

Stock code: 6187



All Ring Tech Co., Ltd.

All Ring Tech Co., Ltd.

2020 Annual Shareholders' Meeting

Handbook

June 10, 2020

All Ring Tech Co., Ltd.
2020 Annual Shareholders' Meeting Handbook

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All Ring Tech Co., Ltd.
2020 Annual Shareholders' Meeting Agenda

- I. Call Meeting to Order**
- II. Chairman's Address**
- III. Guest Speaker's Address**
- IV. Report Items**
- V. Proposed Items**
- VI. Discussions**
- VII. Elections**
- VIII. Other Proposals**
- IX. Extraordinary Motions**
- X. Adjournment**

All Ring Tech Co., Ltd.
2020 Annual Shareholders' Meeting Agenda

- I. Time: 9:00 a.m., June 10 (Wednesday), 2020**
- II. Location: No. 23, Luke 5th Rd., Luzhu Dist., Kaohsiung City 821, Taiwan (R.O.C.)
(Southern Taiwan Science Park - Kaohsiung Campus)**
- III. Call Meeting to Order**
- IV. Chairman's Address**
- V. Guest Speaker's Address**
- VI. Report Items**
 - (I). 2019 Business Report**
 - (II). 2019 Audit Committee's Review Report**
 - (III). Report of the 2019 Compensation Distribution of Directors and Employees**
 - (IV). Report of Status of Treasury Stock Redemption**
 - (V). Report of Endorsements/Guarantees**
 - (VI). Report of the Investments in Mainland China**
 - (VII). Amendment to the company's Rules of Procedure for Board of Directors' Meetings**
 - (VIII). Amendments to the company's Ethical Corporate Management Best Practice Principles.**
 - (IX). Amend the company's "Code of Ethical Conduct"**
 - (X). Amendment to the company's "Corporate Governance Best Practice Principles".**
- VII. Proposed Items**
 - (I) To Approve the 2019 Annual Financial Report**
 - (II) To Approve the Proposal for 2019 Earnings Distribution**
- VIII. Discussions:**
 - (I) Cash dividend distribution through capital surplus**
 - (II) Amendments to the company's "Articles of Incorporation"**
 - (III) Amendments to the company's Procedures for Acquisition or Disposal of Assets**
 - (IV) Amendments to the company's "Operating Procedures for Loaning of Funds to Others"**
 - (V) Amendments to the company's "Operating Procedures for Endorsements/Guarantees"**
 - (VI) Amendment to the company's Directors and Supervisors Election Guidelines".**
 - (VII) Amendments to the Rules of Procedures for Shareholders' Meetings**

IX. Election items:

Re-elected the Chairman of the Board.

X. Other Proposals:

To lift the restrictions on non-competition in Article 209 of the Company Act on all directors and their representatives.

XI. Extempore Motions:

XII. Adjournment

[Report Items]

(I) 2019 Annual Business Report

For the company's 2019 Annual Business report, please refer to Attachment 1 (page 59).

(II) 2019 Audit Committee's Review Report

All Ring Tech Co., Ltd.

Supervisors' Review Report

Approval for

The Board of Directors has prepared the company's 2019 Annual Business Report, Financial Statements, Consolidated Financial Statements, and profits distribution proposal, etc., which were reviewed and confirmed by the Supervisors that there was no discrepancy.

According to Article 219 of the Company Act, we hereby submit this report and kindly request for approval.

To

The Company's 2020 shareholders' meeting

ALL RING TECH Co., LTD.

Supervisor: Hong-Ren Lin

Kuo-Chen Wu

Ching-Hsu Tsai

February 26, 2020

(III) Report of the 2019 Compensation Distribution of Directors and Employees

Note: the company will pay NT\$1,921,804 for directors and supervisors and NT\$7,289,600 for employees based on the profit situation in 2019 (in cash), no difference from the recognized expenses in 2019.

(IV) Report of Status of Treasury Stock Redemption

Notes:1. According to the provisions of Article 28-2 of the Securities and Exchange Act and the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies, the status of treasury stock repurchase is as follows:

The Table of Repurchase of the Company's Shares

May 6, 2020

| | |
|---|---|
| Numbering of repurchase | 9th meeting |
| Purpose of repurchase | Transferred to Employees |
| Buyback period | March 19, 2020 to May 17, 2020 |
| Results of share repurchase | Still under implementation |
| Price range of buyback | NT\$21~60 |
| Repurchased share type and amount | Common stock of 1,580,000 shares |
| Repurchased share value | NT\$53,850,127 元 |
| Canceled and transferred share amount | 0 shares |
| Accumulated number of share held | 1,580,000 shares |
| Accumulated number of share held to total number of share issued (%) | 1.90% |

2.Measures for the First Time Share Repurchase and Transfer to Employees in 2020,please refer to Appendix 7 (page 134).

(V) Report of Endorsements/Guarantees

Notes: In compliance with the company's Operating Procedures for

Endorsements/Guarantees, the total amount of endorsement provided by the company shall not exceed 40% of its current net worth. The endorsement provided for any single entity shall not exceed 20% of the company's current net worth. For any single entity in business with the company, the endorsement should not exceed the total amount of transactions with the company in the most recent year(the purchase or sales amount between the two parties, whichever is higher). Net worth as specified in the most recent financial statements attested or reviewed by CPAs shall prevail.

Unit: NT\$ thousand; December 31, 2019

| Targets | Endorsement/Guarantee amount | Endorsement/Guarantee Limit for a Single Enterprise | Maximum Endorsement/Guarantee Limit |
|-------------------------------|-------------------------------------|--|--|
| UniRing Tech Co., Ltd. | 50,000 | 337,694 | 675,388 |

(VI) Report of the Investment in Mainland China

The company's investment amount in mainland China and remittance amount to mainland China approved by the Investment Commission of the Ministry of Economic Affairs are as follows:

Unit: USD; December 31, 2019

| Name | Accumulated amount of investment remitted out of China at the end of this period | Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) |
|---------------------------------------|---|---|
| All Ring Tech Co., Ltd. | 7,550,714 | 18,703,961 |
| Bai Fu International Co., Ltd. | 2,000,000 | |

(VII) Amendment to the Company’s Rules of Procedure for Board of Directors’ Meetings

Note: in order to be in with the provisions of the Securities and Exchange Act to set up an Audit Committee and delete the relevant provisions of the supervisors, it is proposed to amend some provisions of these Rules, and the comparison table for the amendment is as follows:

| Article | Revised Article | Current Article | Explanation |
|-------------------|--|---|---|
| Article 3 | <p>Directors' meetings shall be convened quarterly. The reasons for calling a Board meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice. The Company shall notify the directors of a directors' meeting in writing, or by e-mail or fax, with the consent of the addressees.</p> | <p>Directors' meetings shall be convened quarterly. Reasons for convening a directors' meeting shall be notified to directors and supervisors 7 days in advance. In the event of emergency, a meeting may be convened at any time. The Company shall notify the directors and the supervisors of a directors' meeting in writing, or by e-mail or fax, with the consent of the addressees.</p> | In response to the establishment of the Audit Committee |
| Article 7 | <p>Chairman of the Board shall convene directors' meetings and preside. But for the first Board of Directors of each term, the following is omitted..... Where the board of directors is convened by more than half of the directors (including when the first board of directors of each term is convened by more than half of the directors elected by themselves), the directors shall elect one person to act as chairman.</p> | <p>Chairman of the Board shall convene directors' meetings and preside. But for the first Board of Directors of each term, the following is omitted.....</p> | This article is amended in line with the regulations |
| Article 15 | <p>The following directors or corporates of other representatives shall abstain during the deliberation of the matters listed below. They shall have the right to provide opinions and answer to the inquiry, but shall not be allowed to join the discussion and vote. They shall abstain during the discussion and ballot, and shall not represent other directors to exercise their voting rights : I. Omitted</p> | <p>The following directors or corporates of other representatives shall abstain during the deliberation of the matters listed below. They shall have the right to provide opinions and answer to the inquiry, but shall not be allowed to join the discussion and vote. They shall abstain during the discussion and ballot, and shall not represent other directors to exercise their voting rights : I. Omitted</p> | This article is amended in line with the regulations |

| Article | Revised Article | Current Article | Explanation |
|------------|---|---|---|
| | <p>II. Omitted III. Omitted IV. Where the spouse, a relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the board of directors, the director shall be deemed to have a personal interest in the matter. The resolution by the Board of Directors shall apply to directors who are not permitted to exercise their voting rights in accordance with Paragraph 3, Article 206 of the Company Act, under which the provisions of Paragraph 2, Article 180 shall apply mutatis mutandis.</p> | <p>II. Omitted III. Omitted The resolution by the Board of Directors shall apply to directors who are not permitted to exercise their voting rights in accordance with Paragraph 3, Article 206 of the Company Act, under which the provisions of Paragraph 2, Article 180 shall apply mutatis mutandis.</p> | |
| Article 16 | <p>Proceedings of the Board of Directors shall be recorded in the meeting minutes. The minutes shall detail the following matters: the following is omitted..... The minutes of a Board meeting shall bear the signature or seal of both the meeting chair and the minute taker; a copy of the minutes shall be distributed to each director within 20 days after the meeting, the minutes shall be properly kept indefinitely as important records by the Company. The preparation and distribution of the minutes shall be done by means of public announcement. In addition, the check-in book of a directors' meeting is considered part of the minutes and shall be kept permanently.</p> | <p>Proceedings of the Board of Directors shall be recorded in the meeting minutes. The minutes shall detail the following matters: the following is omitted..... The minutes of the proceedings shall be signed or sealed by the chair of the meeting and the meeting secretary, and shall be distributed to all directors and supervisors within 20 days after the meeting. The minutes shall be properly kept indefinitely as important records by the Company. The preparation and distribution of the minutes shall be done by means of public announcement. In addition, the check-in book of a directors' meeting is considered part of the minutes and shall be kept permanently.</p> | In response to the establishment of the Audit Committee |
| Article 19 | The establishment and revision of the procedures of the Rules shall be approved by the Board of | The establishment and revision of the procedures of the Rules shall be approved by the Board | Addition of revision date |

| Article | Revised Article | Current Article | Explanation |
|---------|--|--|-------------|
| | <p>Directors. The Board of Directors revised it for the first time on December 29, 2006. The Board of Directors revised it for the second time on March 14, 2008 . The Board of Directors revised it for the third time on February 20, 2012 . The Board of Directors revised it for the fourth time on December 25, 2012 The Board of Directors revised it for the fifth time on August 7, 2017 The Board of Directors revised it for the sixth time on February 26, 2020.</p> | <p>of Directors. The Board of Directors revised it for the first time on December 29, 2006. The Board of Directors revised it for the second time on March 14, 2008 . The Board of Directors revised it for the third time on February 20, 2012 . The Board of Directors revised it for the fourth time on December 25, 2012 The Board of Directors revised it for the fifth time on August 7, 2017</p> | |

(VIII) The company’s “Ethical Corporate Management Best Practice Principles” was revised.

Note: in order to be in with the provisions of the Securities and Exchange Act to set up an Audit Committee and delete the relevant provisions of supervisors, it is proposed to amend some provisions of these Principles, and the comparison table for the amendment is as follows:

| Article | Revised Article | Current Article | Explanation |
|-------------------|---|--|--|
| Article 2 | <p>(Prohibition against Unethical Acts) In the course of engaging in business activities, the company and its directors, managers, employees, appointees and substantial controllers, the following is omitted..... Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, managerial officers, employees or substantial controllers or other stakeholders.</p> | <p>(Prohibition against Unethical Acts) In the course of conducting business activities, the company and its directors, supervisors, managers, employees, appointees and substantial controllers, the following is omitted..... Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managerial officers, employees or substantial controllers or other stakeholders.</p> | In response to the establishment of the Audit Committee |
| Article 10 | <p>(Prohibition of Offering and Accepting Bribes) When conducting business, the Company and its directors, managers, employees, retained entities, and those under substantial control, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.</p> | <p>(Prohibition of Offering and Accepting Bribes) When conducting business, the Company and its directors, supervisors, managers, employees, retained entities, and those under substantial control, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.</p> | In response to the establishment of the Audit Committee |
| Article 12 | <p>(Prohibition of Unlawful Donations and Sponsorship) When making or offering donations and sponsorship, the Company and its directors, managers, employees, retained entities, and those under substantial control shall comply</p> | <p>(Prohibition of Unlawful Donations and Sponsorship) When making or offering donations and sponsorship, the Company and its directors, supervisors, managers, employees, retained entities, and those under substantial control</p> | In response to the establishment of the Audit Committee |

| Article | Revised Article | Current Article | Explanation |
|------------|---|---|---|
| | with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery. | shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery. | |
| Article 13 | (Prohibition of Unreasonable Presents, Hospitality or Other Improper Benefits) The Company and its directors, managers, employees, retained entities, and those under substantial control shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationships or influence commercial transactions. | (Prohibition of Unreasonable Presents, Hospitality or Other Improper Benefits) The Company and its directors, supervisors, managers, employees, retained entities, and those under substantial control shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationships or influence commercial transactions. | In response to the establishment of the Audit Committee |
| Article 14 | (Prohibition of Infringing Intellectual Property) The Company, directors, managerial officers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property; they may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder. | (Prohibition of Infringing Intellectual Property) The Company and its directors, supervisors, managers, employees, retained entities, and those under substantial control shall observe applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder. | In response to the establishment of the Audit Committee |
| Article 16 | (Prevention of Products or Services Damaging Stakeholders) The company and its directors, managers, employees, appointees and substantial controllers in the R&D, procurement, manufacturing, supply or sale of products and services, the following is omitted..... | (Prevention of Products or Services Damaging Stakeholders) The company and its directors, supervisors, managers, employees, appointees and substantial controllers in the R&D, procurement, manufacturing, supply or sale of products and services, the following is omitted..... | In response to the establishment of the Audit Committee |
| Article | (Organization and responsibility) | (Organization and responsibility) | In response |

| Article | Revised Article | Current Article | Explanation |
|------------|---|---|---|
| 17 | <p>The directors, managers, employees, retained entities, and those under substantial control of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies: the following is omitted.....</p> <p>7. To make and properly keep documented information about the ethical management policy and its compliance statement, implement commitment and implementation.</p> | <p>The directors, supervisors, managers, employees, retained entities, and those under substantial control of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies: the following is omitted.....</p> | to the establishment of the Audit Committee |
| Article 18 | <p>(Compliance of business implementation)</p> <p>The Company's Directors, managers, employees, retained entities, and those under substantial control shall comply with laws and regulations and the prevention programs when conducting business.</p> | <p>(Compliance of business implementation)</p> <p>The Company's Directors, supervisors, managers, employees, retained entities, and those under substantial control shall comply with laws and regulations and the prevention programs when conducting business.</p> | In response to the establishment of the Audit Committee |
| Article 19 | <p>(Recusal of interest)</p> <p>The company shall establish a policy to prevent conflicts of interest, so as to identify, supervise and manage the risk of unethical conduct caused by conflicts of interest, the following is omitted.....</p> <p>Directors, managers and other interested persons attending or present at the meeting of the board of directors of the company, the following is omitted.....</p> | <p>(Recusal of interest)</p> <p>The company shall establish a policy to prevent conflicts of interest, so as to identify, supervise and manage the risk of unethical conduct caused by conflicts of interest, the following is omitted.....</p> <p>For the proposals listed on the board of directors, the directors, managers and other interested persons attending or present at the meeting of board of directors of the company, the following is omitted.....</p> | This article is amended in line with the regulations |
| Article 19 | The directors, managers, employees, retained entities, and those under substantial control | The directors, supervisors, managers, employees, retained entities, and those under | This article is amended in line with the |

| Article | Revised Article | Current Article | Explanation |
|------------|--|---|---|
| | shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person. | substantial control shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person. | regulations |
| Article 22 | (Training and Appraisal) The chairperson, general manager, or senior manager of the Company shall communicate the importance of corporate ethics to directors, employees, and mandataries on a regular basis. The company shall organize or encourage directors, managers, employees, appointees and substantial controllers to participate in education, training and publicity related to ethical operation, the following is omitted..... | (Training and Appraisal) The chairperson, general manager, or senior manager of the Company shall communicate the importance of corporate ethics to directors, employees, and mandataries on a regular basis. The company shall organize or encourage directors, supervisors, managers, employees, appointees and substantial controllers to participate in education, training and publicity related to ethical operation, the following is omitted..... | In response to the establishment of the Audit Committee |
| Article 23 | (Whistle-blowing system) The Company shall establish and implement a solid reporting system, which shall cover at least the following matters: I. Omitted II. The dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior management shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted. III. Omitted IV. Omitted V. Omitted VI. Omitted VII. Omitted If a serious violation is found or the Company is in danger of severe losses, the Company | (Whistle-blowing system) The Company shall establish and implement a solid reporting system, which shall cover at least the following matters: I. Omitted II. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow company insiders and outsiders to submit reports. III. Omitted IV. Omitted V. Omitted VI. Omitted VII. Omitted When material violations or concerns involving material impairment to Company come to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall | In response to the establishment of the Audit Committee |

| Article | Revised Article | Current Article | Explanation |
|------------|---|--|---|
| | personnel or unit responsible for accepting the case shall immediately notify the independent directors in a written report. | immediately prepare a report and notify the independent directors or supervisors in writing. | |
| Article 26 | (Review and improvement in ethical corporate management policies and measures) The Company shall, at all times, monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, supervisors, managers, and employees to make suggestions based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management. | (Review and improvement in ethical corporate management policies and measures) The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management. | In response to the establishment of the Audit Committee |
| Article 27 | (Implementation) The Ethical Corporate Management Principle of the company shall be implemented after it is approved by the Board of Directors, and the same shall apply when it is amended. When submitting the Ethical Corporate Management Principles to the Board of Directors for discussion in accordance with the preceding provision, the company shall fully review the opinions of each independent director, the following is omitted..... | (Implementation) The Ethical Corporate Management Principle of the company shall be implemented after it is approved by the Board of Directors, and the same shall apply when it is amended. When submitting the Ethical Corporate Management Principles to the Board of Directors for discussion in accordance with the preceding provision, the company shall fully review the opinions of each independent director, the following is omitted..... The Company has established an audit committee, the provisions regarding supervisors in these Principles shall apply mutatis mutandis to the audit committee. | In response to the establishment of the Audit Committee |
| Article 28 | (Enactment and amendment) These Principles have come into effect upon the adoption of the resolution of the Board of | (Enactment and amendment) These Principles have come into effect upon the adoption of the resolution of the Board of | Addition of revision date |

| Article | Revised Article | Current Article | Explanation |
|---------|---|---|-------------|
| | <p>Directors on November 9, 2015. The first amendment was made on June 13, 2019. The second amendment was made on February 26, 2020.</p> | <p>Directors on November 9, 2015. The first amendment was made on June 13, 2019.</p> | |

