/guarantees to satisfy its business requirements, and where the conditions set out in the Procedures are complied with, it shall obtain approval from the Board of Directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the Rules for Endorsements/Guarantees accordingly and submit the amendments to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit. In addition, independent directors' opinions shall be fully taken into consideration and said opinions specifically expressing assent or dissent, shall be included in the minutes of the Board of Directors' meeting.</p> <p>II. Where as a result of change of conditions the counterparty for which an endorsement/guarantee is made no longer meets the requirements of the Regulations Governing Loaning of Funds and Making of</p>	Revised in accordance with amendment in laws and regulations.

	<p>Endorsements/Guarantees by Public Companies, or the amount of endorsement/guarantee exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all the supervisors, and shall complete the rectification according to the time frame set out in the plan.</p>	<p>Endorsements/Guarantees by Public Companies, or the amount of endorsement/guarantee exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all the supervisors and independent directors, and shall complete the rectification according to the time frame set out in the plan</p>	
Article 9	<p>Disclosure of information</p> <p>I. 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>II. 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>(I) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent (50%) or more of the Company's net worth as stated in its latest financial statement.</p> <p>(II) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent (20%) or more of the Company's net worth as stated in its latest financial statement.</p> <p>(III) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent (30%) or more of</p>	<p>Disclosure of information</p> <p>I. 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>II. 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>(I) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent (50%) or more of the Company's net worth as stated in its latest financial statement.</p> <p>(II) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent (20%) or more of the Company's net worth as stated in its latest financial statement.</p> <p>(III) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, carrying amount of investment accounted for using the equity method in, and balance of lending to, such enterprise</p>	<p>Revised in accordance with amendment in laws and regulations.</p>

	<p>Company's net worth as stated in its latest financial statement.</p> <p>(IV) The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent (5%) or more of the Company's net worth as stated in its latest financial statement.</p> <p>III. 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 Subparagraph 4 of the preceding paragraph.</p> <p>IV. The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures and issuance of appropriate audit reports.</p> <p>V. "Date of occurrence" as used herein means the date of transaction—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>reaches 30 percent (30%) or more of Company's net worth as stated in its latest financial statement.</p> <p>(IV) The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent (5%) or more of the Company's net worth as stated in its latest financial statement.</p> <p>III. 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 Subparagraph 4 of the preceding paragraph.</p> <p>IV. The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures and issuance of appropriate audit reports.</p> <p>V. "Date of occurrence" as used herein means the date of signing, date of payment, dates of Boards of Directors resolutions, or other date that can confirm the counterparty and monetary amount, whichever date is earlier.</p>	
Article 11	<p>Audit procedures</p> <p>The Company's internal auditors shall audit the operational procedures for endorsements/guarantees, and the implementation thereof, no less frequently than quarterly and must</p>	<p>Audit procedures</p> <p>The Company's internal auditors shall audit the operational procedures for endorsements/guarantees and the implementation thereof no less frequently than quarterly and</p>	<p>Revised in accordance with amendment in laws and regulations.</p>

	prepare written records accordingly. They shall promptly notify all supervisors in writing of any material violation found.	prepare written records accordingly. They shall promptly notify all supervisors and independent directors in writing of any material violation found.	
Article 13	<p>Implementation and revision</p> <p>I. After the Handling Procedures are passed by the Board of Directors, the Company shall submit said Procedures to each supervisor and 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 opinions to each supervisor and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.</p> <p>II. Where the Company has established the position of independent director, each independent director's opinions shall be fully taken into consideration; the independent directors' opinions specifically expressing assent or dissent, and the reasons for dissent, shall be included in the minutes of the Board of Directors' meeting.</p>	<p>Implementation and revision</p> <p>I. After the Handling Procedures are passed by the Board of Directors, the Company shall submit said Procedures to each supervisor and 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 opinions to each supervisor and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.</p> <p>II. Where the Company has established the position of independent director, each independent director's opinions shall be fully taken into consideration; if an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p>	Revised in accordance with amendment in laws and regulations.

Brogent Technologies Inc. Articles of Incorporation

Chapter 1 General Provisions

Article 1: The Company is constituted in accordance with the Company Act, and shall be known as Brogent Technologies Inc.

Article 2: The business scope of the Company is as follows:

1. F218010 Information software retailer.
2. F219010 Electronic material retailer.
3. E605010 Computer installation.
4. F118010 Information software wholesaler.
5. F119010 Electronic material wholesaler.
6. I301010 Information software service.
7. I301020 Information processing service.
8. I301030 Electronic information supply service.
9. J601010 Arts service.
10. I401010 General advertising service.
11. J305010 Sound publishing.
12. J602010 Arts performance activity.
13. E603050 Automated control equipment engineering.
14. E604010 Machinery installation.
15. F109070 Wholesale of cultural education, musical instrument, and educational entertainment necessities.
16. F113010 Machinery wholesaler.
17. F113050 Computer and business machinery wholesaler.
18. F209060 Retailer of cultural education, musical instrument, and educational entertainment necessities.
19. F213010 Electronic retailer.
20. F213030 Computer and business machinery retailer.
21. F401010 International trade.
22. F601010 Intellectual property rights service.
23. I501010 Product design service.
24. I503010 Landscape and interior design.
25. F213080 Machinery retailer.
26. F213990 Other machinery retailer.
27. J701040 Leisure activity venue service.
28. J701070 Information leisure service.
29. JB01010 Conference and exhibition service.
30. JE01010 Leasing service.
31. ZZ99999 All businesses not prohibited or restricted by law, except those subject to special approval.

Article 3: The Company may, based on business requirements and the reciprocity principle, provide guarantees to external parties which shall be processed in accordance with the Company's External Commitment Management Regulations.

Article 4: The Company's total reinvestment amount may exceed forty percent (40%) of the net value of the most recent financial statements and the Board of Directors shall be authorized for its implementation.

Article 5: The Company is headquartered in Kaohsiung City. Where necessary the Company may establish branch companies domestically or overseas, subject to the resolution by the Board of Directors meeting

Article 6: The Company's public notices shall be made pursuant to Article 28 of the Company Act.

Chapter 2 Shares

Article 7: The Company's total capital has been set at Nine Hundred Million New Taiwan Dollars (NT\$ 900,000,000), issuable in ninety million (90,000,000) shares at ten dollars (NT\$10) per share. The Board of Directors is authorized to conduct issuance in installments.

An additional NT\$20 million from the capital amount specified in Paragraph 1 shall be reserved for the issuance of employee stock options issuable in two million (2,000,000) shares at ten dollars (NT\$10) per share. The Board of Directors is authorized to conduct issuance in installments.

Article 7-1: Transfer of shares to employees at prices below the market price or the Company's average purchase price can be made subject to the resolution of the most recent shareholders' meeting. The passage of such resolution requires the presence of shareholders representing more than half of all outstanding shares and a favorable vote by more than two-thirds of votes present in the meeting.

Article 8: The Company's stocks shall be registered, and signed or sealed by at least three Directors. The stocks shall be issued following proper certification procedures in accordance with the law. According to Article 162-2 of the Company Act, stocks issued by the Company after the public offering are not required to be printed. The Company, however, should contact the securities depository and custodian institution for registration of the share certificates.

Article 9: The entries in the List of Shareholders shall not be altered within the period specified in Article 165 of the Company Act. The Company shall administer all stock-related operations in accordance with the Company act and the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the competent authority.

Chapter 3 Shareholders' meeting

Article 10: The Company holds annual and extraordinary shareholders' meetings. Annual shareholders' meetings shall be convened on a yearly basis and within six months after the end of each fiscal year, and extraordinary meetings shall be convened when necessary in accordance with the law. Unless otherwise stipulated in laws and regulations, the shareholders' meeting shall be convened by the Board of Directors. The notices for the shareholders' meeting prescribed in the preceding Paragraph may be distributed in electronic form, subject to agreement by the recipient thereof.

Article 11: If a shareholder is unable to attend the shareholders' meeting in person, a proxy can be appointed by presenting a properly signed/sealed proxy form printed in the Company's prescribed format, while specifying the scope of delegated authority. Shareholders may appoint proxies according to Article 177 of the Company Act and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" stipulated by the competent authority.

Article 12: Each shareholder of the Company shall be entitled to one vote for each share. No voting power shall be granted, however, to shareholders of the Company with shares prescribed in Article 179 of the Company Act and relevant laws and regulations.