(IX) Amend the company's "Code of Ethical Conduct"

Note: in order to be in line with the provisions of the Securities and Exchange Act to set up an audit committee and delete the relevant provisions of supervisors, it is proposed to amend some provisions of this Code, and the amendment comparison table is as follows:

| Article | Revised Article | Current Article | Explanation |
|------------------|---|--|---|
| Article 1 | <p>Purpose of and basis for adoption In order to guide the conduct of directors and managers of the company (including President and equivalent level, Vice President and equivalent level, Associate Manager and equivalent level, head of Financial Department, head of Accounting Department, and other persons who have the right to manage affairs and sign for the company) to comply with the ethical standards, and to make the stakeholders of the company better understand the ethical standards of the company, this Code is hereby formulated to be followed.</p> | <p>Purpose of and basis for adoption To guide the conduct of directors, supervisors and managers of the company (including the President and equivalent level, Vice President and equivalent level, Associate Manager and equivalent level, head of Financial Department, head of Accounting Department, and other persons who have the right to manage the company's affairs and sign their names) to comply with the ethical standards, and to make the stakeholders of the company better understand the ethical standards of the company, this Code is hereby formulated to be followed.</p> | <p>In response to the establishment of the Audit Committee</p> |
| Article 2 | <p>Contents of Code of Ethical Conduct In case of any of the following events, the relevant units shall submit it to the Chairman and the President for signature and approval. In case of serious circumstances, it shall submit it to the Board of Directors for resolution. I. Prevention of conflicts of interest: In order to prevent directors or managers of the company from being unable to handle their official business in an objective and efficient manner, the following is omitted..... When the directors or managers of the company make decisions that conflict with the interests of the company, the following is</p> | <p>Contents of Code of Ethical Conduct In case of any of the following events, the relevant units shall submit it to the Chairman and the President for signature and approval. In case of serious circumstances, it shall submit it to the Board of Directors for resolution. I. Prevention of conflicts of interest: In order to prevent the directors, supervisors or managers of the company from being able to handle their official duties in an objective and efficient manner, the following is omitted..... When a director, supervisor or manager of the company makes a decision that conflicts with the interests of the company, the</p> | <p>In response to the establishment of the Audit Committee</p> |

| Article | Revised Article | Current Article | Explanation |
|-----------|---|--|---|
| | <p>omitted.....</p> <p>II. Minimizing incentives to pursue personal gain: The company shall avoid the following matters for the directors or managers: (1) the opportunity for personal gain through the use of the company's property, information or by virtue of their position; (2) is omitted, (3) competition with the company. When the Company has an opportunity for profit, it is the responsibility of the directors and managers to maximize the reasonable and proper benefits that can be obtained by the Company.</p> <p>III. Confidentiality: The directors or managers of the company with regard to the information of the company itself or customers of its purchase (sales), the following is omitted.....</p> | <p>following is omitted.....</p> <p>II. Minimizing incentives to pursue personal gain: The company shall refrain directors, supervisors or managers from the following matters: (1) the opportunity to profit through the use of company's property, information or by virtue of their positions; (2) omitted (3) competition with the company. When the Company has an opportunity to profit, the Directors, Supervisors or managers shall be responsible for increasing the legitimate profits and interests of the Company therein.</p> <p>III. Confidentiality: The directors, supervisors or managers of the company with regard to the information of the company itself or customers of its purchase (sales), the following is omitted.....</p> | |
| Article 2 | <p>IV. Fair trade: The directors or managers of the company shall treat the company's customers for purchase (sales), competitors and employees fairly, the following is omitted.....</p> <p>(V) Protection and proper use of company assets: Each of the directors or managers of the company is responsible for the protection of the company's assets, the following is omitted.....</p> <p>VI. Omitted (7) Encouraging reporting on illegal or unethical activities: The Company shall strengthen the ethical concepts of and encourage employees to report any suspicions or discoveries of violations of law or the ethical code of conduct, and report same to managers, internal audit</p> | <p>IV. Fair trade: The directors, supervisors or managers of the company shall treat the company's customers of purchase (sales), competitors and employees fairly, the following is omitted.....</p> <p>(V) Protection and proper use of company assets: The directors, supervisors or managers of the company are all responsible for protecting the assets of the company. The following is omitted.</p> <p>VI. Omitted (7) Encouraging reporting on illegal or unethical activities: The Company shall strengthen the ethical concepts of and encourage employees to report any suspicions or discoveries of violations of law or the ethical code of conduct, and report same</p> | In response to the establishment of the Audit Committee |

| Article | Revised Article | Current Article | Explanation |
|-----------|---|---|---|
| | <p>supervisor, or other appropriate personnel. The following is omitted.</p> <p>VIII. Disciplinary measures: In the event that a director or manager of the company violates the Code of Ethical Conduct, the following is omitted...</p> | <p>to the supervisors, managers, internal audit supervisor, or other appropriate personnel. The following is omitted.</p> <p>VIII. Disciplinary measures: Where any director, supervisor or manager of the company violates the Code of Ethical Conduct, the following is omitted...</p> | |
| Article 3 | <p>Exemption procedures When an exemption is applicable, the exemption of director or manager shall comply with the company's Code of Ethical Conduct, which shall be approved by the resolution of the Board of Directors, the following is omitted.....</p> | <p>Exemption procedures Where an exemption is applicable, the exemption of a director, supervisor or manager from complying with the company's Code of Ethical Conduct shall be approved by a resolution of the board of directors, the following is omitted...</p> | <p>In response to the establishment of the Audit Committee</p> |
| Article 5 | <p>Enactment and amendment The Code of Ethical Conduct of the company have come into force after it was adopted by the Board of Directors on March 19, 2005. The first amendment: November 9, 2015. The second amendment: February 26, 2020.</p> | <p>Enactment and amendment The Code of Ethical Conduct of the company have come into force after it was adopted by the Board of Directors on March 19, 2005. The first amendment: November 9, 2015.</p> | <p>In response to the establishment of the Audit Committee</p> |

(X) The amendment to the company’s “Corporate Governance Best Practice Principles”.

Note: in order to be in line with the provisions of the Securities and Exchange Act to set up an Audit Committee and delete the relevant provisions of supervisors, it is proposed to amend some provisions of these Principles, with the amendment comparison as follows:

| Article | Revised Article | Current Article | Explanation |
|--------------------|---|--|--|
| Article 3 | The company shall consider the overall operation activities of the company and its subsidiaries in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies, the following is omitted... Directors shall hold meetings with audit personnel to discuss internal control system defects and keep records every year. The Company is advised to establish channels and mechanisms of communication among its Independent Directors, Audit Committee, and Chief Auditor; while the convener of the Audit Committee shall report its communication with the Audit Committee and Chief Auditor at the Shareholders' Meeting. The following is omitted. | The company shall consider the overall operation activities of the company and its subsidiaries in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies, the following is omitted. Directors shall hold meetings with audit personnel to discuss internal control system defects and keep records every year. The Company is advised to establish channels and mechanisms of communication among Independent Directors, Audit Committee members or Supervisors, and Chief Internal Auditor, and the Convener of the Audit Committee or Supervisors shall report their communication with the Independent Directors and Chief Internal Auditors at the Shareholders' Meeting. The following is omitted. | In response to the establishment of the Audit Committee |
| Article 3-1 | A listed and OTC company shall, in accordance with the company's size, business situation and management needs, allocate competent and appropriate number of corporate governance personnel, and designate a head of corporate governance as the highest supervisor in charge of corporate governance related affairs, who shall obtain the qualification of a lawyer or accountant or engage in legal affairs, compliance, internal audit, finance, stock affairs or corporate governance related affairs units in securities, | A listed and OTC company shall, in accordance with the company's size, business situation and management needs, allocate competent and appropriate number of corporate governance personnel, and designate a head of corporate governance as the highest supervisor in charge of corporate governance related affairs, who shall obtain the qualification of a lawyer or accountant or engage in legal affairs, finance, stock affairs or corporate governance related affairs units in securities, financial, futures related | In response to the establishment of the Audit Committee |

| Article | Revised Article | Current Article | Explanation |
|-----------|---|--|---|
| | <p>financial, futures related institutions or public companies with at least three years' experience in the position of supervisor.</p> <p>The corporate governance affairs as mentioned in the preceding paragraph are advised to include at least the following items:</p> <p>I. Omitted</p> <p>II. Omitted</p> <p>3. Assisting in the onboarding and continuous training of Directors.</p> <p>4. Providing Directors with information required for business execution and compliance with laws and regulations.</p> <p>V. Omitted</p> | <p>institutions or public companies with at least three years' experience in the position of supervisor.</p> <p>The corporate governance affairs as mentioned in the preceding paragraph are advised to include at least the following items:</p> <p>I. Omitted</p> <p>II. Omitted</p> <p>3. Assisting in onboarding and continuous development of Directors and Supervisors.</p> <p>IV. Furnishing information required for business execution by Directors and Supervisors and compliance with laws and regulations.</p> <p>V. Omitted</p> | |
| Article 6 | <p>The Board of Directors of the company shall properly arrange the topics and procedures of the shareholders' meeting, and properly handle the proposals put forward by the shareholders according to law; the meeting of the shareholders' meeting shall arrange convenient meeting place, reserve sufficient time and assign appropriate and competent personnel to handle the registration procedures, the following is omitted...</p> <p>For a Shareholders' Meeting convened by the Board of Directors, it is advised that the Chairman chairs the meeting, that a majority of Directors (including at least one Independent Director) and the convener of the Audit Committee attend the meeting in person, and that at least one member of other functional</p> | <p>The Board of Directors of the company shall properly arrange the topics and procedures of the shareholders' meeting, and properly handle the proposals put forward by the shareholders according to law; the meeting of the shareholders' meeting shall arrange convenient meeting place, reserve sufficient time and assign appropriate and competent personnel to handle the registration procedures, as follows.</p> <p>For a shareholders' meeting called by the Board of Directors, it is advisable that the chairman of the Board chair the meeting, that a majority of the directors (including at least one independent director) and at least one supervisor attend in person, and that at least one</p> | In response to the establishment of the Audit Committee |

| Article | Revised Article | Current Article | Explanation |
|------------|---|--|---|
| | committees attend the meeting as a representative. Attendance details shall be recorded in the minutes of the Shareholders' Meeting. | member of each functional committee attend as representative. Attendance details shall be recorded in the shareholders meeting minutes. | |
| Article 7 | <p>The Company is advised to engage a professional shareholder services agent to handle Shareholders' Meeting affairs, so that Shareholders' Meetings can proceed in a legal, effective, and secure manner. The following is omitted.</p> <p>The company is advised to avoid the amendment of the temporary motion and the original motion proposed by the shareholders' meeting. The following is omitted.</p> | <p>The Company is advised to engage a professional shareholder services agent to handle Shareholders' Meeting affairs, so that Shareholders' Meetings can proceed in a legal, effective, and secure manner. The following is omitted.</p> <p>The Company is advised to avoid raising extraordinary motions and amendments to original proposals at a Shareholders' Meeting, and is advised to adopt a candidate nomination system for the election of Directors and Supervisors. The following is omitted.</p> | In response to the establishment of the Audit Committee |
| Article 10 | <p>The company shall attach importance to the right of shareholders to know, and indeed abide by the relevant provisions of information disclosure, the following is omitted.</p> <p>The regulations referred to in the preceding paragraph should include the measures for controlling the trading of stocks by the insiders of listed and OTC companies from the date when they learn the financial report or relevant performance contents of the company.</p> | <p>The company shall attach importance to the right of shareholders to know, and indeed abide by the relevant provisions of information disclosure, the following is omitted.</p> | This article is amended in line with the regulations |
| Article 11 | Shareholders shall be entitled to profit distributions of the Company's profits. In order to ensure the investment rights and | Shareholders shall be entitled to profit distributions of the Company's profits. In order to protect shareholders' investment | In response to the establishment |

| Article | Revised Article | Current Article | Explanation |
|-------------------|--|---|--|
| | <p>interests of shareholders, the Board of shareholders may, in accordance with the provisions of Article 184 of the Company Act, examine the lists made by the Board of Directors and the reports of the audit committee, and decide on the allocation of surplus or deficiency. The Shareholders' Meeting may appoint an inspector when conducting the abovementioned examination. In accordance with Article 245 of the Company Act, shareholders may apply to the court for the appointment of an inspector to examine the accounting records, assets, specific matters, documents and records of specific transaction of the Company. The Board of Directors, the audit committee and the managers of the Company shall fully cooperate with the inspectors in the preceding two paragraphs and shall not obstruct, refuse or evade the inspectors.</p> | <p>interests, the Shareholders' Meeting may examine statements prepared by the Board of Directors in accordance with Article 184 of the Company Act, and may decide profit distribution or deficit off-setting plans by resolution. The Shareholders' Meeting may appoint an inspector when conducting the abovementioned examination. In accordance with Article 245 of the Company Act, shareholders may apply to the court for the appointment of an inspector to examine the accounting records, assets, specific matters, documents and records of specific transaction of the Company. The Company's Board of Directors and management shall fully cooperate in the examination conducted by the inspector in the preceding two paragraphs without any obstruction, rejection or circumvention.</p> | <p>of the Audit Committee</p> |
| <p>Article 19</p> | <p>The corporate shareholders who have the ability of control over the company shall comply with the following matters: 1. Omitted 2. Omitted 3. Omitted 4. Omitted 5. Omitted 6. The legal representative designated when a corporate shareholder has been elected a Director shall meet the Company's requirements for professional qualifications. It is inappropriate for a corporate shareholder to arbitrarily replace its legal representative.</p> | <p>The corporate shareholders who have the ability of control over the company shall comply with the following matters: 1. Omitted 2. Omitted 3. Omitted 4. Omitted 5. Omitted 6. The legal representative designated when a corporate shareholder has been elected as a Director or a Supervisor shall meet the Company's requirements for professional qualifications. It is inappropriate for a corporate shareholder to arbitrarily replace its legal representative.</p> | <p>In response to the establishment of the Audit Committee</p> |
| <p>Article</p> | <p>The Company is advised to</p> | <p>The Company is advised to</p> | <p>This article is</p> |