Article 13: Unless otherwise stipulated in the Company Act, any resolutions in a shareholders' meeting should be approved by a majority vote at a meeting attended by shareholders representing at least one half of total outstanding shares.

Article 13-1: A proposal to cancel the public issuance of the Company's shares after the public offering shall be filed for a resolution in the shareholders' meeting. The clause shall remain unaltered throughout the listing period on the TPEX trading of Emerging Stock trading and Securities Listings.

Chapter 4 Directors and Supervisors

Article 14: The Company shall have five to seven Directors and one to three Supervisors, who are elected during shareholders' meetings from among persons of adequate capacity to each serve a term of three years. Their terms of service may be renewed if they are re-elected in the following election. The total amount of shares held by all Directors and Supervisors of the Company shall be determined in accordance with regulations of the competent authority responsible for securities.

The aforementioned Directors shall consist of no less than two Independent Directors. A candidate nomination system shall be adopted in the election and the Independent Directors shall be elected by the shareholders meeting from the list of candidates. The guidelines for qualifications, shareholdings, restrictions on concurrent posts, nomination, election and any other matters to be complied with by the Independent Directors of the Company shall be prescribed by the relevant regulations of the competent authority in charge of securities.

From year 2020, the Company shall have seven to nine Directors. The aforesaid Board of Directors must have at least three independent directors. The Board of Directors is authorized to determine the number of Directors.

The Company may purchase liability insurance for the Directors and Supervisors during their term of office based on the compensation liabilities associated with their respective business accountabilities. The Board of Directors is authorized to determine the insurance coverage based on industry practices and standards.

Article 14-1: The Company's Directors and Supervisors are elected using the single cumulative voting method. Every share is vested with voting rights that is equivalent to the number of Directors and Supervisors to be elected. The votes can be concentrated on one candidate or distributed among several candidates. Candidates with the highest numbers of votes are elected Directors or Supervisors.

Article 15: The Board of Directors shall be comprised of the Directors of the Company. The Board of Directors shall appoint one Chairperson of the Board during a board meeting with more than two-thirds of Directors present, and with the approval of more than half of all attending Directors. The Chairperson shall represent the Company externally.

Article 16: When the Chairperson is on leave or unable to exercise his/her official functions for any specific reason, an acting Chairperson shall be designated in accordance with Article 208 of the Company Act.

Article 16-1: Notices for Board of Directors meetings shall be distributed to the Directors and Supervisors at least seven days before the meeting. The purpose of the meeting shall be clearly stated in the notice. However, a Board of Directors meeting may be convened at any time in the event of an emergency. The notice for meetings may be communicated through written, fax, email, or other methods.

Article 17: Unless otherwise regulated by the Company Act, Board of Directors resolutions are passed when there are more than half of all Directors present in a meeting and

with more than half of present Directors voting in favor. If a Director is unable to attend the Board of Directors meeting in person, the Director may delegate one of the other Directors as a proxy in accordance with the law. The Director shall in each instance issue a written proxy stating the scope of authorization with respect to the purpose for the meeting. Any proxy prescribed in the preceding Paragraph, however, shall only represent one Director in the meeting. In case a meeting of the Board of Directors is proceeded via visual communication network, the Directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 18: All Directors and Supervisors shall be entitled to remuneration for their execution of duties regardless of profits or losses. The Board of Directors is authorized to determine remuneration after considering their contribution to the Company and the industry's prevailing rates.

Article 18-1: Directors of the Company who occupy job positions within the Company shall be entitled to monthly salaries in accordance with salary standards of regular managerial staff in addition to the Director or Supervisor remuneration specified in Article 21 of the Articles of Incorporation.

Chapter 5 Managerial officer

Article 19: The Company may appoint managerial staff. The appointment, dismissal and compensation of such managerial staff shall be governed by Article 29 of the Company Act.

Chapter 6 Accounting

Article 20: The Company's accounting period begins from January 1 and ends on December 31 of each year. At the end of each fiscal year, the Board of Directors of the Company shall, in accordance with relevant laws and regulations, prepare and submit (1) a Business Report (2) Financial Statements (3) Proposals on distribution of earnings or compensation of deficits, etc. to the Supervisors for auditing at least thirty days before the annual shareholders' meeting, during which the reports/statements are submitted for ratification.

Article 21: In the event the Company makes a profit during the fiscal year, it shall set aside five (5) to fifteen (15) percent of the profits for employee remuneration. The remuneration for Directors and Supervisors shall be no higher than two percent. However, priority shall be given to funds reserved for compensation of the Company's cumulative losses, if any.

The employee remuneration specified in the preceding paragraph may be distributed in shares or cash and the recipients may include employees of subordinate companies meeting certain criteria, which the Board of Directors shall be authorized to determine at its discretion.

Article 22: Final annual net profit of the Company, if any, shall firstly be allocated for paying business tax and compensating the deficit of previous years. Ten percent of the remaining profit shall be allocated as legal reserve. The remaining profit, along with the accumulated undistributed earnings for the previous year, shall be booked as the accumulated distributable earnings; however, restrictions shall not apply if the amount of allocated legal reserve has reached the total capital of the Company. The cumulative distributable profits, with the exception of special reserve to be allocated or reversed as required by laws or regulations of the competent authority, may be considered for retention in accordance with

business requirements. The remaining sum shall be used for the distribution of dividends and if funds still remain, a resolution may be passed in the shareholder meeting for the distribution of shareholder bonus.

Article 23: The Company is situated in a changing industrial environment, wherein the corporate life cycle is at a stable growth stage. Considering the Company's capital requirement for continuous expansion and business operations, as well as long-term financial planning to satisfy shareholders needs for cash flow, the Company's dividend policy was formulated based on the residual dividend policy in the relevant laws and regulations of the Company Act. Future capital requirements are measured according to the future capital budget plan of the Company; capital required for earnings financing shall be retained, and the remaining earnings shall be distributed by way of cash or stock dividend. Particularly, cash dividend may not be less than 10% of total dividends.

Chapter 7 Addendum

Article 24: Any matters not addressed in the Articles of Incorporation shall be governed by the Company Act and relevant laws and regulations.

Article 25: The Articles of Incorporation were established on October 22, 2001.

The first amendment was made on July 5, 2002.

The second amendment was made on August 23, 2003.

The third amendment was made on June 27, 2004.

The fourth amendment was made on March 25, 2005.

The fifth amendment was made on September 29, 2005.

The sixth amendment was made on June 30, 2006.

The seventh amendment was made on June 30, 2008.

The eighth amendment was made on February 9, 2010.

The ninth amendment was made on May 31, 2011.

The tenth amendment was made on July 8, 2011.

The eleventh amendment was made on November 23, 2011.

The twelfth amendment was made on June 27, 2012.

The thirteenth amendment was made on June 19, 2013.

The fourteenth amendment was made on June 11, 2014.

The fifteenth amendment was made on May 20, 2015.

The sixteenth amendment was made on May 31, 2016.

The seventeenth amendment was made on May 31, 2017

The eighteenth amendment was made on May 29, 2018

The nineteenth amendment was made on May 29, 2019

Brogent Technologies Inc.

Chairperson: Chung-Ming Huang

(Appendix 2)

Procedures for the Acquisition or Disposal of Assets

Article 1: Purpose

The Procedures are established for the protection of assets and information disclosure. Any matters not addressed herein shall be governed by relevant laws and regulations.

Article 2: Regulatory Basis

The Procedures are established in accordance with Article 36-1 of the Securities and Exchange Act and the related regulations in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" of the Financial Supervisory Commission (hereinafter "FSC").

Article 3: Scope of Assets

- 1) Securities: Including investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- 2) Real estate and other fixed assets.
- 3) Memberships.
- 4) Intangible assets: Including patents, copyrights, trademarks, franchise rights, and other intangible assets.
- 5) Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- 6) Derivatives.
- 7) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with the law.
- 8) Other major assets.

Article 4: Terms and Definitions

- 1) Derivatives: Refer to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
- 2) Assets acquired or disposed of in connection with 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 laws, or the transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, Paragraph 6 of the Company Act.
- 3) Related party: As defined in the Statement of Financial Accounting Standards No. 6 published by the Accounting Research and Development Foundation in Taiwan (hereinafter "ARDF").
- 4) Subsidiary: As defined in the Statement of Financial Accounting Standards No. 5 and No. 7 published by the ARDF.
- 5) Professional appraiser: Refers to a real estate appraiser or other person duly authorized by law to engage in the value appraisal of real estate and other

fixed assets.

- 6) Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Board of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. However, for investments for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- 7) Investment in the Mainland China region: Refers to investments in the Mainland China region 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.