| Article | Revised Article | Current Article | Explanation |
|------------|--|---|--|
| 22 | specify in its Articles of Incorporation that it adopts the candidate nomination system for elections of Directors, carefully review the qualifications of a nominated candidate and the existence of any other matters set forth in Article 30 of the Company Act, and act in accordance with Article 192-1 of the Company Act. The following is omitted. | specify in its Articles of Incorporation that it adopts the candidate nomination system for elections of Directors, carefully review the qualifications of a nominated candidate and the existence of any other matters set forth in Article 30 of the Company Act, and act in accordance with Article 192-1 of the Company Act. The following is omitted. | amended in line with the regulations |
| Article 23 | Clear distinctions shall be drawn between the responsibilities and duties of the Chairman and the President of the Company. It is inappropriate for the Chairman to also act as the General Manager or other equivalent position (highest managerial position). The following is omitted. | Clear distinctions shall be drawn between the responsibilities and duties of the Chairman and the President of the Company. It is inappropriate for the Chairman to also act as the General Manager or other equivalent position (highest managerial position). If the Chairman also acts as the General Manager or other equivalent position (highest managerial position) or the Chairman and General Manager or other equivalent position (highest managerial position) are spouses or relatives within first degree of kinship, it is advisable that the number of Independent Directors be increased and there be a majority of the members of the Board of Directors who are not employees or managers. The following is omitted. | This article is amended in line with the regulations |
| Article 28 | The Audit Committee shall be composed of the entire number of Independent Directors, and may not comprise less than | | |

| Article | Revised Article | Current Article | Explanation |
|------------|---|--|--|
| | <p>three members, one of whom shall be the convener, and at least one of whom shall specialize in accounting or finance.</p> <p>The exercise of power by the Audit Committee and independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees, and the rules and regulations of the TWSE or TPEX.</p> | | |
| Article 30 | <p>To improve the quality of its financial reports, the Company shall establish the position of deputy to its principal accounting officer. The following is omitted.</p> <p>The company shall select professional, responsible, and independent CPAs to audit the financial status and internal control of the company regularly. The Company shall properly review and improve the disclosure of abnormal or missing items timely discovered by the accountant during the audit process, and put forward specific suggestions for improvement or fraud prevention, and shall establish communication channels or mechanisms between the independent director or the audit committee and the certified public accountant, and establish internal procedures. The following is omitted.</p> | <p>To improve the quality of its financial reports, the Company shall establish the position of deputy to its principal accounting officer. The following is omitted.</p> <p>The company shall select professional, responsible, and independent CPAs to audit the financial status and internal control of the company regularly. The Company shall properly review and improve the disclosure of abnormal or missing items timely discovered by the accountant during the audit process, and put forward specific suggestions for improvement or fraud prevention, and shall establish communication channels or mechanisms between the independent director and the certified public accountant, and establish internal procedures. The following is omitted.</p> | <p>In response to the establishment of the Audit Committee</p> |

| Article | Revised Article | Current Article | Explanation |
|------------|---|--|--|
| Article 39 | <p>If the resolution of the Board Meeting has been in breach of the laws and regulations, and the company's Articles of Incorporation, and the shareholders holding shares for more than one year or independent directors request the Board of Directors to stay execution of resolution, the Board members shall handle it promptly or stay execution of relevant resolution. When the members of the Board of Directors find that the company is in danger of major damage, they shall immediately report to the Audit Committee or its independent directors.</p> | <p>If the resolution of the Board Meeting has been in breach of the laws and regulations, and the company's Articles of Incorporation, and the shareholders holding shares for more than one year or independent directors request the Board of Directors to stay execution of resolution, the Board members shall handle it promptly or stay execution of relevant resolution. When a member of the Board of Directors finds that the company is in danger of major damage, he shall comply with the provisions of the preceding paragraph.</p> | <p>In response to the establishment of the Audit Committee</p> |
| Article 41 | <p>In their new or current positions, members of the Board of Directors are suggested to continuously take refresher courses in finance, risk management, sales, business, accounting, law, corporate social responsibility and other related subjects organized by designated organizations for the implementation of the training program for directors of listed companies, and all levels of staff are required to enhance their professional and legal knowledge.</p> | <p>The Board members shall continue to attend the further study courses covering corporate governance held by the institutions specified by the promotion points of further study for directors and supervisors of the listed and OTC companies such as finance, risk management, business, commerce, accounting, legal or Corporate Social Responsibility at the beginning of or during their term of office, and shall instruct employees at all levels to enhance professional and legal knowledge.</p> | <p>In response to the establishment of the Audit Committee</p> |
| Article 50 | <p>The Company shall, in accordance with relevant laws and the regulations issued by the Taiwan Stock Exchange, disclose the year's information related to corporate governance and keep it</p> | <p>The Company shall, in accordance with relevant laws and the regulations issued by the Taiwan Stock Exchange, disclose the year's information related to corporate governance and keep it</p> | <p>In response to the establishment of the Audit Committee</p> |

| Article | Revised Article | Current Article | Explanation |
|--------------------------|---|--|---|
| | <p>updated (in case audit committee is set, the information of supervisor shall be not disclosed):</p> <ol style="list-style-type: none"> 1. Omitted. 2. Omitted. 3. The structure, responsibilities, professionalism and independence of the Board of Directors and Audit Committee. 4. the following is omitted... | <p>updated (in case audit committee is set, the information of supervisor shall be not disclosed):</p> <ol style="list-style-type: none"> 1. Omitted. 2. Omitted. 3. The structure of the Board of Directors, and professionalism and independence of the members. 4. the following is omitted... | |
| <p>Article 52</p> | <p>The new amendment to the code came into force on November 9, 2015 after it was approved by the Board of Directors. The same shall apply to the amendment.</p> <p>Second amendment made on November 3, 2016.</p> <p>Third amendment made on April 30 2019.</p> <p>Fourth amendment made on February 26 2020.</p> | <p>The new amendment to the code came into force on November 9, 2015 after it was approved by the Board of Directors. The same shall apply to the amendment.</p> <p>Second amendment made on November 3, 2016.</p> <p>Third amendment made on April 30 2019.</p> | <p>Addition of revision date</p> |

[Proposals]

Proposal 1 (Proposed by the Board of Directors)

To Approve the 2019 Annual Financial Report

Notes:

- 1. The company's 2019 Annual Financial Report, approved by the Board of Directors, was sent to the Supervisors for review. The financial report was verified by certified accountants Zi-Yi Lin and Zi-Meng Liu from PwC. The report is attached for approval.**
- 2. Please refer to Attachment 1 (page 59): Annual Business Report
Attachment II (Pages 60~83): Auditors' Report, 2019 Financial Report and
Consolidated Financial Report**

Resolution:

Proposal 2 (Proposed by the Board of Directors)

To Approve the Proposal for 2019 Earnings Distribution

Notes:

- 1. The company's 2019 earnings distribution was approved by the Board of Directors on February 26, 2020, and was reviewed by the Supervisors.**
- 2. The cash dividend of NT\$74,991,512 (NT\$0.90 per share as cash dividend) to be distributed to shareholders in the company's accumulated undistributed surplus in 2019, please refer to attachment III (page 84).**

Resolution:

[Discussions]

Proposal 1 (Proposed by the Board of Directors)

Proposal: Distribution of cash dividends from capital surplus.

Notes:

- 1. The company plans to issue a capital reserve of NT\$49,994,341 for common stock premium, which is to be distributed in accordance with the share ratio recorded in the shareholder's register on the benchmark date of dividend distribution, with NT\$0.60 per share.**
- 2. The Chairman shall be authorized to contact a specific person to handle the fractional amount of less than one NT dollar.**
- 3. The board of directors shall be authorized to fix the base date of cash distribution after it is approved by the shareholders' meeting. If this distribution proposal is amended by the competent authority or changes in the distribution ratio due to changes in the number of outstanding shares of the company, it is proposed to submit to the shareholders' meeting for authorization of the board of directors.**

Resolution:

Proposal 2 (Proposed by the Board of Directors)

Item origin: Submit proposal to revise this company's Company Article of Association

Note: in order to set up Audit Committee in accordance with the provisions of the Securities and Exchange Act, delete the relevant provisions of supervisors, and in line with the amendment of the laws and regulations of the competent authority, it is proposed to revise some articles of the Articles of Incorporation of the company. According to the provisions of the Department of Commerce of the Ministry of Economic Affairs, the shareholders' meeting has passed the relevant provisions of the amendment to the articles of Association of Incorporation concerning the establishment of Audit Committee. According to the provisions of the revised new Articles of Incorporation, the shareholders' meeting does not need to carry out the agenda related to the appointment of supervisors. The amendment comparison table is as follows:

| Article | Revised Article | Current Article | Explanation |
|--------------|---|---|---|
| Chapter 4 | Chapter 4: Directors and the Audit Committee | Chapter IV - Directors and Supervisors | In response to the establishment of the Audit Committee |
| Article 13 | The company has seven to thirteen directors. The system of nomination of candidates in Article 192-1 of the Company Act shall be adopted for the election of directors since the 10th term. The term of office shall be three years. The directors shall be selected from the list of candidates for directors and may be re-appointed if they are re-elected. | The Company shall have seven directors and three supervisors. The directors and supervisors shall be elected for a term of three years by adopting the candidates nomination system as specified in Article 192-1 of the Company Act. The director and supervisor candidates are to be selected from the candidate list, and shall be eligible for re-election. | In response to the establishment of the Audit Committee |
| Article 13-1 | In accordance with Article 14-2 of the Securities and Exchange Act, the number of the aforementioned Directors shall include at least 3 Independent Directors that account for no less than one-fifth of the number of Directors; the candidate nomination system shall be adopted for the election, as set out in Article 192-1 of the Company Act. The Audit Committee in accordance with the Securities and Exchanges Act shall be comprised of all Independent Directors, whose number shall be no less than three, and one of whom will be the convener. At least one of the members shall | In accordance with Article 14-2 of the Securities and Exchange Act, the number of the aforementioned Directors shall include at least 2 Independent Directors that account for no less than one-fifth of the number of Directors; the candidate nomination system shall be adopted for the election, as set out in Article 192-1 of the Company Act. | In response to the establishment of the Audit Committee |

| Article | Revised Article | Current Article | Explanation |
|--------------|--|---|---|
| | have accounting or finance expertise. The exercise of the functional authorities and related matters of the Audit Committee and its members shall be handled in accordance with the Securities and Exchange Act and relevant laws and regulations. | | |
| Article 13-2 | In accordance with Article 204 of the Company Law, the Company may convene the meeting of the Board of Directors at any time in case of an emergency. The Company shall notify the directors of the meeting in paper form, by e-mail or by fax. | In accordance with Article 204 of the Company Law, the Company may convene the meeting of the Board of Directors at any time in case of an emergency. The Company shall notify the directors and the supervisor of the meeting in paper form, by e-mail or by fax. | In response to the establishment of the Audit Committee |
| Article 16 | The remuneration of all directors shall be determined by the board of directors authorized by the shareholders' meeting. Regardless of operating profits or losses, the compensation shall be paid according to the industry standard. | The Board of Directors is authorized by the shareholders to determine the compensation of all directors and supervisors. Regardless of operating profits or losses, the compensation shall be paid according to the industry standard. | In response to the establishment of the Audit Committee |
| Article 18 | In accordance with Article 228 of the Company Act, at the close of each fiscal year, the Board of Directors shall prepare the following reports and statements, which will be subsequently submitted to the annual general meeting for recognition. 1. Business report 2. Financial statements 3. Proposal Concerning Earnings distribution or covering of losses. | In accordance with the provisions of Article 228 of the Corporations Act, at the end of each fiscal year, the following reports shall be prepared by the Board of Directors. The reports shall be submitted to the auditors for review 30 days earlier than the shareholders' regular meeting, and then to the shareholders' regular meeting for acceptance. 1. Business report 2. Financial statements 3. Proposal Concerning Earnings distribution or covering of losses. | In response to the establishment of the Audit Committee |
| Article 22 | The Articles of Incorporation was established on May 18, 1996. The first amendment was approved on July 9, 1996. The following is omitted... The 22nd amendment was made on June 10, 2020. | The Articles of Incorporation was established on May 18, 1996. The first amendment was approved on July 9, 1996. The following is omitted... | Addition of revision date |

Resolution:

Proposal 3 (Proposed by the Board of Directors)

To vote on the Amendments to the company's "Procedures for Acquisition or Disposal of Assets".

Note: in order to be in line with the provisions of the Securities and Exchange Act to set up an audit committee, and delete the relevant provisions of supervisors, it is proposed to amend some provisions of this procedure, and the amendment comparison table is as follows:

| Article | Revised Article | Current Article | Explanation |
|----------------------------------|---|--|--|
| Article 7, Article 8, Article 10 | <p>I. Omitted</p> <p>2</p> <p>(I) Omitted</p> <p>(II) Omitted</p> <p>(III) The acquisition or disposal of assets by the company shall be approved by the board of directors and the audit committee in accordance with the prescribed procedures or other legal provisions. In addition, the company has set Independent Directors in accordance with law. Upon discussion on the transactions for acquisition or disposal of assets at the meeting of Board of Directors in accordance with provisions, the opinions of Independent Directors shall be considered fully and, if any Independent Director has dissenting or qualified opinions, such opinions shall be recorded in the minutes of the meeting of Board of Directors.</p> <p>The Company has established an Audit Committee pursuant to laws and regulations. The establishment and amendment of the Procedures shall be approved by the majority of all Audit Committee members and submitted to the Board of Directors for resolutions. If approval by more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee</p> | <p>I. Omitted</p> <p>2</p> <p>(I) Omitted</p> <p>(II) Omitted</p> <p>(III) The procedures for acquisition or disposal of assets by the company or other provisions shall be approved at the meeting of the Board of Directors. If any Director has objection and is recorded in written statement, the company shall submit such objection to supervisors. In addition, the company has set Independent Directors in accordance with law. Upon discussion on the transactions for acquisition or disposal of assets at the meeting of Board of Directors in accordance with provisions, the opinions of Independent Directors shall be considered fully and, if any Independent Director has dissenting or qualified opinions, such opinions shall be recorded in the minutes of the meeting of Board of Directors.</p> <p>The following is omitted.</p> | <p>In response to the establishment of the Audit Committee</p> |

| Article | Revised Article | Current Article | Explanation |
|-------------------|--|---|--|
| | <p>shall be recorded in the minutes of the board of directors meeting. The terms "all Audit Committee members" in Paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions. The following is omitted.</p> | | |
| <p>Article 12</p> | <p>I. Trading principles and policies (I) Omitted (II) Omitted (III) 1. Financial department (1)(2)(3) Omitted (4) A. Authority for making approval for and resolution on hedging transactions B. Transaction for other specific purpose may be made only after it is approved at the meeting of Board of Directors.</p> | <p>I. Omitted 2 (I) Omitted (II) Omitted (III) 1. Financial department (1)(2)(3) Omitted (4) A. Authority for making approval for and resolution on hedging transactions B. Transaction for other specific purpose may be made only after it is approved at the meeting of Board of Directors.</p> | <p>In response to the establishment of the Audit Committee</p> |
| <p>Article 12</p> | <p>C. The acquisition or disposal of assets by the Company shall be processed in accordance with the Procedures or other legal regulations and shall be approved of by the Board of Directors. In addition, the company has set Independent Directors in accordance with law. Upon discussion on the transactions for acquisition or disposal of assets at the meeting of Board of Directors in accordance with provisions, the opinions of Independent Directors shall be considered fully and, if any Independent Director has dissenting or qualified opinions, such opinions shall be recorded in the minutes of the meeting of Board of Directors. The Company has established an Audit Committee pursuant to laws and regulations. The establishment and amendment of</p> | <p>C. If the procedures for acquisition or disposal of assets by the company or other provisions shall be approved at the meeting of the Board of Directors, and any Director has any such objection as is recorded or specified in written statement, the company shall submit such objection to supervisors. In addition, the company has set Independent Directors in accordance with law. Upon discussion on the transactions for acquisition or disposal of assets at the meeting of Board of Directors in accordance with provisions, the opinions of Independent Directors shall be considered fully and, if any Independent Director has dissenting or qualified opinions, such opinions shall be recorded in the minutes of the meeting of</p> | <p>In response to the establishment of the Audit Committee</p> |

| Article | Revised Article | Current Article | Explanation |
|------------|--|---|--|
| | <p>the Procedures shall be approved by the majority of all Audit Committee members and submitted to the Board of Directors for resolutions. If approval by more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all Audit Committee members" in Paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions. The following is omitted.</p> <p>II. Omitted</p> <p>III. Internal audit system</p> <p>(I) Internal auditors shall regularly know legitimacy of operating procedures for derivative product trading, perform monthly auditing on the implementation of the Operating Procedures for Derivative Product Transactions, analyze trading cycle and produce written auditing reports. Independent Directors have been set up in accordance with this Law, and they should be notified in writing. The following is omitted.</p> | <p>Board of Directors.</p> <p>The following is omitted.</p> <p>II. Omitted</p> <p>III. Internal audit system</p> <p>(I) Internal auditors shall regularly know legitimacy of operating procedures for derivative product trading, perform monthly auditing on the implementation of the Operating Procedures for Derivative Product Transactions, analyze trading cycle and produce written auditing reports. If Independent Director has been set pursuant to this Act, the information provided to Supervisors should also be passed to Independent Director in written form according to the aforementioned provision. The following is omitted.</p> | |
| Article 17 | <p>Implementation and Amendment</p> <p>The acquisition or disposal of assets by the company shall be approved by the board of directors and the audit committee in accordance with the prescribed procedures or other laws and regulations. The following is omitted.</p> | <p>Implementation and Amendment</p> <p>According to the Procedures and other laws and regulations, the Company's acquisition or disposal of assets shall be approved by the Board. If a Director expresses objection with records or written statements, the Company shall submit information regarding the</p> | <p>In response to the establishment of the Audit Committee</p> |

| Article | Revised Article | Current Article | Explanation |
|------------------------------|---|--|---|
| | | <p>Director's objection to Supervisors. The following is omitted.</p> | |
| <p>Article 17</p> | <p>The Company has established an Audit Committee pursuant to laws and regulations. The establishment and amendment of the Procedures shall be approved by the majority of all Audit Committee members and submitted to the Board of Directors for resolutions. If approval by more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all Audit Committee members" in Paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p> | | <p>In response to the establishment of the Audit Committee</p> |