Article 5: The Company in principle does not conduct transactions involving the acquisition or disposal of claims of financial institutions. If transactions involving the acquisition or disposal of claims of financial institutions are proposed in the future, they shall be submitted to the Board of Directors for approval before establishing assessment and operating procedures.

Article 6: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountants opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.

Article 7: Assessment and Operating Procedures

1) Price determination and supporting reference materials

- (1) The supervisor in charge of the acquisition and disposal of the Company's assets shall carry out the acquisition and disposal in accordance with the related procedures in the Company's internal control system regarding "Fixed Assets and Investment Operations Procedures."
- (2) A public company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price.
- (3) The acquisition or disposal of real estate shall take into reference the publicly announced current value, assessed value, and the actual transaction price of nearby real estate to determine transaction conditions and price, which shall be included in an analysis report to be submitted to the Chairperson and implemented in accordance with the Company's approval system.
- (4) The acquisition or disposal of other fixed assets shall be conducted through one of the following methods: price inquiry, price comparison, price negotiation or tendering. Related information shall be submitted following careful assessment before delivering to related departments and implemented in accordance with the Company's approval system.
- (5) The Company's acquisition or disposal of memberships shall take into reference the fair market price to determine transaction conditions and price and implemented in accordance with the Company's approval system.
- (6) The Company's acquisition or disposal of intangible assets shall take into reference expert assessment reports or the fair market price to determine transaction conditions and price and implemented in accordance with the

Company's approval system.

- (7) The transaction personnel in Company's acquisition or disposal of derivatives shall formulate the financial product transaction strategy of the entire Company and periodically calculate positions, collect market information, carry out trend analysis and risk assessment, and formulate operating strategies as the basis for conducting transactions after receiving approval in the Company's approval system.
 - (8) When the Company conducts a merger, demerger, acquisition, or transfer of shares, it shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share transfer ratio, acquisition price, or distribution of cash or other property to shareholders prior to the resolution of the Board of Directors Meeting, and submit it to the Board of Directors Meeting for discussion and resolution.
- 2) Investment Amount and Authorization Level
- (1) The acquisition or disposal of securities investments shall only be implemented following approval from the Chairperson. If the transaction amount is above 40% (non-inclusive) of net value, its implementation shall require the approval of the Board of Directors.
 - (2)
 1. The acquisition or disposal of real estate shall take into reference the publicly announced current value, assessed value, and the actual transaction price of nearby real estate to determine transaction conditions and price, which shall be included in an analysis report to be submitted to the Chairperson for approval. The acquisition or disposal may only be implemented following approval in the next Board of Directors meeting.
 2. The acquisition or disposal of other fixed assets shall be conducted through one of the following methods: price inquiry, price comparison, price negotiation or tendering. Acquisition or disposal under NT\$1 million (inclusive) shall be filed for approval in accordance with the authorization regulations and submitted to the President for approval; acquisition or disposal valued at over NT\$1 million may only be implemented following approval from the Chairperson.
 - (3) Total amounts of real estate and securities acquired by the Company and each subsidiary for purposes other than business use and limits on individual securities investments shall be subject to the following restrictions:
 1. Total amount of real estate for purposes other than business use may not exceed thirty percent (30%) of the net value of the Company's most recent financial statements.
 2. Total amount of securities may not exceed forty percent (40%) of the net value of the Company's most recent financial statements.
 3. The maximum amount of individual securities may not exceed thirty percent (30%) of the net value of the Company's most recent financial statements.
 - (4) The acquisition or disposal of memberships shall take into reference the fair market price to determine transaction conditions and price. An analysis report shall be formulated and submitted for passage in the Board of Directors meeting before implementation.
 - (5) The acquisition or disposal of intangible assets shall take into reference expert assessment reports or fair market price to determine transaction conditions and price. An analysis report shall be formulated and submitted for resolution in the Board of Directors meeting before implementation.
 - (6) Each transaction in the acquisition or disposal of derivatives, in addition to

dependence on the growth of the Company's revenue and changes in the risk positions, shall require, based on security concerns, an application form submitted by the person in charge to the authorized financial supervisor for preliminary approval before transferring to the Chairperson for approval. Any correction shall require the approval of the Chairperson before implementation. Related transactions items shall be submitted to the Board of Directors after the transaction.

- (7) The important information and related items of assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with the law shall be compiled into an open document for shareholders prior to the shareholders' meeting and delivered to the shareholders before the meeting along with the expert opinion specified in Subparagraph (8) of the preceding paragraph and shareholder meeting notice as a reference for whether to approve the mergers, demergers, or acquisitions. This shall however not apply to mergers, demergers, or acquisitions that do not require a resolution in the shareholders' meeting in accordance with the law. In addition, if the shareholders' meeting of any company participating in the merger, demerger, or acquisition could not be held due to insufficient attendees, insufficient voting rights, or other legal restrictions, or if the proposal is rejected by the shareholders' meeting, the company participating in the merger, demerger, or acquisition shall immediately explain and publicly disclose the reason, follow-up processing operations, and date of expected shareholders' meeting.
- (8) The Company's acquisition or disposal of assets shall require the approval of the Board of Directors in accordance with the Procedures or other legal requirements. If a Director expresses objection and records or written statements are available, the Company shall submit information regarding the Director's objection to the respective Supervisors. In addition, the opinions of Independent Directors shall be taken into full consideration in discussions at the Board of Directors meeting on the transaction for the acquisition or disposal of assets in accordance with regulations. Their approval or objection and reasons shall be listed in the meeting minutes.
- (9) The approval of the shareholders' meeting shall be required if a department of the Company, due to business requirements, requires acquisition or disposal of assets listed as major items in Article 185 of the Company Act.

3) Implementation unit

The Company's acquisition and disposal of assets shall be reported level by level in accordance with the following regulations; where necessary, the report shall be submitted to the Board of Directors for approval:

- (1) The Company's acquisition and disposal of securities shall be implemented by the President's Office and the Finance Department in accordance with the "Investment Cycle" stipulated in the Company's Internal Control Procedures.
- (2) The Company's acquisition and disposal of real estate and other fixed assets shall be implemented by the Administration Department in accordance with the Company's Fixed Assets Management Procedures in the Internal Control System.
- (3) The Company's acquisition or disposal of memberships or intangible assets shall be implemented by the department using the assets or related departments following approval by the Administration Department in accordance with the approval procedures specified in the previous paragraph.
- (4) The Company's acquisition and disposal of derivatives shall be implemented

by the Finance Department in accordance with the Procedures.

- (5) It is advisable for the Company to appoint an attorney, CPA, or securities underwriter to formulate the schedule for legal procedures in mergers, demergers, acquisitions, or transfer of shares and form a dedicated team to implement the procedures in accordance with legal requirements.

4) Appraisal report of real estate and other fixed assets

In acquiring or disposing of real estate or fix assets where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery or equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- (1) Where due to special circumstances it is necessary to give a specific market value or specified market value as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall apply to any future changes to the terms and conditions of the transaction.
- (2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statements on Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. However, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

5) Expert Opinion on Acquisition and Disposal of Securities

The Company's acquisition or disposal of securities shall, prior to the date of occurrence of the event, require financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA is required to use the expert report as evidence, the CPA shall do so in accordance with the provisions of Statements on Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by the regulations of the

Financial Supervisory Commission (FSC).

6) Expert Opinion Report on Memberships or Intangible Assets

Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of the Company's paid-in capital or NT\$300 million or more, 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 Statements on Auditing Standards No. 20 published by the Accounting Research and Development Foundation.

7) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 7-1

The calculation of the "transaction amount" referred to in Article 7, Subparagraphs 4, 5, and 6 shall be made in accordance with Article 11, Paragraph 1 herein, whereas "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been provided with an appraisal report from a professional appraiser or CPA opinion need not be counted toward the transaction amount in accordance with the Standards.

Article 8: Related Party Transaction Processing Procedures

1) When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the real estate processing procedures specified in Article 7 are adopted, related resolution procedures specified below shall moreover be complied with and the reasonableness of the transaction terms by appraised; if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section. The "transaction amount" in the preceding paragraph shall be calculated in accordance with the provisions stipulated in Article 7-1. In addition, when determining whether the transaction target is a related party, in addition to noting its legal status, the actual relations shall also be taken into consideration.

2) Assessment and Operating Procedures

When the Company acquires or disposes of real estate from or to a related party, or acquires or disposes of assets other than real estate from or to a related party and the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, 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 ratified by the Supervisors:

- (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (2) The reason for choosing the related party as a trading counterparty.
- (3) With respect to the acquisition of real estate from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraphs (1) and (4) of Paragraph 3 of this Article.
- (4) The date and price at which the related party originally acquired the real estate, the original trading counterparty, and that trading counterparty's

- relationship to the Company and the related party.
- (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, evaluation of the necessity of the transaction, and reasonableness of fund utilization.
 - (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding Article.
 - (7) Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the "transaction amount" referred to in the preceding Paragraph shall be made in accordance with Article 11, Paragraph 1 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 ratified by the Supervisors in accordance with the provisions of the Standards need not be counted toward the transaction amount.

With respect to the acquisition or disposal of machinery or equipment for business use between the Company and its subsidiaries, the Company's Board of Directors may pursuant to Article 7, Paragraph 2, Subparagraph 2 delegate the Chairperson of the Board 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.

3) Appraisal of the reasonableness of the transaction price

- (1) When the Company acquires real estate from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:
 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 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.
- (2) Where land and buildings thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the buildings may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (3) When the Company acquires real estate from a related party and appraises the cost of the real estate in accordance with Paragraph 3, Subparagraphs (1) and (2) of this Article, it shall also engage a CPA to review the appraisal and render a specific opinion.
- (4) Where the Company acquires real estate from a related party and one of the following circumstances exists, the acquisition shall only be required for implementation in accordance with Paragraphs 1 and 2 of this Article regarding appraisal and operating procedures and where the regulations on the reasonableness of the transaction cost provided in Paragraph 3, Subparagraphs (1), (2), and (3) do not apply:

1. The related party acquired the real estate 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 estate to the signing date for the current transaction.
 3. The real estate is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real estate, either on the Company's own land or on rented land.
- (5) When the Company acquires real estate from a related party and appraises the cost of the real estate in accordance with Paragraph 3, Subparagraphs (1) and (2) of this Article, and the results are uniformly lower than the transaction price, the matter shall be handled in compliance with the regulations in Paragraph 3, Subparagraph (6) of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA, this restriction shall not apply:
1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (i) Where undeveloped land is appraised in accordance with the means in the preceding Article, and buildings 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.
 - (ii) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
 - (iii) Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.
 2. Where the Company acquires real estate from a related party and provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions for 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; transaction for 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 the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real estate.
- (6) When the Company acquires real estate from a related party and appraises the cost of the real estate in accordance with Paragraph 3, Subparagraph (1) and (2) of this Article, and the results are uniformly lower than the

transaction price, the following items shall be carried out. Where the Company uses the equity method to account for its investment in a public 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 at a premium, 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 transaction, and the FSC has given its consent.

1. The Company shall set aside a special reserve in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act against the difference between the real estate transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where 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 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
 2. Supervisors shall comply with Article 218 of the Company Act.
 3. Actions taken pursuant to Item 1 and Item 2 of the Subparagraph shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
- (7) When a public company obtains real estate from a related party, it shall also comply with Paragraph 3, Subparagraph (6) of the Article if there is other evidence indicating that the transaction was inconsistent with business practice.

Article 9 Acquisition and Disposal Procedures for Derivatives

1) Trading principles and strategies

(1) Type of Transaction

1. Derivatives referred to in Article 4 of the Procedures.
2. Transactions in securities deposits.

(2) Management (hedging) strategy

The Company's transactions in derivatives shall be for the purpose of hedging. The transaction products shall be selected to evade the risks produced in the Company's business operations as the primary goal. The currencies held must meet the Company's foreign currency requirements for actual import/export transactions and the balance of payments in the Company's overall internal position (referring to foreign exchange income and expenditure) shall be the principle for operations. The transactions are used to lower the Company's exposure to foreign exchange risks and lower the cost of foreign currency operations.

(3) Division of powers and responsibilities

1. Transaction personnel

Personnel in charge of implementing derivatives transactions shall be responsible for collecting related information and regulations regarding derivatives, the design of hedging strategies and risk disclosure. They shall understand the Company's management policies and ideals, determine market trends and risks, and provide recommendation reports on positions and method of hedging in accordance with the Company's operating strategy and submit them to the authorized supervisor for approval before

conducting transactions.

2. Transaction confirmation personnel

The transaction confirmation personnel are responsible for verifying the validity of transactions with banks; they shall also stamp seals on Transaction Confirmations and mail them back.

3. Settlement personnel

The settlement personnel are responsible for the settlement of derivatives transactions. They shall also periodically inspect cash flow status to verify that established transaction contracts are settled on time.

4. Accounting personnel

The accounting personnel shall express the results of related hedging transactions correctly and appropriately on the financial statements in accordance with related regulations (Statements of Financial Accounting Standards etc.).

(4) Performance evaluation

1. The performance of derivatives transactions shall be measured and evaluated based on the hedging strategy. The Finance Department shall evaluate the operating performance every two weeks based on market prices and it shall submit the operating performance of the previous month to the Chairperson in the first week of each month.

2. The Finance Department shall provide evaluation on foreign exchange positions as well as trends and market analyses of the foreign exchange market and conduct periodic evaluation and review. If irregularities are found, necessary response measures must be taken and reported to the Chairperson.

(5) Establishment of the total contract price and upper limit on losses

1. Total contract price

1.1 Transaction amount for hedging

The total remaining value of hedging contracts of Company shall not at any time exceed the hedging requirements arising from actual transactions in a given year. The remaining value of individual contracts shall be restricted to US\$2 million or equivalent in foreign currencies.

1.2 Transaction amount for speculations

The Company does not conduct speculative transactions.

2. Establishment of the upper limit on losses

Losses from derivatives trading in aggregate losses or losses on individual contracts shall not exceed 20% of all or individual contracts.

2) Risk management measures

(1) Credit risk management

The Company shall restrict its trading counterparties to banks that conduct businesses with the Company or renowned international financial institutions that are able to provide expert information.

(2) Market risk management

The Company shall restrict its transactions to derivative products for hedging and shall not engage in speculative financial operations.

(3) Liquidity risk management

To ensure market liquidity, financial products with higher liquidity (those that can be sold on the market at any time) shall be the primary choices. The financial institution appointed to conduct the trade must retain sufficient information and the capability to conduct transactions in any markets at any time.

(4) Cash flow risk management

To ensure the stability of the Company's operating capital, the Company's source of funds for derivatives transactions shall be restricted to the Company's own funds and the operating amount shall be determined by future fund requirements for cash income and expenditures.

(5) Operating risk management

1. The Company's authorized amount and operating procedures shall be strictly followed and incorporated into internal auditing to prevent operating risks.
2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the Board of Directors or senior management personnel with no responsibility for trading or position decision-making.
4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors.

(6) Product risk management

Internal transaction personnel are required to have comprehensive and correct expert knowledge on financial products and request banks to fully disclose risks to prevent the risks generated by financial products.

(7) Legal risk management:

Documents established with financial institutions shall be inspected by foreign exchange before signature to prevent legal risks.

3) Internal auditing system

Internal auditing personnel shall periodically study the appropriateness of internal control of derivatives transactions and conduct monthly inspections on the compliance of procedures of departments trading derivatives in order to analyze transaction cycles and formulate Audit Reports. In the event of major violations, the Supervisors shall be notified in writing.

4) Regular assessment methods

- (1) The Board of Directors shall authorize senior management personnel to conduct periodic supervision and evaluate whether derivatives transactions comply with the transaction procedures established by the Company and whether the undertaken risks are within the accepted range. If there are irregularities in the market price evaluation report (e.g. positions held exceed restrictions on losses), they shall be reported to the Board of Directors immediately to response measures shall be taken.
- (2) Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors.

5) Board of Directors supervision and management principles

- (1) The Board of Directors shall assign senior management personnel for the supervision and management of risks in derivatives transactions at all times. The management principles are as follows:
 1. Periodically evaluate whether the currently adopted risk management measures are appropriate and whether they have been carried out in accordance with the Procedures.

2. Supervise the transaction and profit/loss status; take necessary response measures if irregularities are found and immediately report to the Board of Directors. The Board of Directors meeting shall be attended by Independent Directors who shall voice their opinions.
 - (2) Periodically assess whether the performance of derivatives transactions meet established management strategies and whether the undertaken risks are within the range accepted by the Company.
 - (3) When conducting derivatives transactions, the Company shall authorized related personnel in accordance with the regulations in the Procedures and report to the Board of Directors after the transactions.
- 6) Establishment of the log book
- When the Company engages in derivatives trading, it shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under Paragraph 4, Subparagraph (2) and Paragraph 5, Subparagraphs (1) and (2) of the Article shall be recorded in detail in the log book.