Resolution:

Proposal 4 (Proposed by the Board of Directors)

To vote on the Amendments to the company's Operating Procedures for Loaning of Funds to Others

Note: in order to be in line with the provisions of the Securities and Exchange Act to set up an audit committee, and delete the relevant provisions of supervisors, it is proposed to amend some provisions of this procedure, and the amendment comparison table is as follows:

| Article | Revised Article | Current Article | Explanation |
|------------------|--|---|---|
| Article 5 | <p>Procedures for Lending Funds (I) Procedures 1. Omitted 2. Omitted 3. Internal auditors shall audit the operating procedures for loaning of funds to others and the implementation status on a quarterly basis and develop written records accordingly. If any material violation is found, the company shall immediately notify the Independent Directors in writing. 4.Omitted 5. Where the balance of the fund loaned exceeds the limit due to changes in the circumstances, the financial unit shall establish improvement plans, send relevant improvement plans to all the Independent Directors, and complete the improvements in accordance with the schedule of the plans. (II) Omitted</p> | <p>Procedures for Lending Funds (I) Procedures 1. Omitted 2. Omitted 3. Internal auditors shall audit the operating procedures for loaning of funds to others and the implementation status on a quarterly basis and develop written records accordingly. If any material violation is found, the company shall immediately notify all the Supervisors in writing and notify the Independent Director in writing. 4.Omitted 5. Where the balance of the fund loaned exceeds the limit due to changes in the circumstances, the financial unit shall establish improvement plans, send relevant improvement plans to all the Supervisors, and notify the Independent Director in writing, and complete the improvements in accordance with the schedule of the plans. (II) Omitted</p> | <p>In response to the establishment of the Audit Committee</p> |
| Article 7 | <p>Management Procedures for Lending Funds to Other Parties by Subsidiaries (I) Omitted (II) Omitted (III) The audit unit of the company shall list the funds loaned by the subsidiaries to others as one of the audit items, and the auditing situation shall be</p> | <p>Management Procedures for Lending Funds to Other Parties by Subsidiaries (I) Omitted (II) Omitted (III) The audit unit of the company shall list the funds loaned by the subsidiaries to others as one of the audit items, and the auditing situation shall</p> | <p>In response to the establishment of the Audit Committee</p> |

| Article | Revised Article | Current Article | Explanation |
|------------|---|--|---|
| | listed as one of the necessary items in the audit report to the Board of Directors. | be listed as one of the necessary items in the audit report to the Board of Directors and supervisors. | |
| Article 10 | <p>Implementation and Amendment The Procedures, after passage by the Board of Directors, shall be submitted for approval by the shareholders' meeting for implementation; where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion to the shareholders' meeting for discussion. The same shall apply to any amendments to the Procedures.</p> | <p>Implementation and Amendment After approved by the Board of Directors, the Operating Procedures may be implemented when it is sent to the Supervisors and reported to the shareholders' meeting for approval. If a Director expresses objection and has a record or written statement, the company shall send the objection to the Supervisors and to the shareholders' meeting for discussion. The same applies to any amendment.</p> | In response to the establishment of the Audit Committee |
| Article 12 | <p>In addition, since the company has set up Independent Directors, when the Operating Procedures is submitted to the Board of Directors for discussion in accordance with the preceding paragraph, the opinions of each Independent Director shall be fully considered, and clear opinions regarding objection or reservation and reasons for objection shall be listed in the Board meeting minutes. The Company has established an Audit Committee pursuant to laws and regulations. The establishment and amendment of the Procedures shall be approved by the majority of all Audit Committee members and submitted to the Board of Directors for resolutions. If approval by more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the</p> | <p>In addition, since the company has set up Independent Directors, when the Operating Procedures is submitted to the Board of Directors for discussion in accordance with the preceding paragraph, the opinions of each Independent Director shall be fully considered, and clear opinions regarding objection or reservation and reasons for objection shall be listed in the Board meeting minutes.</p> | In response to the establishment of the Audit Committee |

| Article | Revised Article | Current Article | Explanation |
|---------|---|-----------------|-------------|
| | <p>resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all Audit Committee members" in Paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p> | | |

Resolution:

Proposal 5: (Proposed by the Board of directors)

To vote on the Amendments to Operating Procedures for Endorsements/Guarantees

Note: in order to be in line with the provisions of the Securities and Exchange Act to set up an audit committee, and delete the relevant provisions of supervisors, it is proposed to amend some provisions of this procedure, and the amendment comparison table is as follows:

| Article | Revised Article | Current Article | Explanation |
|------------|---|--|--|
| Article 5. | <p>Endorsement/guarantee activities conducted by the company shall first be approved by the Board of Directors by resolution before implementation. However, in line with time requirements, the Board of Directors may authorize the Chairman to first deliberate on such activities within 20% of the net worth of the company for the current period before reporting them to the following Board of Directors' meeting for ratification. The implementation of such activities shall also be reported to the Shareholders' Meeting for future reference. When the company provides endorsements/guarantees to others after Independent Directors are elected, the opinions of all Independent Directors shall be fully considered, and clear opinions regarding objection or reservation and reasons for objection shall be listed in the Board meeting minutes. The Company has established an Audit Committee pursuant to laws and regulations. The establishment and amendment of the Procedures shall be approved by the majority of all Audit Committee members and submitted to the Board of Directors for resolutions. If approval by more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than</p> | <p>Endorsement/guarantee activities conducted by the company shall first be approved by the Board of Directors by resolution before implementation. However, in line with time requirements, the Board of Directors may authorize the Chairman to first deliberate on such activities within 20% of the net worth of the company for the current period before reporting them to the following Board of Directors' meeting for ratification. The implementation of such activities shall also be reported to the Shareholders' Meeting for future reference. When the company provides endorsements/guarantees to others after Independent Directors are elected, the opinions of all Independent Directors shall be fully considered, and clear opinions regarding objection or reservation and reasons for objection shall be listed in the Board meeting minutes.</p> | <p>In response to the establishment of the Audit Committee</p> |

| Article | Revised Article | Current Article | Explanation |
|------------|---|---|---|
| | <p>two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all Audit Committee members" in Paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p> | | |
| Article 8 | <p>Notices of Endorsements and Guarantees: (1) Internal auditors at the company shall at least audit the operating procedures for endorsements and guarantees and its implementation every quarter, and make them into written records. Any major violation found shall be notified to each Independent Directors in writing.</p> | <p>Notices of Endorsements and Guarantees: (I) Internal auditors at the company shall at least audit the operating procedures for endorsements and guarantees and its implementation every quarter, and make them into written records. Any major violation found shall be notified to each Supervisor in writing, and notified to Independent Directors in writing collectively.</p> | <p>In response to the establishment of the Audit Committee</p> |
| Article 12 | <p>(II) If the parties of the company's endorsements and guaranties originally meet the requirements of Article 3 of these procedures and subsequently fail to meet the requirements, or the amount of endorsements and guaranties exceeds the limit set forth in Article 4 of these measures due to the change of the basis for calculating the limit, the audit unit shall urge the financial department to ensure that the amount or the part of the endorsements and guaranties exceeding the limit shall be eliminated at the expiration of the period set forth in the contract or at a certain time limit, and the report shall be submitted to the Board of Directors and the Independent Directors in writing, so as to complete the improvement according to the schedule.</p> | <p>(II) If the entity, for which an endorsement/guarantee is provided by the company, does not comply with Article 3 of the Operating Procedures thereafter due to a change in circumstance, or the amount of the endorsement/guarantee exceeds the limit stipulated in Article 4 of the Operating Procedures due to changes to the basis for limit calculation, the audit unit shall supervise the Finance Department to eliminate the amount or the excess amount endorsed/guaranteed by the entity before the maturity of the contract or within a specified time period. The improvement plans shall be submitted to each Supervisor, and reported to the Board of Directors. Independent Directors of these plans shall be notified in writing collectively. The improvement shall be</p> | <p>In response to the establishment of the Audit Committee</p> |

| Article | Revised Article | Current Article | Explanation |
|---------|-----------------|--|-------------|
| | (III) Omitted | completed in accordance with the schedule of the plans. (III) Omitted | |

Resolution:

Proposal 5: (Proposed by the Board of directors)

Case: The amendment of the Company's "Rules Governing the Election of Directors and Supervisors" is submitted for approval.

Note: in order to be in line with the provisions of the Securities and Exchange Act to set up an audit committee, and delete the relevant provisions of supervisors, it is proposed to amend some provisions of these measures, and the amendment comparison table is as follows:

| Article | Revised Article | Current Article | Explanation |
|--------------------|---|---|--|
| Title | Rules for Election of Directors | Rules for Election of Directors and Supervisors | In response to the establishment of the Audit Committee |
| Article 1 | In the election of directors of the company, the candidate nomination system shall be adopted since the 10th term. Except as otherwise provided in the Company Act, the Securities and Exchange Act, the Articles of Incorporation and other relevant laws and regulations, the election shall be conducted in accordance with these measures. However, if the voting right is exercised electronically, no separate election vote shall be made and issued. | In the election of directors and supervisors of the company, the candidate nomination system shall be adopted since the 10th term. Except as otherwise provided in the Company Act, the Securities and Exchange Act, the Articles of Incorporation and other relevant laws and regulations, the election shall be conducted in accordance with these measures. However, if the voting right is exercised electronically, no separate election vote shall be made and issued. | In response to the establishment of the Audit Committee |
| Article 3 | For the election of directors of the company, at the shareholders' meeting, the company shall prepare electoral votes of the same number as the number of directors to be elected. However, if the voting rights are exercised electronically, no separate electoral votes shall be prepared and issued. | For the election of directors and supervisors of the company, at the shareholders' meeting, the company shall prepare electoral votes of the same number as the number of directors to be elected. However, if the voting rights are exercised electronically, no separate electoral votes shall be prepared and issued. | In response to the establishment of the Audit Committee |
| Article 3-1 | The selection of directors of the Company shall take into account the overall configuration of the Board of Directors. The composition of the Board of Directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the | | In response to the establishment of the Audit Committee |

| Article | Revised Article | Current Article | Explanation |
|-------------|---|-----------------|-------------|
| | <p>company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:</p> <ol style="list-style-type: none"> 1. Basic requirements and values: Gender, age, nationality, and culture. 2. Professional knowledge and skills: A professional background (e.g. law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. Board members shall possess knowledge, skills, and qualities required to carry out their duties. Abilities needed for each member are as follows: <ol style="list-style-type: none"> 1. Business judgment ability 2. Ability to conduct accounting and financial analysis 3. Business management ability 4. Crisis management ability 5. Knowledge of the industry 6. An understanding of international markets 7. Leadership Ability 8. Decision-making ability. | | |
| Article 3-1 | <p>More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.</p> <p>The Board of Directors of the company shall consider adjusting its composition based on the results of performance evaluation. The qualification and election of independent directors of the Company shall be in compliance with the provisions of the “Measures for the Establishment of Independent Directors of Public Offering Companies and Measures to Be Followed,” and shall be implemented in</p> | | |

| Article | Revised Article | Current Article | Explanation |
|-----------|--|--|---|
| | accordance with the “Code of Practice for Listed Over-the-counter Corporate Governance.” | | |
| Article 4 | The cumulative voting system shall be adopted for the election of directors. Each share shall have the same voting rights as the number of non-independent directors or independent directors to be elected. One person may be collectively elected, or several persons may be allocated for election. | The cumulative voting method shall be used for election of the Directors and Supervisors at the Company. Each share will have voting rights in number equal to the non-independent directors or independent directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates. | In response to the establishment of the Audit Committee |
| Article 5 | The number of directors of the Company shall be calculated in accordance with the articles of association, and the number of independent directors and non-independent directors shall be calculated respectively. Those who have more electoral votes (including electronic voting) shall be elected successively. If more than two directors have the same number of votes and exceed the prescribed number of directors, the number of directors with the same number of votes shall be determined by drawing lots. | The number of directors and supervisors of the Company shall be calculated in accordance with the articles of association, and the number of independent directors and non-independent directors shall be calculated respectively. Those who have more electoral votes (including electronic voting) shall be elected successively. If more than two directors have the same number of votes and exceed the prescribed number of directors, the number of directors with the same number of votes shall be determined by drawing lots. | In response to the establishment of the Audit Committee |
| Article 6 | When a shareholder is elected as a non-independent director or an independent director at the same time, if his/her personal data is verified to be inconsistent or his/her election fails to be effective in accordance with the relevant laws and regulations, the vacancy shall be replenished by the person with the second most number of votes in the original election. | When a shareholder is elected as a non-independent director, independent director or supervisor at the same time, he / she shall decide to act as a director, independent director or supervisor at his / her own discretion, or if the elected director, independent director or supervisor is checked and confirmed that his / her personal data does not conform to the requirements of relevant laws and regulations, or if he / she is elected as an ineffective director, independent director or | In response to the establishment of the Audit Committee |

| Article | Revised Article | Current Article | Explanation |
|-------------------|---|--|---|
| | | supervisor, his / her vacancy shall be filled by the one with the second most number of votes in the original election. | |
| Article 11 | The ballots shall be counted on site immediately after the voting is completed. The results of the votes shall be announced by the Chairman on the spot immediately. | The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation and the elected Directors shall be announced by the chair on the site. | In response to the establishment of the Audit Committee |
| Article 12 | The elected Directors shall be given a notice of the election by the Board of Directors of the company. | The Board of Directors and supervisors of the company shall issue notifications to the persons elected as directors or supervisors. | In response to the establishment of the Audit Committee |
| Article 13 | These measures shall be implemented after the approval of the shareholders' meeting, and the same shall apply to the amendments. First revision on May 16, 2002 The following is omitted. The fourth amendment was on June 10, 2020. | The Regulations shall be implemented upon approval by the Board of Directors. The same applies to amendments. First revision on May 16, 2002 The following is omitted. | Addition of revision date |

Resolution:

Proposal 7: (Proposed by the Board of directors)

Case: The Proposal of Amendments to the Rules of Procedures for Shareholders’ Meetings is hereby submitted for resolution.