Article 10 Procedures for the Handling of Mergers, Demergers, Acquisitions, or Transfer of Shares

1) Dates of the Board of Directors meeting and shareholders' meeting

A company participating in a merger, demerger, or acquisition shall convene a Board of Directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless otherwise stipulated by the law or the FSC is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall convene a Board of Directors meeting on the day of the transaction, unless otherwise stipulated by the law or the FSC is notified in advance of extraordinary circumstances and grants consent.

When the Company participates in a merger, demerger, acquisition, or transfer of another company's shares, it shall prepare a full written record of the following information and retain it for 5 years for reference.

- (1) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
- (2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
- (3) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

When the Company participates in a merger, demerger, acquisition, or transfer of another company's shares, it shall, within 2 days commencing immediately from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in Subparagraphs 1 and 2 of the preceding paragraph to the FSC for record keeping.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions in Paragraphs 3 and 4.

2) Advanced confidentiality commitment

All persons participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

3) Principles for the establishment and changes of the share transfer ratio or acquisition price

A Company that conducts a merger, demerger, acquisition, or transfer of shares shall, prior to convening the Board of Directors Meeting of the two parties, engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share transfer ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Shareholders Meeting. In principle, the share transfer ratio or acquisition price may not be arbitrarily modified. This however shall not apply to changes in conditions that were specified in the contract and those that have been publicly disclosed. The conditions under which changes in the share transfer ratio or acquisition price are allowed are as follows:

- (1) Implementation of capital increase in cash or issuance of convertible corporate bonds, bonus shares, corporate bonds with warrants, preferred shares with warrants, stock warrants or other equity based securities.
- (2) Disposal of major Company assets or other activities which may influence the financial operations of the Company.
- (3) Significant events such as major disasters or material technological changes that affect Company shareholders' equity or share price.
- (4) Adjustments made by any of the participating companies of the merger, demerger, acquisition or transfer of shares due to the lawful buyback of treasury shares.

(5) Changes in the entities or number of participating companies for the merger, demerger, acquisition, or transfer of shares.

(6) Other changes in conditions that have been specified in the contract and have been publicly disclosed.

4) Required contract provisions

The contract for participation by a public company in a merger, demerger, acquisition, or of shares shall record the following items in addition to provisions required by the Company Act and related regulations:

- (1) Handling of breach of contract.
- (2) Principles for the handling of equity-type securities previously issued or treasury shares previously bought back by any company that is extinguished in a merger or that is demerged.
- (3) The amount of treasury shares participating companies are permitted under law to buy back after the record date of calculation of the share transfer ratio, and the principles for handling thereof.
- (4) The manner of handling changes in the number of participating entities or companies.

- (5) Preliminary progress schedule for plan execution, and anticipated completion date.
 - (6) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- 5) Changes in the number of companies participating in the merger, demerger, acquisition, or share transfer After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from convening another shareholders meeting to resolve on the matter anew.
- 6) Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is not a publicly listed company, the Company shall sign an agreement with such company and the procedures shall be carried out in accordance with Paragraph 1 of this Article regarding the date of the Board of Directors meeting, Paragraph 2 regarding the advanced confidentiality commitment, and Paragraph 5 regarding changes in the number of companies participating in the merger, demerger, acquisition, or share transfer.

Article 11 Information Disclosure Procedures

- 1) If the following conditions occur in the Company's acquisition or disposal of assets, related information shall, in accordance with its nature and regulated format, be input on the Market Observation Post System within two days of the occurrence of the fact:
- (1) Where the Company acquires or disposes of real estate from or to a related party, or acquires or disposes of assets other than real estate from or to a related party and the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more. This requirement, however, shall not apply to the trading of government bonds or bonds under repurchase or resale agreements.
 - (2) Merger, demerger, acquisition, or transfer of shares.
 - (3) Derivative transactions that accumulate losses beyond the portfolio limits or individual limits specified in the Company's procedures.
 - (4) Asset transactions other than those referred to in the preceding three Subparagraphs, disposal of receivables by a financial institution, or an investment in the Mainland China region that reaches 20 percent or more of the Company's paid-in capital or NT\$300 million. The above shall however not apply to the following circumstances:
 - 1. Trade of government bonds.
 - 2. Trading of bonds under repurchase and resale agreements.
 - 3. Where the type of asset acquired or disposed is machinery or equipment for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.
 - 4. Where real estate 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 is less than NT\$500 million.

- (5) The "transaction amount" specified in Subparagraphs (1) to (4) shall be calculated as follows and the "within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with Regulations need not be counted toward the transaction amount.
 1. The amount of each individual transaction.
 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within a year.
 3. The cumulative transaction amount of real estate acquisitions and disposals (cumulative acquisitions and disposals, respectively) under the same development project within a year.
 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within a year.

The "within a year" as mentioned above shall refer to the one year dating back from the date of occurrence of the current transaction. Amounts that have already been announced in accordance with the Procedures may be excluded.

- 2) The Company shall input the derivatives transaction status of the Company and its subsidiaries that are not publicly listed companies in Taiwan from the previous month on the Market Observation Post System in accordance with the required format before the tenth day of each month.
- 3) Where the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and as such is required to correct the item, all the items shall be again publicly announced and reported in their entirety.
- 4) When the Company acquires or disposes of assets, the related contracts, meeting minutes, log books, appraisal reports, certified public accountants opinions, attorney's opinions, or underwriter's opinions shall be stored at the Company for at least five years unless otherwise provided in other laws or regulations.
- 5) Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, related information shall be input on the Market Observation Post System within two days starting from the date of the occurrence of the fact:
 - (1) Change, termination, or rescission of a contract signed in regard to the original transaction.
 - (2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - (3) Change to the originally publicly announced and reported information.

Article 12 The Company's subsidiaries shall handle matters in accordance with the following provisions

- 1) The Company shall ensure that its subsidiaries establish the procedures for acquisition or disposal of assets in accordance with the nature of the subsidiary's business, business scale, and local regulations. The subsidiary company shall implement acquisition and disposal of assets in accordance with the procedures.
- 2) The Finance Department of the Company shall ensure that subsidiaries

- independently verify whether the established operating procedures meet the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and whether they comply with their established operating procedures when acquiring or disposing of assets.
- 3) The Company's Audit Office shall review the self-inspection reports filed by subsidiary companies.
 - 4) Information that require public announcement and report according to the provisions of Article 12 of the Procedures on acquisitions and disposals of assets by a subsidiary that is not itself a public company shall be reported by the Company.
 - 5) The Company's paid-in capital or total assets of the Company shall be the standard for determining whether or not a transaction of a subsidiary referred to in the requirement of a public announcement and regulatory filing reaches 20 percent of the Company's paid-in capital or 10 percent of the total assets.

Article 13: Penalties

In the event that an employee of the Company in charge of the acquisition and disposal of assets violates the provisions stipulated in the Procedures, the violation shall be submitted for periodic review in accordance with the Company's Personnel Management Regulations and the Employee Handbook and the employee shall be disciplined in accordance with the level of severity.

Article 14: Implementation and revision

The Company's "Procedures for the Acquisition or Disposal of Assets" shall be delivered to the Supervisors following resolution in the Board of Directors meeting and submitted to the shareholders' meeting for approval. The same shall apply to any subsequent revisions. If a Director expresses objection and records or written statements are available, the Company shall submit information regarding the Director's objection to the respective Supervisors and the shareholders' are meeting for discussion. The same shall apply to any subsequent revisions. In addition, the opinions of Independent Directors shall be taken into full consideration in discussions in the Board of Directors meeting on the "Procedures for the Acquisition or Disposal of Assets" in accordance with the preceding paragraph. Their approval or objection and reasons shall be listed in the meeting minutes.

Article 15: Addendum

Issues not addressed in these Procedures shall be governed by applicable laws and regulations and the opinion of the competent authority.

Handling Procedures for Loaning Funds

Article 1. Subject

In order to protect shareholders' rights and interests and adapt to business needs, the Company enacts these Handling Procedures in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission (hereinafter referred to as the "FSC"), Executive Yuan. Matters not prescribed in the Handling Procedures, if any, shall be conducted in accordance with relevant laws and regulations.

Article 2. Entities to which funds are loaned.

In accordance with Article 15 of the Company Act, the Company may not loan funds to shareholders or any other persons (hereinafter referred to as "borrowers") except under the following circumstances:

- I. Where an inter-company or inter-firm business transaction calls for a loan arrangement.
- II. Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent (40%) of the Company's net worth as stated in its latest financial statement.

The term "short-term" as used herein means one year, or where the Company's operating cycle exceeds one year, one operating cycle.

The term "financing amount" as used herein means the cumulative balance of the Company's short-term financing.

The restriction in Subparagraph 2, Paragraph 1 shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100 percent (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.

Article 3. Evaluation standards for loaning funds to others

- I. Where funds are loaned for reasons of business dealings, an evaluation of determining whether the amount of a loan is commensurate to the total amount of trading between the two companies shall be conducted in accordance with Article 4.
- II. Where short-term financing is needed, it shall be limited to the following conditions:
 - (I) Where short-term financing is needed for the Company's strategic operational goals, and it has been approved by the Company's Board of Directors.
 - (II) Where an affiliate in which the Company holds 50 percent (50%) or more of shares or which is directly controlled by the Company needs short-term financing because of operation needs.

Article 4. The aggregate amount of loans and the maximum amount permitted to a single borrower

- I. The aggregate amount of loans: The amount shall not exceed 40 percent (40%) of the Company's net worth as stated in its latest financial statement. Nevertheless, the aggregate amount of funds loaned to others in response to a need of inter-company or inter-firm short-term financing shall not exceed 30

percent (30%) of the Company's net worth as stated in its latest financial statement.

- II. The amount of each inter-company or inter-firm loan:
 - (I) Where short-term financing is needed, the amount of each inter-company or inter-firm loan shall not exceed 10 percent (10%) of the Company's net worth as stated in its latest financial statement.
 - (II) Where funds are loaned by the Company for reasons of business dealings, the amount of each loan shall not exceed the amount of business between both parties. The term "amount of business dealings" as used herein refers to the purchase or sales amount between both parties in the most recent year, whichever amount is higher, provided that said amount shall not exceed the amount prescribed in the preceding subparagraph.

Article 5. Duration of loans and calculation of interest

- I. In principle, the duration of each loan shall be one year. The Company may review whether to extend, withdraw, or adjust the limit and interest rate every year depending on the conditions, and submit it to the Board of Directors for approval before loaning funds.
- II. The calculation of interest shall take into consideration the short-term borrowing interest rate standard set by financial institutions for the Company. Where an adjustment of interest rate is needed, the Finance Dept. shall propose it to the President before the adjustment, and accrued interests shall be calculated every month.

Article 6. Dealing and review procedures for loaning funds

- I. Where a borrower applies for a loan, the borrower shall fill out an application with necessary financial data enclosed, which elaborate on the purpose of funds, duration and amount of the loan, and submit said data to the Company's Finance Dept. before the loan is extended.
- II. After the Finance Dept. receives the application, it shall conduct detailed review procedures that contain the following evaluation matters on the borrower:
 - (I) The necessity and reasonableness of loaning funds to others.
 - (II) Credit status investigation and risk assessment of the counterparty to which funds are loaned.
 - (III) The impact on the Company's business operations, financial condition, and shareholders' equity.
 - (IV) Acquisition of collateral and appraisal of value: To be handled in accordance with Article 7 of the Procedures.
- III. Where funds are loaned for reasons of business dealings, the Finance Dept. shall evaluate whether the amount of the loan is commensurate to the total amount of business between the two companies. Where short-term financing is necessary, it shall enumerate reasons for the loan and conditions in which funds may be loaned.
- IV. After the Finance Dept. conducts a credit status investigation and assessment, if the borrower has an unfavorable credit assessment or if the purpose of the loan is inappropriate, and so the Finance Dept. does not intend to extend the loan, it shall expressly state reasons for disapproval. Said reasons must be submitted to the President for reexamination and afterwards, the borrower should be promptly notified.
- V. After the Finance Dept. conducts a credit status investigation and assessment, if the borrower has a favorable credit assessment and the purpose of the loan

is appropriate, the Finance Dept. shall submit credit investigation-related data and proposed terms of the loan to the President, and the Chairman shall propose said terms to the Board of Directors for approval before the loan is extended.

- VI. Where the Board of Directors makes a resolution and agrees to the loan proposal after credit status investigation and assessment, the officer shall send a letter stating the Company's terms and conditions of the loan, including credit limit, duration, interest rate, collateral and guarantor, to notify the borrower promptly, and ask the borrower to complete contract signing procedures before the deadline.
- VII. The Finance Dept. shall prepare a Fund-lending Memorandum and truthfully record the following information: borrower, amount, date of approval by the Board of Directors, date of lending, and matters to be carefully evaluated under the Handling Procedures.

Article 7. Acquisition of collateral and appraisal of value:

When the borrower applies for a loan limit in accordance with Article 6, the Finance Dept. must request for commensurate guarantee instruments or collaterals so as to guarantee the payment of the loan.

Where the borrower provides an individual or company with commensurate credit status as security, in replacement of the provision of collateral, the Finance Dept. shall obtain the borrower's credit investigation report and submit it to the Board of Directors to serve as a reference. Where a company is provided as a guarantor, the Company shall request for the provision of the Articles of Incorporation of said company so as to verify the article(s) which permit the company to act as a guarantor. Where said company belongs to an affiliate as prescribed in Subparagraph 2-(2), Article 3, it may be exempted from the provision of collateral.

Article 8. Decision-making and authorization level

- I. Before the Company makes a loan of funds to others, the Finance Dept. shall carefully evaluate the loan is in compliance with the Handling Procedures. The Company may loan funds to others only after the evaluation results under Article 6 have been submitted to and approved by the President and the Chairman, and then resolved by the Board of Directors. The Company shall not empower any other person to make such decision.
- II. Loans of funds between the Company and its subsidiaries, or between its subsidiaries, shall be submitted for resolution by the Board of Directors pursuant to the preceding paragraph. Additionally, the Chairman may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the Board of Directors and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.
- III. The "certain monetary limit" as used in the preceding paragraph shall be in compliance with Paragraph 4, Article 2. In addition, the authorized limit on loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10 percent (10%) of the net worth of the lending company as stated in its latest financial statement.
- IV. Where the Company loans funds to others, it shall take into full consideration each independent director's opinions; 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.

Article 9.Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights.

- I. After a loan is extended, the Company shall pay attention to the financial, business, and relevant credit status of the borrower and guarantor. Where collateral is provided, the Company shall also notice whether there are changes in the value of collateral. A report on significant change in the aforesaid conditions shall be immediately submitted to the President, and appropriate disposals shall be made in accordance with the President's instructions.
- II. Where the borrower repays the loan upon or before the loan is due, accrued interests shall be calculated first. After the borrower pays off said interests along with the principal, the Company may cancel or return promissory notes and/or the loan, or conduct the release of lien.
- III. Where the loan is due and the creditor's rights cannot be recovered after debt collection, and the Company still cannot recover its creditor's rights after making necessary notices, it shall seek legal actions to perform measures to safeguard creditor's rights so as to ensure the Company's rights and interests.
- IV. Where as a result of change of conditions the entity to which funds are loaned no longer meets the requirements of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, or the balance of the loan exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all the supervisors, and shall complete the rectification according to the time frame set out in the plan.

Article 10.Audit procedures

The Audit Dept. shall audit the Handling Procedures for Loaning Funds and the implementation thereof no less frequently than quarterly and prepare written records accordingly. It shall promptly notify all supervisors in writing of any material violation found.

Article 11.Procedures for controlling and managing loaning of funds by subsidiaries.

Where a subsidiary of the Company intends to loan funds to others, the subsidiary shall formulate its own Operational Procedures for Loaning of Funds to Others in compliance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies promulgated by the FSC; it shall comply with the Procedures when loaning funds. Foreign subsidiaries shall make arrangements in accordance with the law of the Republic of China.

The Company's subsidiaries shall prepare the previous month's Statement of Funds Loaned to Others and submit it to the Company for compilation before the 5th of each month.

Article 12.Disclosure of information

- I. The Company shall announce and report the previous month's balance of loans of itself and its subsidiaries by the 10th day of each month.
- II. The Company whose balance of loans reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:
 - (I) The aggregate balance of loans of the Company and its subsidiaries reaches 20 percent (20%) or more of the Company's net worth as stated in its latest financial statement.
 - (II) The balance of loans of the Company and its subsidiaries to a single enterprise reaches 10 percent (10%) or more of the Company's net worth as

stated in its latest financial statement.