Note: in order to be in with the provisions of the Securities and Exchange Act to set up an Audit Committee and delete the relevant provisions of the supervisors, it is proposed to amend some provisions of these Rules, and the comparison table for the amendment is as follows:

| Article | Revised Article | Current Article | Explanation |
|-----------|---|---|---|
| Article 3 | <p>Unless otherwise dictated by regulations, the shareholders' meeting is convened by the Board of Directors.</p> <p>The Company shall upload the electronic version of the meeting notice for the shareholders' meeting, paper for the power of attorney, the proposals, discussions, election or dismissal of Directors to the Market Observation Post System 30 days before the annual meeting of shareholders, or 15 days before the extraordinary shareholders' meeting. The following is omitted. The selection or removal of directors, supervisors, change of articles of association, reduction of capital, application for suspension of public issuance, director's competition permit, surplus to capital increase, reserve to capital increase, dissolution, merger, split of the company, or the matters referred to in article 185, paragraph 1, shall be listed in the reasons for convening the meeting and the main contents shall be stated, and shall not be put forward by temporary motion; the main contents may be placed in the website designated by the competent authority of securities or the company, and shall be indicated in the notice.</p> <p>The reasons for the convening of the shareholders' meeting have indicated the full re-election of directors and the date of taking office. After the re-election of the</p> | <p>Unless otherwise dictated by regulations, the shareholders' meeting is convened by the Board of Directors.</p> <p>The company shall prepare the following electronic files: the shareholders' meeting notice, proxy forms, causes of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, and the election or dismissal of Directors or Supervisors; the company shall upload them to the Market Observation Post System(MOPS) 30 days before the shareholders hold an annual meeting or 15 days before the shareholders hold a special meeting. The following is omitted.</p> <p>Election or dismissal of Directors and Supervisors, alteration of the Articles of Incorporation, corporate dissolution, merger, and demerger, or any matters as set forth in all Subparagraphs of Paragraph 1, Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, shall be listed as convening causes in the meeting notice, not as extempore motions. Shareholders holding 1% or more of the total number of issued shares of the company may submit a proposal to the company for discussion at an annual shareholders' meeting. Such proposals, however, are limited to one item only; no proposal containing more than</p> | <p>In line with the establishment of the audit committee and the amendment of the rules of procedure of the shareholders' meeting</p> |

| Article | Revised Article | Current Article | Explanation |
|-----------|--|--|---|
| | <p>shareholders' meeting is completed, the date of taking office shall not be changed by temporary motion or other means at the same meeting.</p> <p>Shareholders holding 1% or more of the total number of issued shares of the Company may submit a proposal to the Company for discussion at a shareholders' regular meeting. Such proposals, however, are limited to one item only; no proposal containing more than one item shall be included in the meeting agenda. However, if the shareholders' proposal is a proposal to urge the company to promote public interests or fulfill social responsibilities, the Board of Directors may still include the proposal. If a shareholder's proposal contains circumstances in Paragraph 4, Article 172-1 of the Company Act, the Board of Directors may not include the proposal as an agenda.</p> <p>The company shall publicly announce the acceptance of the shareholder's proposal, written or electronic acceptance method, acceptance place and acceptance period before the date of suspension of stock transfer before the shareholders' meeting; the acceptance period shall not be less than 10 days.</p> | <p>one item shall be included in the meeting agenda. If a shareholder's proposal contains circumstances in Paragraph 4, Article 172-1 of the Company Act, the Board of Directors may not include the proposal as an agenda.</p> <p>Prior to the book closure date and before an annual shareholders' meeting, the company shall publicly announce and specify the location and time period to receive shareholder proposals; the period of submission of shareholder proposals shall not be less than 10 days. The following is omitted.</p> | |
| Article 6 | <p>The company shall specify in the shareholders' meeting notices the time period and location for registration, and other matters worthy of attention. The following is omitted.</p> <p>The Company shall deliver the meeting agenda, annual report, attendance permit, speaker's slip, voting ballot and other meeting materials to the shareholders</p> | <p>The company shall specify in the shareholders' meeting notices the time period and location for registration, and other matters worthy of attention. The following is omitted.</p> <p>The company shall furnish attending shareholders with the meeting agenda, annual report, attendance certificate, speaker's slips, voting slips, and other</p> | <p>In line with the establishment of the audit committee and the amendment of the rules of procedure of the shareholders'</p> |

| Article | Revised Article | Current Article | Explanation |
|-------------------|---|--|--|
| | <p>attending the shareholders' meeting. If Directors are to be elected, ballots shall also be provided. The following is omitted.</p> | <p>meeting materials. In case of an election of Directors or Supervisors, pre-printed ballots shall also be furnished. The following is omitted.</p> | <p>meeting</p> |
| <p>Article 10</p> | <p>If a shareholders' meeting is convened by the Board of Director, the agenda shall be determined by the Board of Directors. The relevant proposals (including motions and amendment to original proposals) shall be decided by voting on a case-by-case basis. The meeting shall be convened according to the scheduled agenda. The agenda shall not be altered without a resolution adopted at the shareholders' meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by an eligible party other than the Board of Directors. The following is omitted. The chairperson shall give the opportunity to fully explain and discuss the proposals, as well as the amendments or motions proposed by the shareholders. When the chairperson is of the opinion that a proposal has been sufficiently discussed to a degree of putting to a vote, the chairperson may announce the discussion closed and bring the proposal to vote. The chairperson shall also allocate sufficient time for voting.</p> | <p>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, and shall not be changed without a resolution by the shareholders. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by an eligible party other than the Board of Directors. The following is omitted. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals, amendments and extempore motions put forward by the shareholders; when the chair judges that a proposal has been discussed sufficiently, the chair may announce the discussion closed and call for a vote.</p> | <p>To be in line with the amendment of rules of procedure of shareholders' meeting</p> |
| <p>Article 13</p> | <p>A shareholder shall be entitled to one vote for each share, except when the shares are deemed restricted shares or non-voting shares under Paragraph 2, Article 179 of the Company Act. When the company convenes a shareholders' meeting, it shall</p> | <p>A shareholder shall be entitled to one vote for each share, except when the shares are deemed restricted shares or non-voting shares under Paragraph 2, Article 179 of the Company Act. When the company convenes shareholders' meeting, voting</p> | <p>In line with the establishment of the audit committee and the amendment of the rules of</p> |

| Article | Revised Article | Current Article | Explanation |
|------------|--|---|--|
| | exercise its voting rights electronically and may exercise its voting rights in writing. | rights may be exercised in writing or electronically (but if, subject to Paragraph 1, Article 177-1 of the Company Act, the company shall adopt electronic voting method, and may exercise its voting right in writing); the following is omitted... | procedure of the shareholders' meeting |
| Article 14 | When an election of Directors at a Shareholders' Meeting shall be held, it shall be conducted 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 the numbers of votes with which they were elected. The following is omitted. | The election of Directors or Supervisors at a shareholders' meeting shall be conducted in accordance with the applicable election and appointment rules of the Company, and the voting results shall be announced on-site immediately, including the names of those elected Directors and Supervisors and the numbers of votes with which they are elected. The following is omitted. | In line with the establishment of the audit committee and the amendment of the rules of procedure of the shareholders' meeting |

Resolution:

[Election matters]

First item (Proposed by the Board of Directors)

Case: to re-elect the company's directors and propose for a resolution.

- Note:**
1. The term of office of the original directors and supervisors of the company expires on June 14, 2020. In accordance with the articles of association and relevant laws and regulations, they shall be re-elected at the shareholders' meeting in this year.
 2. Seven Directors (three of them are independent directors) shall be elected in accordance with the articles of association. The term of office of the original directors and supervisors shall expire upon the completion of the re-election of the shareholders' meeting. The term of office of the new directors shall be three years, from June 10, 2020 to June 9, 2023.
 3. The list of candidates for directors and independent directors is as follows:

| Name | Academic backgrounds of employees | Experience | Current position | Number of shares |
|--|---|---|--|------------------|
| Ching-Lai Lu | EMBA, National Cheng Kung University | Chairman of ALL RING TECH CO.,LTD. | Chairman of ALL RING TECH CO.,LTD. | 3,757,283 |
| Hsin-Yao Cheng | Cheng Shiu Junior College of Technology | President of ALL RING TECH CO.,LTD. | President of ALL RING TECH CO.,LTD. | 503,513 |
| Chien-Chang Chen | Sanji High School | Director of ALL RING TECH CO.,LTD. Fu-Du Building & Construction Co., Ltd. | Director of ALL RING TECH CO.,LTD. | 2,732,431 |
| Fengqiao Investment Co., Ltd. by Yu-Ru Chong | National University of Tainan | Director of ALL RING TECH CO.,LTD. Fengqiao Investment Co., Ltd. | Director of ALL RING TECH CO.,LTD. Fengqiao Investment Co., Ltd. | 7,355,625 |
| Zhuo-Hua Guang | University of Cincinnati Doctor of Mechanical Engineering Department | Honorary retired professor, Department of Mechanical Engineering, National Sun Yat-sen University | Adjunct professor, Department of Mechanical Engineering, National Sun Yat-sen University | 0 |
| Chang-Ren Chen | University of Missouri Rolla Institute of Mechanical and Aeronautical Engineering | Secretary General of Green Technology Industry Alliance | Head of Department, Department of Mechanical Engineering, Kun Shan University | 0 |
| Li Mingxian | Master Degree in Accounting, National Chengchi University | Vice Chairman, PwC Taiwan | Vice Chairman, Zhi Cheng CPAs Adjunct associate professor, National Cheng Kung University Independent director of Soft-World International Corporation | 0 |

4. This re-election shall be conducted in accordance with the company's revised election rules for directors.

Election results:

[Other Matters]

First item (Proposed by the Board of Directors)

Case: lifting restrictions on non-competition of all directors and their representatives under Article 209 of the Company Act.

Note: 1. In accordance with Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall obtain approval from the shareholders' meeting.

2. If the directors of the company are subject to the prohibition of directors' non-competition under Article 209 of the Company Act, in order to assist the company to develop its business smoothly, it is proposed to propose to the shareholders' regular meeting to agree to remove the newly appointed directors and their representatives from the restriction of non-competition as mentioned in the Company Act without prejudice to the interests of the company.

Resolution:

[Temporary motion]

[Adjournment]

**All Ring Tech Co., Ltd.
Business Report****I. Operating Principle**

Customer service and satisfaction are All Ring Tech's core values. Integrating corporate resources into developing R&D and marketing skills, the company continues to take root in semiconductors, passive component, and LED industry equipment. Meanwhile, the company will make full use of external resources to expand the scale of operations, and introduce high-level talents to actively innovate in R&D in order to create higher shareholders value.

II. Execution Overview

In addition to maintaining current customers, our future operating key strategy will strive to seek new customers. Other key strategies include focusing on research and development, improving customers' satisfaction, keeping the leading position in the industrial equipment market, and achieve better operating performance.

III. Business Performance

The net operating income of the company in 2019 is NT\$1,032,376,000, a decrease of 46.39% compared with NT\$1,925,869,000 in 2018; the net profit in this period is NT\$83,441,000, a decrease of 73.46% compared with NT\$314,416,000 in 2018.

IV. Budget Execution

The company did not disclose financial forecasts in 2019, so it is not applicable.

V. Profitability Analysis

The company's operating income is affected by the market demand, which is lower than that in 2018. Due to the poor business situation, the demand is reduced, and the operating expenses are also reduced with the decrease of operating income. The exchange loss caused by the appreciation of NT dollar to US dollars resulted in a net profit of NT\$83,441,000 for the year.

VI. Research Development Status

The company has been cultivating in the semiconductor, passive components and LED devices industries for many years. Being the best supplier for customers, it has continued to develop new equipment and improve the efficiency of existing equipment in order to keep in line with manufacturing processes. Recently, the company has also begun to focus on its core capabilities of developing visionary and innovative application technology, with a view to achieving a leading position in the industry and creating the greatest benefits for shareholders.

Chairman: Ching-Lai Lu

Manager: Xin-Yao Zheng

Accounting Supervisor:
Hsiao-Mei Wang

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of All Ring Tech Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of All Ring Tech Co., Ltd. (the “Company”) as at December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” .

Basis for opinion

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

Key audit matters

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

Key audit matters for the Company’ s parent company only financial statements of the current period are stated as follows:

Cutoff of revenue

Description

Refer to Note 4(26) for accounting policies on revenue recognition.

The sales revenue of the Company is primarily from the assembly and sales of equipment. Based on the terms of the sale agreement, sales revenue is recognised when the control of the goods sold is transferred to the customer after the installation of the goods or the acceptance of the goods by the customer, being when the goods are delivered to the customer, the customer has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. As the transfer of control of the goods to the customer in a sale transaction involves manual process and judgement, there exists a risk of material misstatement that may arise from improper revenue recognition for transactions that occur near the balance sheet date and the transaction amounts are usually material. Thus, we consider the cutoff of revenue a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding and assessed the accounting policy on revenue recognition.
2. Understood and assessed internal control over revenue recognition, tested the effectiveness of the internal controls over the shipment of goods and verified the timing of revenue recognition.
3. Tested the cutoff of transactions that occurred a certain time before or after the balance sheet date in order to verify whether the control of the goods for which revenue has been recognised was transferred, and whether revenue was recorded in the appropriate period.

Evaluation of inventories

Description

Refer to Note 4(8) to the parent company only financial statements for the accounting policy on inventory valuation, Note 5(2) for information on the uncertainty of accounting estimates and assumptions on inventory valuation, and Note 6(4) for information on allowance for inventory valuation losses. As of December 31, 2019, inventory and allowance for inventory valuation losses were NT\$208,178 thousand and NT\$51,180 thousand, respectively.

The Company develops, manufactures, and assembles production equipment for semiconductors and passive components. Due to rapid changes in technology, the risk of the materials inventory of related equipment incurring valuation losses or becoming obsolete is high. Inventories are stated at the lower of cost and net realisable value. The net realisable value of inventory that is

over a certain age or individually identified as obsolete is determined based on the historical information on inventory obtained by management from periodic inspections.

The technology related to the Company's products is rapidly changing, and the determination of the net realisable value of inventory identified as obsolete involves subjective judgement. Thus, we consider the evaluation of inventories a key audit matter.

How our audit addressed the matter

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

1. Assessed the reasonableness of the Company's policies and procedures on setting allowance for inventory valuation losses according to applicable accounting principles and the auditor's understanding of the nature of the Company's industry. This included assessing the reasonableness of the source of the historical information on inventory used in determining net realisable value and assessing the reasonableness of judgments of obsolete inventory items.
2. Obtained an understanding of the Company's warehousing control procedures. Reviewed annual physical inventory count plan and participated in the annual inventory count in order to assess the classification of obsolete inventory and effectiveness of internal control over obsolete inventory.
3. Tested the appropriateness of the logic used in evaluating the net realisable value of inventory and inventory aging report to verify the reasonableness of the allowance for inventory valuation losses.

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

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

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

Those charged with governance, including the board of directors (including independent directors) and the supervisors, are responsible for overseeing the Company' s financial reporting process.

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

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

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

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

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

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

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

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

Liu Tzu-Meng

Independent Accountants

Lin Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

February 26, 2020

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

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

ALL RING TECH CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

| Assets | Notes | December 31, 2019 | | December 31, 2018 | | |
|---------------------------|---|-------------------|---------------------|-------------------|---------------------|------------|
| | | AMOUNT | % | AMOUNT | % | |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 737,829 | 35 | \$ 800,497 | 32 |
| 1150 | Notes receivable, net | 6(3) | 114,028 | 5 | 67,348 | 3 |
| 1170 | Accounts receivable, net | 6(3), 7 and 12 | 211,108 | 10 | 539,130 | 22 |
| 1200 | Other receivables | | 499 | - | 347 | - |
| 1220 | Current income tax assets | 6(21) | 6,098 | - | - | - |
| 130X | Inventory | 5(2) and 6(4) | 156,998 | 8 | 204,908 | 8 |
| 1410 | Prepayments | | 3,582 | - | 3,202 | - |
| 11XX | Total current assets | | <u>1,230,142</u> | <u>58</u> | <u>1,615,432</u> | <u>65</u> |
| Non-current assets | | | | | | |
| 1517 | Financial assets at fair value through other comprehensive income - non-current | 6(5) | 88,812 | 4 | 78,656 | 3 |
| 1550 | Investments accounted for under equity method | 6(6) and 7 | 395,817 | 19 | 371,020 | 15 |
| 1600 | Property, plant and equipment | 6(7) and 8 | 297,441 | 14 | 314,244 | 13 |
| 1755 | Right-of-use assets | 3(1) and 6(8) | 40,962 | 2 | - | - |
| 1780 | Intangible assets | | 3,036 | - | 4,961 | 1 |
| 1840 | Deferred income tax assets | 6(21) | 57,532 | 3 | 77,279 | 3 |
| 1920 | Guarantee deposits paid | | 4,646 | - | 4,734 | - |
| 1960 | Prepayments for investments - non-current | | 10,000 | - | - | - |
| 1990 | Other non-current assets | 8 | 3,477 | - | 3,637 | - |
| 15XX | Total non-current assets | | <u>901,723</u> | <u>42</u> | <u>854,531</u> | <u>35</u> |
| 1XXX | Total assets | | <u>\$ 2,131,865</u> | <u>100</u> | <u>\$ 2,469,963</u> | <u>100</u> |

(Continued)

ALL RING TECH CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | Notes | December 31, 2019 | | December 31, 2018 | | |
|---|---|-------------------|---------------------|-------------------|---------------------|------------|
| | | AMOUNT | % | AMOUNT | % | |
| Current liabilities | | | | | | |
| 2130 | Current contract liabilities | 6(15) | \$ 15,833 | 1 | \$ 12,619 | - |
| 2150 | Notes payable | | 1,151 | - | 1,360 | - |
| 2170 | Accounts payable | 7 | 204,037 | 9 | 267,956 | 11 |
| 2200 | Other payables | 6(9) and 7 | 120,173 | 6 | 230,891 | 9 |
| 2230 | Current income tax liabilities | 6(21) | - | - | 23,133 | 1 |
| 2250 | Provisions for liabilities - current | 6(10) | 12,789 | 1 | 12,793 | 1 |
| 2280 | Lease liabilities - current | 3(1) and 8 | 4,635 | - | - | - |
| 21XX | Total current liabilities | | <u>358,618</u> | <u>17</u> | <u>548,752</u> | <u>22</u> |
| Non-current liabilities | | | | | | |
| 2570 | Deferred income tax liabilities | 6(21) | 25,707 | 1 | 32,264 | 1 |
| 2580 | Lease liabilities - non-current | 3(1) and 8 | 36,560 | 2 | - | - |
| 2640 | Net defined benefit liabilities - non-current | 6(11) | 22,510 | 1 | 19,799 | 1 |
| 25XX | Total non-current liabilities | | <u>84,777</u> | <u>4</u> | <u>52,063</u> | <u>2</u> |
| 2XXX | Total liabilities | | <u>443,395</u> | <u>21</u> | <u>600,815</u> | <u>24</u> |
| Equity | | | | | | |
| Share capital | | | | | | |
| 3110 | Share capital - common stock | 6(12) | 833,239 | 39 | 842,389 | 34 |
| 3200 | Capital surplus | 6(12)(13) | 377,196 | 18 | 378,920 | 16 |
| | Retained earnings | 6(12)(14) | | | | |
| 3310 | Legal reserve | | 248,195 | 12 | 216,754 | 9 |
| 3320 | Special reserve | | 22,672 | 1 | 22,672 | 1 |
| 3350 | Unappropriated retained earnings | | 229,905 | 11 | 472,994 | 19 |
| 3400 | Other equity interest | 6(5)(6) | (22,737) | (2) | (18,649) | (1) |
| 3500 | Treasury stocks | 6(12) | - | - | (45,932) | (2) |
| 3XXX | Total equity | | <u>1,688,470</u> | <u>79</u> | <u>1,869,148</u> | <u>76</u> |
| Contingent liabilities and commitments | | | | | | |
| 3X2X | Total liabilities and equity | | <u>\$ 2,131,865</u> | <u>100</u> | <u>\$ 2,469,963</u> | <u>100</u> |

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

ALL RING TECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

| | | For the years ended December 31, | | | | | |
|-------|--|----------------------------------|-------|--------------|-------|--|--|
| | | 2019 | | 2018 | | | |
| Items | Notes | AMOUNT | % | AMOUNT | % | | |
| 4000 | Operating revenue | \$ 935,563 | 100 | \$ 1,684,162 | 100 | | |
| 5000 | Operating costs | | | | | | |
| | | (496,645) | (53) | (950,224) | (57) | | |
| 5900 | Net operating margin | 438,918 | 47 | 733,938 | 43 | | |
| | Operating expenses | | | | | | |
| | | | | | | | |
| 6100 | Selling expenses | (41,078) | (5) | (60,094) | (4) | | |
| 6200 | General and administrative expenses | (59,065) | (6) | (72,445) | (4) | | |
| 6300 | Research and development expenses | (208,421) | (22) | (259,558) | (15) | | |
| 6450 | Expected credit losses | (6,676) | (1) | (1,970) | - | | |
| 6000 | Total operating expenses | (315,240) | (34) | (394,067) | (23) | | |
| 6900 | Operating profit | 123,678 | 13 | 339,871 | 20 | | |
| | Non-operating income and expenses | | | | | | |
| 7010 | Other income | 17,920 | 2 | 17,583 | 1 | | |
| 7020 | Other gains and losses | (6,951) | (1) | 23,793 | 2 | | |
| 7050 | Finance costs | (577) | - | (105) | - | | |
| 7070 | Share of loss of subsidiaries, associates and joint ventures accounted for under equity method, net | (37,699) | (4) | (12,261) | (1) | | |
| 7000 | Total non-operating income and expenses | (27,307) | (3) | 29,010 | 2 | | |
| 7900 | Profit before income tax | 96,371 | 10 | 368,881 | 22 | | |
| 7950 | Income tax expense | (12,930) | (1) | (54,465) | (3) | | |
| 8200 | Profit for the year | \$ 83,441 | 9 | \$ 314,416 | 19 | | |
| | Other comprehensive income | | | | | | |
| | Components of other comprehensive income that will not be reclassified to profit or loss | | | | | | |
| 8311 | Remeasurement of defined benefit obligations | (\$ 2,159) | - | (\$ 68) | - | | |
| 8316 | Unrealised gains on valuation of financial assets at fair value through other comprehensive income | 10,156 | 1 | 3,364 | - | | |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 432 | - | 57 | - | | |
| | Components of other comprehensive income that will be reclassified to profit or loss | | | | | | |
| 8361 | Financial statements translation differences of foreign operations | (14,244) | (2) | (3,367) | - | | |
| 8300 | Total other comprehensive loss for the year | (\$ 5,815) | (1) | (\$ 14) | - | | |
| 8500 | Total comprehensive income for the year | \$ 77,626 | 8 | \$ 314,402 | 19 | | |
| | Earnings per share (in dollars) | | | | | | |
| 9750 | Basic | \$ 1.00 | | \$ 3.74 | | | |
| 9850 | Diluted | \$ 1.00 | | \$ 3.71 | | | |

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

ALL RING TECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

| | Notes | Capital Reserves | | | Retained Earnings | | | Other Equity Interest | | | | |
|---|---------|------------------------------|----------------------------|---------------|-------------------|-----------------|----------------------------------|--|--|---|-----------------|--------------|
| | | Share capital - common stock | Additional paid-in capital | Stock options | Legal reserve | Special reserve | Unappropriated retained earnings | Financial statements translation differences of foreign operations | Unrealised gain (loss) on valuation of financial assets at fair value through other comprehensive income | Unrealised gain (loss) on available-for-sale financial assets | Treasury stocks | Total |
| For the year ended December 31, 2018 | | | | | | | | | | | | |
| Balance at January 1, 2018 | | \$ 842,389 | \$ 378,812 | \$ 108 | \$ 186,434 | \$ 22,672 | \$ 448,824 | (\$ 15,507) | \$ - | (\$ 1,913) | \$ - | \$ 1,861,819 |
| Effects of retrospective application | | - | - | - | - | - | 1,318 | - | (3,231) | 1,913 | - | - |
| Adjusted balance at January 1, 2018 | | 842,389 | 378,812 | 108 | 186,434 | 22,672 | 450,142 | (15,507) | (3,231) | - | - | 1,861,819 |
| Net income for the year ended December 31, 2018 | | - | - | - | - | - | 314,416 | - | - | - | - | 314,416 |
| Other comprehensive income (loss) for the year ended December 31, 2018 | 6(5)(6) | - | - | - | - | - | (11) | (3,367) | 3,364 | - | - | (14) |
| Total comprehensive income (loss) for the year ended December 31, 2018 | | - | - | - | - | - | 314,405 | (3,367) | 3,364 | - | - | 314,402 |
| Loss on disposal of financial assets at fair value through other comprehensive income | 6(5) | - | - | - | - | - | (92) | - | 92 | - | - | - |
| Distribution of 2017 net income | | - | - | - | - | - | - | - | - | - | - | - |
| Legal reserve | | - | - | - | 30,320 | - | (30,320) | - | - | - | - | - |
| Cash dividends | 6(14) | - | - | - | - | - | (261,141) | - | - | - | - | (261,141) |
| Treasury stocks acquired | | - | - | - | - | - | - | - | - | - | (45,932) | (45,932) |
| Balance at December 31, 2018 | | \$ 842,389 | \$ 378,812 | \$ 108 | \$ 216,754 | \$ 22,672 | \$ 472,994 | (\$ 18,874) | \$ 225 | \$ - | (\$ 45,932) | \$ 1,869,148 |
| For the year ended December 31, 2019 | | | | | | | | | | | | |
| Balance at January 1, 2019 | | \$ 842,389 | \$ 378,812 | \$ 108 | \$ 216,754 | \$ 22,672 | \$ 472,994 | (\$ 18,874) | \$ 225 | \$ - | (\$ 45,932) | \$ 1,869,148 |
| Net income for the year ended December 31, 2019 | | - | - | - | - | - | 83,441 | - | - | - | - | 83,441 |
| Other comprehensive income (loss) for the year ended December 31, 2019 | 6(5)(6) | - | - | - | - | - | (1,727) | (14,244) | 10,156 | - | - | (5,815) |
| Total comprehensive income (loss) for the year ended December 31, 2019 | | - | - | - | - | - | 81,714 | (14,244) | 10,156 | - | - | 77,626 |
| Distribution of 2018 net income | | - | - | - | - | - | - | - | - | - | - | - |
| Legal reserve | | - | - | - | 31,441 | - | (31,441) | - | - | - | - | - |
| Cash dividends | 6(14) | - | - | - | - | - | (258,304) | - | - | - | - | (258,304) |
| Treasury stocks retired | 6(12) | (9,150) | (1,724) | - | - | - | (35,058) | - | - | - | 45,932 | - |
| Balance at December 31, 2019 | | \$ 833,239 | \$ 377,088 | \$ 108 | \$ 248,195 | \$ 22,672 | \$ 229,905 | (\$ 33,118) | \$ 10,381 | \$ - | \$ - | \$ 1,688,470 |

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

ALL RING TECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

| | Notes | For the years ended December 31, | |
|--|-------------|----------------------------------|------------|
| | | 2019 | 2018 |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Profit before tax | | \$ 96,371 | \$ 368,881 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Expected credit losses | 12 | 6,676 | 1,970 |
| Provision (reversal of allowance) for inventory market price decline | 6(4) | 27,360 | (4,854) |
| Share of loss of subsidiaries, associates and joint ventures accounted for under equity method | 6(6) | 37,699 | 12,261 |
| Depreciation | 6(7)(8)(19) | 22,403 | 17,535 |
| Gain on disposal of property, plant and equipment | 6(17) | - | (4) |
| Amortisation | 6(19) | 2,904 | 3,663 |
| Dividend income | 6(5)(16) | (8,168) | (4,506) |
| Interest income | 6(16) | (5,601) | (8,550) |
| Interest expense | 6(18) | 577 | 105 |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Notes receivable | | (46,680) | (32,117) |
| Accounts receivable | | 321,346 | (52,458) |
| Other receivables | | (152) | 3,016 |
| Inventories | | 20,550 | 80,321 |
| Prepayments | | (380) | 1,466 |
| Changes in operating liabilities | | | |
| Current contract liabilities | | 3,214 | 6,106 |
| Notes payable | | (209) | 491 |
| Accounts payable | | (63,919) | (57,678) |
| Other payables | | (110,708) | 11,608 |
| Provisions for liabilities - current | | (4) | 3,920 |
| Net defined benefit liabilities - non-current | | 552 | 516 |
| Cash inflow generated from operations | | 303,831 | 351,692 |
| Cash dividends received | | 8,168 | 4,506 |
| Interest received | | 5,601 | 8,550 |
| Interest paid | | (577) | (105) |
| Income taxes paid | | (28,539) | (32,075) |
| Net cash flows from operating activities | | 288,484 | 332,568 |

(Continued)

ALL RING TECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

| | Notes | For the years ended December 31, | |
|---|-------|----------------------------------|--------------------|
| | | 2019 | 2018 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Acquisition of financial assets at fair value through other comprehensive income | | \$ - | (\$ 21,028) |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | 6(5) | - | 631 |
| Acquisition of investment accounted for under equity method-subsidiary | 6(6) | (76,740) | - |
| Cash paid for acquisition of property, plant and equipment | 6(24) | (796) | (4,920) |
| Proceeds from disposal of property, plant and equipment | | - | 37 |
| Acquisition of intangible assets | | (979) | (4,083) |
| Decrease (increase) in guarantee deposits paid | | 88 | (199) |
| Increase in prepayments for investments | | (10,000) | - |
| Decrease in other non-current assets | | <u>160</u> | <u>160</u> |
| Net cash flows used in investing activities | | <u>(88,267)</u> | <u>(29,402)</u> |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Repayment of lease principal | 6(25) | (4,581) | - |
| Cash dividends paid | 6(14) | (258,304) | (261,141) |
| Acquisition of treasury stocks | 6(12) | <u>-</u> | <u>(45,932)</u> |
| Net cash flows used in financing activities | | <u>(262,885)</u> | <u>(307,073)</u> |
| Net decrease in cash and cash equivalents | | (62,668) | (3,907) |
| Cash and cash equivalents at beginning of year | 6(1) | <u>800,497</u> | <u>804,404</u> |
| Cash and cash equivalents at end of year | 6(1) | <u>\$ 737,829</u> | <u>\$ 800,497</u> |

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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE
To the Board of Directors and Shareholders of All Ring Tech Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of All Ring Tech Co., Ltd. and its subsidiaries (the “Group”) as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

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

Cutoff of revenue

Description

Refer to Note 4(28) for accounting policies on revenue recognition.

The sales revenue of the Group is primarily from the assembly and sale of equipment. Based on the terms of the sale agreement, sales revenue is recognised when the control of the goods sold is transferred to the customer after the installation of the goods or the acceptance of the goods by the customer, being when the goods are delivered to the customer, the customer has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. As the transfer of control of the goods to the customer in a sale transaction involves manual process and judgement, there exists a risk of material misstatement that may arise from improper revenue recognition for transactions that occur near the balance sheet date and the transaction amounts are usually material. Thus, we consider the cutoff of revenue a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding and assessed the accounting policy on revenue recognition.
2. Understood and assessed internal control over revenue recognition, tested the effectiveness of the internal controls over the shipment of goods and verified of the timing of revenue recognition.
3. Tested the cutoff of transactions that occurred a certain time before or after the balance sheet date in order to verify whether the control of the goods for which revenue has been recognised was transferred, and whether the revenue was recorded in the appropriate period.

Evaluation of inventories

Description

Refer to Note 4(10) to the consolidated financial statements for the accounting policy on inventory valuation, Note 5(2) for information on the uncertainty of accounting estimates and assumptions on inventory valuation, and Note 6(5) for information on allowance for inventory valuation losses. As of December 31, 2019, inventory and allowance for inventory valuation losses were NT\$265,400 thousand and NT\$64,313 thousand, respectively.

The Group develops, manufactures, and assembles production equipment for semiconductors and passive components. Due to rapid changes in technology, the risk of the materials inventory of related equipment incurring valuation losses or becoming obsolete is high. Inventories are stated at the lower of cost and net realisable value. The net realisable value of inventory that is over a certain age or individually identified as obsolete is determined based on the historical information on inventory obtained by management from periodic inspections.

The technology related to the Group's products is rapidly changing, and the determination of the net realisable value of inventory identified as obsolete involves subjective judgement. Thus, we consider the evaluation of inventories a key audit matter.

How our audit addressed the matter

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

1. Assessed the reasonableness of the Group's policies and procedures on setting allowance for inventory valuation losses according to applicable accounting principles and the auditor's understanding of the nature of the Group's industry. This included assessing the reasonableness of the source of the historical information on inventory used in determining net realisable value and assessing the reasonableness of judgments of obsolete inventory items.
2. Obtained an understanding of the Group's warehousing control procedures. Reviewed annual physical inventory count plan and participated in the annual inventory count in order to assess the classification of obsolete inventory and effectiveness of internal control over obsolete inventory.
3. Tested the appropriateness of the logic used in evaluating the net realisable value of inventory and inventory aging report to verify the reasonableness of the allowance for inventory valuation losses.

Other matter - Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of All Ring Tech Co., Ltd. as at and for the years ended December 31, 2019 and 2018.

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

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

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

Those charged with governance, including the board of directors (including independent directors) and the supervisors, are responsible for overseeing the Group’s financial reporting process.