(III) The amount of new loans made by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent (2%) or more of the Company's net worth as stated in its latest financial statement.

III. The Company shall announce and report, on behalf of any subsidiary that is not a public company of the Republic of China, any matters that such subsidiary is required to announce and report pursuant to Subparagraph 3 of the preceding paragraph.

IV. The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts; the Company shall also adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.

V. "Date of occurrence" as used herein means the date of transaction 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.

Article 13. Penalties

The Company's managers or officers in charge of the business that violate the Handling Procedures shall be punished in accordance with the Company's personnel management rules based on the severity of the situation.

Article 14. Implementation and revision

I. After the Handling Procedures are passed by the Board of Directors, the Company shall submit the same to each supervisor and 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 opinions to each supervisor and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.

II. Where the Company has established the position of independent director, each independent director's opinions shall be fully taken into consideration; independent directors' opinions specifically expressing assent or dissent, and the reasons for dissent, shall be included in the minutes of the Board of Directors' meeting.

Article 15. These Handling Procedures were enacted on May 31, 2011.

Handling Procedures for Making of Endorsements/Guarantees

Purpose

In order to protect the Company shareholders' rights and interests and business needs, these Handling Procedures are for financial management and lowering of operational risk so as to be consistent with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies promulgated by the Financial Supervisory Commission (FSC). Matters not prescribed in these Handling Procedures, if any, shall be conducted in accordance with relevant laws and regulations.

Scope of making of endorsements/guarantees

I. The term "endorsements/guarantees" as used in these Handling Procedures refers to the following:

(I) Financing endorsements/guarantees, including:

1. Bill discount financing.
2. Endorsement or guarantee made to meet the financing needs of another company.
3. Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company.

(II) Customs duty endorsements/guarantees: Refer to an endorsement or guarantee for the Company or another company with respect to customs duty matters.

(III) Other endorsements/guarantees: Refer to endorsements or guarantees beyond the scope of the above two subparagraphs.

II. Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these Handling Procedures.

III. Where a subsidiary of the Company makes endorsements/guarantees for external parties, it shall comply with the Company's rules.

Counterparties for which the Company make endorsements/guarantees

I. Counterparties for which the Company make endorsements/guarantees are limited to the following:

(I) A company with which the Company does business.

(II) A company in which the Company directly and indirectly holds more than 50 percent (50%) of the voting shares.

(III) A company that directly and indirectly holds more than 50 percent (50%) of the voting shares in the Company.

(IV) Companies in which the Company holds, directly or indirectly, 90 percent (90%) or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10 percent (10%) of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100 percent (100%) of the voting shares.

II. Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital-contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the preceding paragraph.

“Capital contribution” as used in the preceding paragraph shall mean capital contribution directly invested by the Company, or through a company in which the Company holds 100 percent (100%) of the voting shares.

Limits on endorsements/guarantees

I. The aggregate amount of endorsements/guarantees for external parties by the Company shall not exceed 50 percent (50%) of the Company's net worth as stated in its latest financial statement.

II. The amount of individual endorsements/guarantees for external parties by the Company shall not separately exceed 30 percent (30%) of the Company's net worth.

III. Companies for which the Company makes endorsements/guarantees due to business dealings shall meet the aforementioned limits, and their individual endorsement/guarantee amounts shall not exceed the amount of business engaged in by both parties. The term "amount of business" as used herein refers to the purchase or sales amount between both parties in the most recent year, whichever amount is higher.

Procedures for making and review of endorsements/guarantees

I. When the Company makes an endorsement/guarantee, the Finance Dept. shall not proceed with it until it reviews and assesses the risk thereof and submit it to the Board of Directors for approval.

II. The Finance Dept. shall make a credit status investigation into the company for which the Company makes the endorsement/guarantee and prepare a risk assessment, which shall cover the following:

(I) The necessity of and reasonableness of the endorsements/guarantees.

(II) Credit status investigation and risk assessment of the counterparty for which the endorsement/guarantee is made.

(III) The impact on the Company's business operations, financial condition, and shareholders' equity.

(IV) Whether collateral must be obtained and appraisal of the value thereof.

(V) For companies for which endorsements/guarantees are made due to business dealings, the Company shall evaluate whether the amounts of the endorsements/guarantees are commensurate to the amount of business.

III. Based on the risk assessment result, where the Finance Dept. deems necessary, it shall obtain collateral provided by the counterparty for which the endorsements/guarantees are made and make necessary disposals (such as mortgage or creation of right thereon).

IV. The Finance Dept. shall prepare an Endorsement/guarantee Memorandum for its endorsement/guarantee activities and record in detail the following information for the record: the counterparty for which the endorsement/guarantee is made, the amount, the date of passage by the Board of Directors or of authorization by the Chairman of the Board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under the Article.

Decision-making and authorization level

I. Where the Company makes an endorsement/guarantee, the Finance Dept. shall assess risks in accordance with Article 5 and state in the analysis report the entity for which the endorsement/guarantee is made, and category, reason and amount of the endorsement/guarantee, and submit it to the Board of Directors for resolution and approval before it proceeds with the endorsement/guarantee. Nevertheless, with consideration of timeliness, it may be approved by the Chairman of the Board, where authorized by the Board of Directors to grant endorsements/guarantees within the scope set out in Paragraph 1 and Paragraph 2, Article 4, for subsequent submission to and ratification by the next Board of Directors' meeting, and to the Shareholders Meeting for recordation. For an endorsement/guarantee made for another company with which the Company does business as stated in Paragraph 3, Article 4, a Board meeting shall first be convened to reach a resolution, and a discussion about whether or not to ask said company to provide sufficient collateral shall be made at the Board meeting in order to facilitate risk control.

II. Before making any endorsement/guarantee pursuant to Paragraph 1, Article 3, a subsidiary in which the Company directly and indirectly holds 90 percent (90%) or more of

the voting shares shall submit the proposed endorsement/guarantee to the Company's Board of Directors for resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100 percent (100%) of the voting shares.

III. Where the entity for which the Company makes endorsements/guarantees is a subsidiary whose net worth is lower than half the paid-in capital, in addition to obtaining the resolution and approval by the Board of Directors or having it approved by the Chairman of the Board, where authorized by the Board of Directors to grant endorsements/guarantees within the scope for subsequent submission for recordation at a Board Meeting, the Company shall follow up the financial conditions of the subsidiary on a quarterly basis and report to the Board of Directors in order to control the effectiveness of its endorsements/guarantees.

IV. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under the regulation, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

Seal Safeguarding Procedures

I. The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person, and may be used to seal or issue negotiable instruments only in accordance with the Company's Rules for Seal Management.

II. When making an endorsement/guarantee for a foreign company, the Company shall have the Guarantee Agreement signed by the Chairman authorized by the Board of Directors, or other authorized persons.

III. If the foreign company does not have a corporate chop, it may be exempted from application of the provisions in Paragraph 1. Net worth of a foreign company as calculated under these Regulations means the balance sheet equity attributable to the owners of the parent company.

Limits on and changes of endorsements/guarantees

I. Where the Company needs to exceed the limits set out in Article 4 for endorsements/guarantees to satisfy its business requirements, and where the conditions set out in the Procedures are complied with, it shall obtain approval from the Board of Directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the Rules for Endorsements/Guarantees accordingly and submit the amendments to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit. In addition, independent directors' opinions shall be fully taken into consideration and said opinions specifically expressing assent or dissent, and the reasons for dissent, shall be included in the minutes of the Board of Directors' meeting.

II. Where as a result of change of conditions the counterparty for which the endorsement/guarantee is made no longer meets the requirements of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, or the amount of endorsement/guarantee exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all the supervisors, and shall complete the rectification according to the time frame set out in the plan.

Disclosure of information

I. 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.

II. 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:

(I) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries

reaches 50 percent (50%) or more of the Company's net worth as stated in its latest financial statement.

(II) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent (20%) or more of the Company's net worth as stated in its latest financial statement.

(III) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent (30%) or more of Company's net worth as stated in its latest financial statement.

(IV) The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent (5%) or more of the Company's net worth as stated in its latest financial statement.

III. 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 Subparagraph 4 of the preceding paragraph.

IV. The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures and issuance of appropriate audit reports.

V. "Date of occurrence" as used herein means the date of transaction 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.

Procedures for controlling and managing endorsements/guarantees by subsidiaries.

I. Where a subsidiary of the Company intends to make endorsements/guarantees for others, the subsidiary shall formulate its own Operational Procedures for Endorsements/Guarantees in compliance with the Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies, and it shall comply with the Procedures when making endorsements/guarantees.