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

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

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

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

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

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

Liu Tzu-Meng

Independent Accountants

Lin Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

February 26, 2020

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

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

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

| Assets | Notes | December 31, 2019 | | December 31, 2018 | | |
|---------------------------|---|-------------------|---------------------|-------------------|---------------------|------------|
| | | AMOUNT | % | AMOUNT | % | |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 824,336 | 38 | \$ 880,090 | 35 |
| 1136 | Financial assets at amortised cost - current | 6(3) | 32,424 | 2 | - | - |
| 1150 | Notes receivable, net | 6(4) | 115,335 | 5 | 73,977 | 3 |
| 1170 | Accounts receivable, net | 6(4) and 12 | 300,954 | 14 | 655,099 | 26 |
| 1200 | Other receivables | | 868 | - | 649 | - |
| 1220 | Current income tax assets | 6(21) | 6,098 | - | - | - |
| 130X | Inventory | 5(2) and 6(5) | 201,087 | 9 | 253,378 | 10 |
| 1410 | Prepayments | | 8,433 | 1 | 7,510 | - |
| 1479 | Other current assets | | - | - | 572 | - |
| 11XX | Total current assets | | <u>1,489,535</u> | <u>69</u> | <u>1,871,275</u> | <u>74</u> |
| Non-current assets | | | | | | |
| 1517 | Financial assets at fair value through other comprehensive income - non-current | 6(6) | 88,812 | 4 | 78,656 | 3 |
| 1600 | Property, plant and equipment | 6(7) and 8 | 402,069 | 19 | 403,255 | 16 |
| 1755 | Right-of-use assets | 3(1) and 6(8) | 72,458 | 3 | - | - |
| 1780 | Intangible assets | | 4,743 | - | 6,187 | - |
| 1840 | Deferred income tax assets | 6(21) | 70,719 | 3 | 89,918 | 4 |
| 1920 | Guarantee deposits paid | | 6,609 | - | 5,716 | - |
| 1960 | Prepayments for investments - non-current | | 10,000 | 1 | - | - |
| 1985 | Long-term prepaid rents | 3(1) | - | - | 32,316 | 1 |
| 1990 | Other non-current assets | 8 | 24,124 | 1 | 32,483 | 2 |
| 15XX | Total non-current assets | | <u>679,534</u> | <u>31</u> | <u>648,531</u> | <u>26</u> |
| 1XXX | Total assets | | <u>\$ 2,169,069</u> | <u>100</u> | <u>\$ 2,519,806</u> | <u>100</u> |

(Continued)

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | | Notes | December 31, 2019 | | December 31, 2018 | |
|---|---|-------------|---------------------|------------|---------------------|-------------|
| | | | AMOUNT | % | AMOUNT | % |
| Current liabilities | | | | | | |
| 2130 | Current contract liabilities | 6(15) | \$ 22,320 | 1 | \$ 19,174 | 1 |
| 2150 | Notes payable | | 1,151 | - | 1,360 | - |
| 2170 | Accounts payable | 7 | 218,487 | 10 | 290,474 | 12 |
| 2200 | Other payables | 6(9) and 7 | 136,440 | 6 | 249,940 | 10 |
| 2230 | Current income tax liabilities | 6(21) | - | - | 24,491 | 1 |
| 2250 | Provisions for liabilities - current | 6(10) | 12,789 | 1 | 12,793 | - |
| 2280 | Lease liabilities - current | 3(1) and 8 | 4,635 | - | - | - |
| 2310 | Advance receipts | | - | - | 363 | - |
| 21XX | Total current liabilities | | <u>395,822</u> | <u>18</u> | <u>598,595</u> | <u>24</u> |
| Non-current liabilities | | | | | | |
| 2570 | Deferred income tax liabilities | 6(21) | 25,707 | 1 | 32,264 | 1 |
| 2580 | Lease liabilities - non-current | 3(1) and 8 | 36,560 | 2 | - | - |
| 2640 | Net defined benefit liabilities - non-current | 6(11) | <u>22,510</u> | <u>1</u> | <u>19,799</u> | <u>1</u> |
| 25XX | Total non-current liabilities | | <u>84,777</u> | <u>4</u> | <u>52,063</u> | <u>2</u> |
| 2XXX | Total liabilities | | <u>480,599</u> | <u>22</u> | <u>650,658</u> | <u>26</u> |
| Equity | | | | | | |
| Share capital | | | | | | |
| 3110 | Share capital - common stock | 6(12) | 833,239 | 38 | 842,389 | 33 |
| 3200 | Capital surplus | 6(12)(13) | 377,196 | 17 | 378,920 | 15 |
| | Retained earnings | 6(12)(14) | | | | |
| 3310 | Legal reserve | | 248,195 | 11 | 216,754 | 9 |
| 3320 | Special reserve | | 22,672 | 1 | 22,672 | 1 |
| 3350 | Unappropriated retained earnings | | 229,905 | 11 | 472,994 | 19 |
| 3400 | Other equity interest | 6(6) | (22,737) | - | (18,649) | (1) |
| 3500 | Treasury stocks | 6(12) | <u>-</u> | <u>-</u> | <u>(45,932)</u> | <u>(2)</u> |
| 3XXX | Total equity | | <u>1,688,470</u> | <u>78</u> | <u>1,869,148</u> | <u>74</u> |
| Contingent liabilities and commitments | | 6(23) and 9 | | | | |
| 3X2X | Total liabilities and equity | | <u>\$ 2,169,069</u> | <u>100</u> | <u>\$ 2,519,806</u> | <u>100</u> |

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

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

| | | For the years ended December 31, | | | |
|-------|--|----------------------------------|-------|--------------|-------|
| | | 2019 | | 2018 | |
| Items | Notes | AMOUNT | % | AMOUNT | % |
| 4000 | Operating revenue | \$ 1,032,376 | 100 | \$ 1,925,869 | 100 |
| 5000 | Operating costs | | | | |
| | | (566,338) | (55) | (1,125,936) | (58) |
| 5900 | Net operating margin | 466,038 | 45 | 799,933 | 42 |
| | Operating expenses | | | | |
| | | | | | |
| 6100 | Selling expenses | (57,321) | (5) | (81,135) | (4) |
| 6200 | General and administrative expenses | (84,145) | (8) | (103,413) | (6) |
| 6300 | Research and development expenses | (234,040) | (23) | (285,166) | (15) |
| 6450 | Expected credit losses | (7,028) | (1) | (2,087) | - |
| 6000 | Total operating expenses | (382,534) | (37) | (471,801) | (25) |
| 6900 | Operating profit | 83,504 | 8 | 328,132 | 17 |
| | Non-operating income and expenses | | | | |
| 7010 | Other income | 17,763 | 2 | 19,920 | 1 |
| 7020 | Other gains and losses | (6,702) | (1) | 21,871 | 1 |
| 7050 | Finance costs | (586) | - | (105) | - |
| 7000 | Total non-operating income and expenses | 10,475 | 1 | 41,686 | 2 |
| 7900 | Profit before income tax | 93,979 | 9 | 369,818 | 19 |
| 7950 | Income tax expense | (10,538) | (1) | (55,402) | (3) |
| 8200 | Profit for the year | \$ 83,441 | 8 | \$ 314,416 | 16 |
| | Other comprehensive income | | | | |
| | Components of other comprehensive income that will not be reclassified to profit or loss | | | | |
| 8311 | Remeasurement of defined benefit obligations | (\$ 2,159) | - | (\$ 68) | - |
| 8316 | Unrealised gains on valuation of financial assets at fair value through other comprehensive income | 10,156 | 1 | 3,364 | - |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 432 | - | 57 | - |
| | Components of other comprehensive income that will be reclassified to profit or loss | | | | |
| 8361 | Financial statements translation differences of foreign operations | (14,244) | (1) | (3,367) | - |
| 8300 | Total other comprehensive loss for the year | (\$ 5,815) | - | (\$ 14) | - |
| 8500 | Total comprehensive income for the year | \$ 77,626 | 8 | \$ 314,402 | 16 |
| | Profit attributable to: | | | | |
| 8610 | Owners of the parent | \$ 83,441 | 8 | \$ 314,416 | 16 |
| | Comprehensive income attributable to: | | | | |
| 8710 | Owners of the parent | \$ 77,626 | 8 | \$ 314,402 | 16 |
| | Earnings per share (in dollars) | | | | |
| 9750 | Basic | \$ 1.00 | | \$ 3.74 | |
| 9850 | Diluted | \$ 1.00 | | \$ 3.71 | |

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

LL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

| | Notes | Capital Reserves | | | Retained Earnings | | | Other Equity Interest | | | | Treasury stocks | Total equity |
|---|-------|------------------------------|----------------------------|---------------|-------------------|------------------|----------------------------------|--|--|--|--------------------|---------------------|--------------|
| | | Share capital - common stock | Additional paid-in capital | Stock options | Legal reserve | Special reserve | Unappropriated retained earnings | Financial statements translation differences of foreign operations | Unrealised gain (loss) on valuation of financial assets at fair value through other comprehensive income | Unrealised gain (loss) on valuation of available-for-sale financial assets | | | |
| For the year ended Decemebr 31, 2018 | | | | | | | | | | | | | |
| Balance at January 1, 2018 | | \$ 842,389 | \$ 378,812 | \$ 108 | \$ 186,434 | \$ 22,672 | \$ 448,824 | (\$ 15,507) | \$ - | (\$ 1,913) | \$ - | \$ 1,861,819 | |
| Effect of retrospective application | | - | - | - | - | - | 1,318 | - | (3,231) | 1,913 | - | - | |
| Adjusted balance at January 1, 2018 | | 842,389 | 378,812 | 108 | 186,434 | 22,672 | 450,142 | (15,507) | (3,231) | - | - | 1,861,819 | |
| Net income for the year ended December 31, 2018 | | - | - | - | - | - | 314,416 | - | - | - | - | 314,416 | |
| Other comprehensive income (loss) for the year ended December 31, 2018 | 6(6) | - | - | - | - | - | (11) | (3,367) | 3,364 | - | - | (14) | |
| Total comprehensive income (loss) for the year ended December 31, 2018 | | - | - | - | - | - | 314,405 | (3,367) | 3,364 | - | - | 314,402 | |
| Loss on disposal of financial assets at fair value through other comprehensive income | 6(6) | - | - | - | - | - | (92) | - | 92 | - | - | - | |
| Distribution of 2017 net income | | | | | | | | | | | | | |
| Legal reserve | | - | - | - | 30,320 | - | (30,320) | - | - | - | - | - | |
| Cash devidends | 6(14) | - | - | - | - | - | (261,141) | - | - | - | - | (261,141) | |
| Treasury stocks acquired | 6(12) | - | - | - | - | - | - | - | - | - | (45,932) | (45,932) | |
| Balance at December 31, 2018 | | <u>\$ 842,389</u> | <u>\$ 378,812</u> | <u>\$ 108</u> | <u>\$ 216,754</u> | <u>\$ 22,672</u> | <u>\$ 472,994</u> | <u>(\$ 18,874)</u> | <u>\$ 225</u> | <u>\$ -</u> | <u>(\$ 45,932)</u> | <u>\$ 1,869,148</u> | |
| For the year ended Decemebr 31, 2019 | | | | | | | | | | | | | |
| Balance at January 1, 2019 | | \$ 842,389 | \$ 378,812 | \$ 108 | \$ 216,754 | \$ 22,672 | \$ 472,994 | (\$ 18,874) | \$ 225 | \$ - | (\$ 45,932) | \$ 1,869,148 | |
| Net income for the year ended December 31, 2019 | | - | - | - | - | - | 83,441 | - | - | - | - | 83,441 | |
| Other comprehensive income (loss) for the year ended December 31, 2019 | 6(6) | - | - | - | - | - | (1,727) | (14,244) | 10,156 | - | - | (5,815) | |
| Total comprehensive income (loss) for the year ended December 31, 2019 | | - | - | - | - | - | 81,714 | (14,244) | 10,156 | - | - | 77,626 | |
| Distribution of 2018 net income | | | | | | | | | | | | | |
| Legal reserve | | - | - | - | 31,441 | - | (31,441) | - | - | - | - | - | |
| Cash devidends | 6(14) | - | - | - | - | - | (258,304) | - | - | - | - | (258,304) | |
| Treasury stocks retired | 6(12) | (9,150) | (1,724) | - | - | - | (35,058) | - | - | - | 45,932 | - | |
| Balance at December 31, 2019 | | <u>\$ 833,239</u> | <u>\$ 377,088</u> | <u>\$ 108</u> | <u>\$ 248,195</u> | <u>\$ 22,672</u> | <u>\$ 229,905</u> | <u>(\$ 33,118)</u> | <u>\$ 10,381</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,688,470</u> | |

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

LL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

| | Notes | For the years ended December 31, | |
|--|-------------|----------------------------------|------------|
| | | 2019 | 2018 |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Profit before tax | | \$ 93,979 | \$ 369,818 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Expected credit losses | 12 | 7,028 | 2,087 |
| Provision for inventory market price decline | 6(5) | 31,504 | 568 |
| Depreciation | 6(7)(8)(19) | 30,967 | 25,870 |
| (Gain) loss on disposal of property, plant and equipment | 6(17) | (22) | 75 |
| Amortisation | 6(19) | 3,394 | 3,893 |
| Amortisation of long-term prepaid rents | | - | 351 |
| Dividend income | 6(6)(16) | (8,168) | (4,506) |
| Interest income | 6(16) | (6,203) | (9,234) |
| Interest expense | 6(18) | 586 | 105 |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Notes receivable | | (41,358) | (29,160) |
| Accounts receivable | | 347,137 | (52,323) |
| Other receivables | | (219) | 2,918 |
| Inventory | | 20,641 | 79,047 |
| Prepayments | | (923) | 4,627 |
| Other current assets | | 572 | (531) |
| Changes in operating liabilities | | | |
| Current contract liabilities | | 3,146 | 12,581 |
| Notes payable | | (209) | 491 |
| Accounts payable | | (71,987) | (68,674) |
| Other payables | | (113,490) | 8,975 |
| Provisions for liabilities - current | | (4) | 3,920 |
| Advance receipts | | (363) | 363 |
| Net defined benefit liabilities - non-current | | 552 | 516 |
| Cash inflow generated from operations | | 296,560 | 351,777 |
| Dividends received | | 8,168 | 4,506 |
| Interest received | | 6,203 | 9,234 |
| Interest paid | | (586) | (105) |
| Income taxes refund | | 670 | 931 |
| Income taxes paid | | (29,209) | (36,051) |
| Net cash flows from operating activities | | 281,806 | 330,292 |

(Continued)

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

| | Notes | For the years ended December 31, | |
|---|-------|----------------------------------|--------------------|
| | | 2019 | 2018 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Acquisition of financial assets at amortised cost | 6(3) | (\$ 32,424) | \$ - |
| Acquisition of financial assets at fair value through other comprehensive income | | - | (21,028) |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | | - | 631 |
| Cash paid for acquisition of property, plant and equipment | 6(24) | (27,062) | (8,851) |
| Proceeds from disposal of property, plant and equipment | | 47 | 37 |
| Acquisition of intangible assets | | (1,983) | (5,534) |
| Increase in guarantee deposits paid | | (893) | (1,110) |
| Increase in prepayments for investments | | (10,000) | - |
| Decrease in other non-current assets | | <u>8,359</u> | <u>3,310</u> |
| Net cash flows used in investing activities | | <u>(63,956)</u> | <u>(32,545)</u> |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Repayment of lease principal | 6(25) | (4,581) | - |
| Cash dividends paid | 6(14) | (258,304) | (261,141) |
| Acquisition of treasury stocks | 6(12) | <u>-</u> | <u>(45,932)</u> |
| Net cash flows used in financing activities | | <u>(262,885)</u> | <u>(307,073)</u> |
| Effect of foreign exchange rate changes on cash and cash equivalents | | <u>(10,719)</u> | <u>(292)</u> |
| Net decrease in cash and cash equivalents | | (55,754) | (9,618) |
| Cash and cash equivalents at beginning of year | 6(1) | <u>880,090</u> | <u>889,708</u> |
| Cash and cash equivalents at end of year | 6(1) | <u>\$ 824,336</u> | <u>\$ 880,090</u> |

E03v

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

All Ring Tech Co., Ltd.
Earnings Distribution Table
2019

unit: NTD

| Item | Amount |
|---|-----------------|
| Undistributed earnings at the beginning of the period | \$ 183,247,967 |
| Plus (minus): change in re-measurement of defined benefit plan in the current period | (1,727,634) |
| Undistributed surplus due to write off of treasury shares in the current period | (35,058,007) |
| Net profit after tax | 83,442,719 |
| 10% Legal reserve | (8,344,272) |
| Special Reserve | (63,930) |
| Current period distributable earnings | \$ 221,496,843 |
| Items of earnings distribution | |
| Shareholder bonus - cash | \$ (74,991,512) |
| Undistributed earnings at the end of the period | \$ 146,505,331 |

Note 1: The 2019 earnings shall be distributed first.

Note 2: Cash dividends of NT\$0.9 per share shall be allocated. For reasons that have caused change in the number of outstanding shares and interest/share distributions, such as converting convertible bonds, buying back treasury shares, transferring treasury shares, or exercising employee stock options, it is proposed that the shareholders authorize the Board of Directors to handle the matter and announce it separately.

Note 3: The base date of interest distribution shall be determined by the Board of Directors after the present resolution is agreed upon at the shareholders' meeting. Any dividend less than NT\$1 shall be rounded down. The Chairman is authorized to trade the remaining balance with certain parties.

Chairman: Ching-Lai Lu

Manager: Hsin-Yao Cheng

Accounting Supervisor:
Hsiao-Mei Wang

All Ring Tech Co., Ltd.