II. The aggregate amount of endorsements/guarantees by the subsidiary and the amount of endorsements/guarantees for a single enterprise by the subsidiary shall not exceed 50 percent (50%) or 30 percent (30%) of the subsidiary's net worth as stated in its latest financial statement. Nevertheless, where the subsidiary makes endorsements/guarantees for the parent company, it shall not be subject to the aforementioned limits.

III. Subsidiaries shall prepare the previous month's balance of endorsements/guarantees and submit it to the Company for compilation before the 5th of each month.

Audit procedures

The Company's internal auditors shall audit the operational procedures for endorsements/guarantees, and the implementation thereof, no less frequently than quarterly and must prepare written records accordingly. They shall promptly notify all supervisors in writing of any material violation found.

Penalties

The Company's managers or officers in charge of the business that violate the Handling Procedures shall be punished in accordance with the Company's personnel management rules based on the severity of the situation.

Implementation and revision

I. After the Handling Procedures are passed by the Board of Directors, the Company shall submit said Procedures to each supervisor and 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 opinions to each supervisor and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.

II. Where the Company has established the position of independent director, each independent director's opinions shall be fully taken into consideration; the independent directors' opinions specifically expressing assent or dissent, and the reasons for dissent, shall be included in the minutes of the Board of Directors' meeting.

The Handling Procedures were enacted on May 31, 2011.

**Brogent Technologies Inc.
Rules of Procedure for Shareholders Meetings**

Article 1 To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Article 2 The Rules of Procedure for Shareholders Meetings of the Company, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these Rules.

The shareholder referred to in the Rules shall mean the shareholder or the proxy appointed by the shareholder to attend meetings on his/her behalf.

Article 3 Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the Board of Directors.

The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of Directors or Supervisors, and upload them to the Market Observation Post System (MOPS) at least 30 days before the date of a annual shareholders meeting or at least 15 days before the date of an extraordinary shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS at least 21 days before the date of the annual shareholders meeting or at least 15 days before the date of the extraordinary shareholders meeting. In addition, at least 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of Directors or Supervisors, amendments to the Articles of Incorporation, the dissolution, merger, or demerger of the Company, or any matter under Article 185, Paragraph 1 of the Company Act, and Articles 26-1 and 43-6 of the Securities and Exchange Act shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised through an extempore motion. Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of the Company may submit a written proposal for discussion at an annual shareholders' meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any Subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal submitted by a shareholder, the Board of Directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual shareholders meeting and take part in discussion of the proposal. Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this Article. At the shareholders meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 If a shareholder is unable to attend the shareholders' meeting in person, a proxy can be appointed by completing the Company's proxy form and by specifying the scope of delegated authority.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company at least 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail. unless a declaration is made to cancel the previous proxy appointment. After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy

cancellation shall be submitted to the Company at least 2 days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9AM and no later than 3PM.

Article 6 The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters of attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel shall be assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings upon presentation of attendance passes, registration cards, or other proof of attendance. Solicitors soliciting proxy forms shall also bring personal identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a registration card in lieu of signing in.

The Company shall furnish attending shareholders with the proceedings manual, annual report, attendance pass, speaker's slips, voting slips, and other meeting materials. Where there is an election of Directors or Supervisors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7 Shareholders' meetings that are convened by the Board of Directors shall be chaired by the Chairperson. If the Chairperson is unable to perform such duties due to leave of absence or any reason, the Vice Chairperson shall act on the Chairperson's behalf. If the Vice Chairperson is also unavailable, the Chairperson

may appoint the Managing Director to act on behalf. If the Company does not have a Managing Director, one of the Directors shall be appointed to act on behalf; where no delegate has been appointed, the Managing Director or the one appointed among the remaining Director shall act on the Chairperson's behalf.

When a Managing Director or a Director serves as chair, as referred to in the preceding paragraph, the Managing Director or Director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the Board of Directors be attended by a majority of the Directors.

For shareholders' meetings convened by any authorized party other than the Board of Directors, the convener will act as the meeting Chairperson. If there are two or more conveners at the same time, one shall be appointed among themselves to chair the meeting.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded audio-visual materials of the preceding paragraph shall be retained for at least 1 year. However, if a shareholder makes a litigious claim against the Company according to Article 189 of the Company Act, the abovementioned documents must be retained until the end of the litigation.

Article 9 Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and registration cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of

issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10 If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the Board of Directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extempore motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extempore motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance pass number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12 Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of trust enterprises and certain share administration agencies approved by the competent authority, a proxy may not represent more than 3% of total voting rights when representing two or more shareholders at a time. Voting rights that

exceed this threshold shall be excluded.

Article 13 Shareholders shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, Paragraph 2 of the Company Act.

When the Company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means (in accordance with the provisions of Article 177-1, Paragraph 1 of the Company Act regarding companies that shall adopt electronic voting: When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence). When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extempore motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extempore motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company at least 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, at least 2 days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the resolution of a proposal shall require an affirmative majority of the

voting rights represented by attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders.

A proposal shall be deemed as passed after the chair has inquired all attending shareholders and no shareholders have voiced an objection. The results shall have the same validity as voting. If there are any objections, a vote shall be called in accordance with regulations in the preceding paragraph for the decision. With the exception of proposals listed on the agenda, other proposals submitted by shareholders or the amended or alternative versions of the original proposal shall require endorsement of other shareholders. The shares represented by the person submitting the proposal and the shareholders that endorsed the proposal is required to exceed one percent (1%) of all voting rights of issued shares.

In case there are any amendments or alternative solutions for the same proposal, the chair shall combine these amendments/alternative solutions with the original proposal and decide their priority for voting. In case one of these cases has already been resolved, the other cases shall be considered rejected. No further voting shall be required.

The chair shall appoint personnel to monitor or count the votes. The individuals monitoring the votes, however, shall be the shareholders of the Company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14 The election of Directors or Supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as Directors and Supervisors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. However, if a shareholder makes a litigious claim against the Company according to Article 189 of the Company Act, the abovementioned documents must be retained until the end of the litigation.

Article 15 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.

A proposal passed via the resolution method in the preceding paragraph shall be recorded as "passed unanimously after the chair inquires the all shareholders in attendance" after the chair has inquired all attending shareholders and no shareholders have voiced an objection; however, if a shareholder voiced an objection to the proposal, the method of voting, the approval voting rights, and the voting rights ratio shall be recorded.

Article 16 On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting. If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through

any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extempore motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue. A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19 These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

(Appendix 6)**Brogent Technologies Inc.****Shareholding Status of Directors and Supervisors**

1) The Company's paid-in capital is NT\$530,927,720, a total number of 53,092,772 shares have been issued.

2) According to Article 26 of the Securities and Exchange Act, the total amount of shares held by the entire body of Directors or Supervisors shall not be less than the following number of shares:

- Amount of shares legally required to be held by all Directors (10%): 4,247,422 shares.
- Amount of shares legally required to be held by all Supervisors (1 %): 424,743shares.

According to Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies," if a public company has elected two or more Independent Directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all Directors and Supervisors other than the Independent Directors and shall be decreased by 20 percent.

3) The shares held by individual shareholders, all Directors and Supervisors as of the book closure date of this shareholders meeting (March 31, 2019) are shown in the table below.

The number of shares has reached the amount required by the Securities and Exchange Act.

Title	Name	Date elected	Term (Year)	Number of shares held as recorded in the List of Shareholders on the book closure date	
				Shares	Percentage of currently issued shares
Chairperson	Chung-Ming Huang	2017.05.31	3	2,857,984	5.38
Director	Chih-Hung Ouyang	2017.05.31	3	3,625,897	6.83
Director	Chin-Huo Huang	2017.05.31	3	1,094,707	2.06
Director	Chun-Hao Cheng	2017.05.31	3	150,937	0.28
Director	Chih-Chuan Chen, representative of Changchun Investment Co., Ltd.	2017.05.31	3	2,047,878	3.86
Independent	Chin-Wen Chuang	2017.05.31	3	0	0

Director					
Independent Director	Shun-Jen Cheng	2017.05.31	3	0	0
Shareholdings of all directors				9,777,403	18.41
Supervisor	Yi-Hsiang Huang	2017.05.31	3	0	0
Supervisor	Yung-Liang Huang	2017.05.31	3	1,260,559	2.37
Supervisor	Gen-Huang Lin	2017.05.31	3	0	0
Shareholdings of all supervisors				1,260,559	2.37