Articles of Association (Before Amendment)

Chapter I - General Provisions

- Article 1.** The company is organized in accordance with the Company Act of the Republic of China, and is named All Ring Tech Co., Ltd. (萬潤科技股份有限公司). English name is named as ALL RING TECH CO.,LTD.
- Article 2.** The scope of the company business goes as follows:
- I. CB01010 Machinery and Equipment Manufacturing**
 - II. CE01030 Photographic and Optical Equipment Manufacturing**
 - III. F401010 International Trade**
 - IV. JE01010 Rental and Leasing Business (apply for automatic IC ball mount toolings and automatic machinery equipment only)**
- Research, development, manufacturing and sales for the following products:
- (I) Automatic IC ball mount tooling**
 - (II) SMD chip capacitance tester**
 - (III) Digital camera telescope**
 - (IV) Automatic mechanical engineering design, manufacturing and assembly with software development of computer**
 - (V) International trade of products listed above**
- Article 3.** The Company shall have its head office in the Kaohsiung Campus of the Southern Science and Industrial Park, and shall be free, upon approval of the board of directors, to establish branches at home or abroad when deemed necessary.
- Article 4.** Public announcements of the company shall be made in accordance with Article 28 of the Company Act.

Chapter II - Shares

- Article 5.** The total capital of the Company shall be in the amount of NT\$1,500,000,000, which is divided into 150 million shares, at NT\$10 each. The Board of Directors are authorized to issue shares in multiple times. An amount of NT\$80,000,000 of the total capital stock is reserved for the issuance of employee stock options.
- Article 5-1.** The subscription price for the employee stock options issued by the company is not subject to the relevant laws and regulations. The resolution for issuance may be adopted with the concurrence of over two-thirds of votes exercised by the shareholders present at the shareholders' meeting who represent more than one-half of the issued shares of the company. The shares shall be issued multiple times within one year from the resolution by the shareholders.
- Article 5-2.** The treasury stocks repurchased by the company may be transferred to the employees at a price lower than the average price paid for the shares. The resolution for transfer may be adopted with the concurrence of over two-thirds of votes exercised by the shareholders present at the shareholders' meeting who represent a majority of the issued shares of the company.
- Article 5-3.** The employees' compensation given to the subsidiaries' employees is as follows:
- 1. The shares purchased in accordance with the Company Act shall be transferred to the parties, including the subsidiaries' employees who meet certain conditions.**

2. In accordance with the Company Act, the employee stock options shall be issued to the parties, including the subsidiaries' employees who meet certain conditions.
3. In accordance with the Company Act, the employees who have subscribed new shares issued shall include the subsidiaries' employees who meet certain conditions.
4. In accordance with the Company Act, the recipients to whom restricted employee shares issued shall include the subsidiaries' employees who meet certain conditions.

Article 6. Article 6: The total amount of the company's reinvestment is not subject to the limit of 40% of the paid-in capital, as dictated by Article 13 of the Company Act.

Article 6-1. The company may endorse and guarantee externally for business or investment purposes.

Article 7. The company may issue shares without printing share certificates, but shall register at Taiwan Depository & Clearing Corporation.

Article 8. Registration for shares transfer shall be suspended within 60 days before the annual shareholders' meeting, within 30 days before the interim shareholders' meeting, or within 5 days before dividends, bonuses or other benefits are scheduled to be paid by the company.

Chapter III - Shareholders' Meeting

Article 9. Shareholders' meeting is divided into two categories; the annual shareholders' meeting is convened every year; it is convened by the Board of Directors in accordance with the law within six months after the end of each fiscal year. The interim shareholders' meeting may be convened in accordance with the law when deemed necessary.

Article 10. A shareholder may, with a written authorization issued by the Company specifying the scope of authorized rights, appoint a proxy to attend the shareholders' meeting on their behalf.

Article 11. Each share shall be entitled to one vote, which can be exercised in paper form or electronically.

Article 12. Except as dictated in the Company Act, resolutions shall be adopted with the concurrence of one-half of votes exercised by the shareholders present at the shareholders' meeting who represent one-half of the issued shares of the company.

Article 12-1. The company's shareholders' meeting minutes and relevant reports shall be publicly announced.

Chapter IV - Directors and Supervisors

Article 13. The company shall have seven Directors and three Supervisors. The Directors and Supervisors shall be elected for a term of three years by adopting the candidate nomination system as specified in Article 192-1 of the Company Act. The Director and Supervisor candidates are to be selected from the candidate list and shall be eligible for re-election.

Article 13-1. In accordance with Article 14-2 of the Securities and Exchange Act, the number of the aforementioned Directors shall include at least 2 Independent Directors that account for no less than one-fifth of the number of Directors; the candidate nomination system shall be adopted for the election, as set out in Article 192-1 of the Company Act.

Article 13-2. In accordance with Article 204 of the Company Act, the company may convene

the meeting of the Board of Directors at any time in case of an emergency. The company shall notify the Directors and the Supervisors of the meeting in paper form or by e-mail or by fax.

Article 14. The Directors shall elect from among themselves a Chairman of the Board of Directors by one-half of the members in a meeting attended by over two-thirds of the Directors. The Directors may elect a Vice Chairman of the Board of Directors. The Chairman of the Board of Directors shall have the authority to represent the company.

Article 15. When the Chairman takes leave or fails to exercise his or her authority, his/her proxy shall comply with Article 208 of the Company Act.

According to Article 205 of the Company Act, a Director may, with sealed or signed authorization specifying the scope of authorized rights, appoint another Director to attend on his/her behalf the meeting of the Board of Directors.

Article 16. The Board of Directors is authorized by the shareholders to determine the compensation of all Directors and Supervisors. Regardless of operating profits or losses, the compensation shall be paid according to the industry standard.

Article 16-1. The company may establish various functional committees after considering the size of the company, the nature of the business, and the number of Directors. The organizational procedures of these committees shall be decided by the Board of Directors in accordance with relevant laws and regulations.

Chapter V - Managers

Article 17. The company shall have a number of general managers, deputy general managers, and managers. Their appointment, dismissal, and compensation shall comply with Article 29 of the Company Act.

Chapter VI - Accounting

Article 18. In accordance with Article 228 of the Corporations Act, at the end of each fiscal year, the following reports shall be prepared by the Board of Directors. The reports shall be submitted to the supervisors for review within 30 days before the annual shareholders' meeting and then to the annual shareholders' meeting for approval. 1. Business report 2. Financial statements 3. Proposal Concerning Earnings distribution or covering of losses.

Article 19. Deleted

Article 20. As the company faces an ever-changing industrial environment and the business is in the stage of steady growth, the Board of Director shall take into consideration the budget for future capital expenditure and funds needed and weigh the necessity of allocating earnings to support capital needs when deciding on the amount of earnings to be retained or distributed and the amount of dividend to be paid in cash.

If there is any surplus in the final accounts of the company every year, in addition to the income tax of profit-making enterprises and making up for the losses of previous years, if there is any balance, it shall set aside 10% as the legal surplus reserve first, except when the legal surplus reserve has reached the paid in capital. After the special surplus reserve is set aside or reversed in accordance with the law, plus the accumulated undistributed surplus of the previous year, it is the accumulated distributable surplus. At least 30% of the accumulated distributable surplus shall be allocated as shareholders' dividends, and the cash dividends shall not be less than 10% of the total shareholders' dividends. The Board of Directors shall, based on relevant factors such as future business or re-investment, propose the distribution of earnings, and submit the proposal to the Shareholders' Meeting for approval.

Article 20-1. The company shall allocate no less than 3% of its annual profit as compensation to the employees and no more than 3% of its annual profits as compensation to the Directors and Supervisors. However, the company shall reserve a sufficient amount to offset its accumulated losses. The compensation shall be distributed, in stock or in cash, to the employees of the company or the subsidiaries' employees who meet certain conditions. The earnings of a fiscal year is referred to as the pre-tax profit of the year before the compensation to the employees, Directors, and Supervisors is deducted. The compensation allocated to the employees, Directors, and Supervisors shall be agreed upon by one-half of members in a meeting attended by over two-thirds of the Directors and shall be reported to the shareholders' meeting.

Chapter VII - Supplementary Provisions

Article 21. In regard to the matters not specified in the Articles of Incorporation, the Company Act of the Republic of China shall prevail.

Article 22. The Articles of Incorporation was established on May 18, 1996.

The first amendment was approved on July 9, 1996.

The second amendment was approved on May 14, 1998.

The third amendment was approved on June 20, 1999.

The fourth amendment was approved on May 1, 2000.

The fifth amendment was approved on July 8, 2000.

The sixth amendment was approved on May 12, 2001.

The seventh amendment was approved on July 20, 2001.

The eighth amendment was approved on May 27, 2002.

The ninth amendment was approved on June 3, 2003.

The tenth amendment was approved on June 15, 2004.

The eleventh amendment was approved on June 15, 2006.

The twelfth amendment was approved on June 21, 2007.

The thirteenth amendment was approved on April 30, 2008.

The fourteenth amendment was approved on June 10, 2009.

The fifteenth Amendment was approved on May 12, 2010.

The sixteenth Amendment was approved on June 22, 2011.

The seventeenth amendment was approved on May 7, 2012.

The eighteenth amendment was approved on June 12, 2014.

The nineteenth amendment was approved on June 15, 2016.

The twentieth amendment was approved on June 15, 2017.

The twenty-first amendment was approved on June 13, 2019.

All Ring Tech Co., Ltd.**Rules of Procedure for Shareholder Meetings (before amendment)****Article 1**

In order to establish efficient governance of the shareholders to improve supervision and strengthen management, the company has set up the Rules and Procedures for Shareholders' Meeting of All Ring Tech Co., Ltd. (hereinafter referred to as the Rules) in accordance with the Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Article 2

The regulations for the shareholders' meeting, except as otherwise dictated by laws or the Articles of Incorporation, shall comply with the Rules.

Article 3

Unless otherwise dictated by regulations, the shareholders' meeting is convened by the Board of Directors.

The company shall prepare the following electronic files: the shareholders' meeting notice, proxy forms, causes of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, and the election or dismissal of Directors or Supervisors; the company shall upload them to the Market Observation Post System(MOPS) 30 days before the shareholders hold an annual meeting or 15 days before the shareholders hold a special meeting. The company shall prepare shareholders' meeting agenda and related supplemental materials in electronic form, and upload them to the MOPS 21 days before the annual shareholders' meeting or 15 days before a special meeting. The company shall prepare shareholders' meeting agenda and related supplemental materials 21 days before the shareholders' meeting, and make them accessible to shareholders at any time. In addition, the agenda shall be displayed at the company and its stock registrar and transfer agent, and distributed on-site at the shareholders' meeting. The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of addressees, the meeting notice may be given in electronic form. Election or dismissal of Directors and Supervisors, alteration of the Articles of Incorporation, corporate dissolution, merger, and demerger, or any matters as set forth in all Subparagraphs of Paragraph 1, Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, shall be listed as convening causes in the meeting notice, not as extempore motions.

Shareholders holding 1% or more of the total number of issued shares of the company may submit a proposal to the company for discussion at an annual shareholders' meeting. Such proposals, however, are limited to one item only; no proposal containing more than one item shall be included in the meeting agenda. If any of the circumstances provided in Paragraphs 1 to 4, Article 172-1 of the Company Act pertains to a proposal put forward by a shareholder, the Board of Directors may exclude it from the meeting agenda.

Prior to the book closure date and before an annual shareholders' meeting, the company shall publicly announce and specify the location and time period to receive shareholder proposals; the period of submission of shareholder proposals shall not be less than 10 days. Submitted shareholder proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The proposal sponsor shall

attend, in person or by proxy, the annual shareholders' meeting and join in the discussion of the proposal.

The company shall, prior to preparing and delivering the shareholders' meeting notice, inform all the sponsors of the proposal-screening results, and shall list in the shareholders' meeting notice the proposals conforming to this Article. At the shareholders' meeting, the Board of Directors shall explain the reasons for the dismissal of proposals.

Article 4

A shareholder may, with a written authorization letter issued by the company specifying the scope of authorized rights, appoint a proxy to attend the shareholders' meeting on his behalf.

Shareholders may appoint only one proxy by issuing a proxy authorization letter, which shall be delivered to the company five days before the date of shareholders' meeting. In case of repeated proxy authorization letter, the one delivered earliest shall prevail, except for the statement for cancellation of former proxy. After the proxy authorization is submitted to the company, in case the shareholder wishes to attend the shareholders' meeting in person or to exercise his voting right in writing or electronically, a written notice shall be filed to the company to rescind the proxy authorization within two days prior to the date of the shareholders' meeting; otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

Article 5

The venue where a shareholder meeting is to be held shall be in the premises of the company or a location accessible to shareholders and appropriate for holding meetings. Shareholders' meetings shall not begin earlier than 9:00 a.m. or later than 3:00 p.m. The opinions of Independent Directors shall be fully considered in the decision of the location and time of the shareholders' meeting.

Article 6

The company shall specify in the shareholders' meeting notices the time period and location for registration, and other matters worthy of attention.

The check-in time described in the preceding paragraph shall be at least 30 minutes prior to the meeting. The check-in counter shall be clearly indicated and competent personnel shall be assigned to help shareholders check in.

The shareholder or the shareholder proxy (hereinafter referred to as the shareholder) shall present the attendance certificate, attendance card or other attendance certificates at the Shareholders' meeting; the solicitor of proxy authorization letters shall carry an identity document for verification.

The company shall prepare a check-in book for shareholders to sign in; shareholders may hand in an attendance card in lieu of signing on the check-in book.

The company shall furnish attending shareholders with the meeting agenda, annual report, attendance certificate, speaker's slips, voting slips, and other meeting materials. In case of an election of Directors or Supervisors, pre-printed ballots shall also be furnished.

When the government or a corporate is a shareholder, it may have more than one representative at a shareholders' meeting. When a corporate is appointed to attend a shareholders' meeting, it may designate only one person to do so.

Article 7

When a shareholders' meeting is convened by the Board of Directors, the meeting shall be

chaired by the Chairman of the Board. In case the Chairman of the Board is on leave or unable to exercise the power of Chairman, the Vice Chairman shall preside. If the Board has not appointed a Vice Chairman or the Vice Chairman is also on leave or unable to exercise the power of the Vice Chairman, the Chairman shall appoint one of the managing Directors to preside. If managing Directors have not been appointed, one of the Directors shall be appointed to preside. When the Chairman has not made such appointment, the managing Directors or the Directors shall elect a chair from among themselves.

When the chair is elected from the managing Directors or Directors, those who have held the position for six months or longer and understand the financial and business operations of the company shall be considered with priority. The same shall be applied for a representative of a corporate Director that serves as chair.

Shareholders' meetings convened by the Board of Directors shall be attended by over one-half of the Directors. If an eligible party other than the Board of Directors convenes a shareholders' meeting, the convening party shall chair the meeting. In case of two or more convening parties, they shall select a chair from among themselves. The company may appoint its attorneys, certified public accountants, or related personnel to attend a shareholders' meeting as guests.

Article 8

The company shall record, uninterruptedly, the full process of the meeting with audio and video, from the beginning of check-in, discussions to voting/vote counting.

The aforementioned video and audio files shall be kept for at least one year. If, however, a shareholder files a lawsuit in accordance with Article 189 of the Company Act, the ballots shall be retained until the close of the litigation.

Article 9

Attendance at a shareholders' meeting shall be calculated based on the number of shares.

The number of shares in attendance shall include the shares indicated by the check-in book and the attendance cards handed in, plus the number of shares whose voting rights are exercised in writing or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders have not yet represented one-half 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, are 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 in accordance with Paragraph 1, Article 175 of the Company Act. All shareholders shall be notified of the tentative resolution and another shareholders' meeting, which is to be convened within one month.

When, prior to the close of the shareholders' meeting, the attending shareholders represent one-half of the total number of issued shares, the chair may resubmit the tentative resolution for a vote at the meeting in accordance with 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, and shall not be changed without a resolution by the shareholders.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by an eligible party other than the Board of Directors.

The chair shall not declare the meeting adjourned prior to the completion of deliberation on the meeting agenda as referred to in the preceding two paragraphs (including extempore motions), except by a resolution of the shareholders. If the chair declares the meeting adjourned in violation of the Rules, other members of the Board of Directors shall promptly assist the attending shareholders to elect a new chair according to statutory procedures, by agreement of one-half 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, amendments and extempore motions put forward by the shareholders; when the chair judges that a proposal has been discussed sufficiently, the chair may announce the discussion closed and call for a vote.

Article 11

An attending shareholder shall, before speaking, complete a speaker's slip indicating the subject of speech, shareholder's account number (or the number of attendance certificate) and account name. The sequence of speeches shall be determined by the chair.

An attending shareholder who has submitted a speaker's slip but did not 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 content of the speech shall prevail.

Unless permitted by the chair, a shareholder shall not speak more than twice on a proposal, and each speech shall not exceed five minutes. If the shareholder's speech violates the regulations or diverges from the agenda, the chair may terminate it. Unless permitted by the chair and the shareholder who has the floor, no shareholder shall interrupt the speech; otherwise the chair shall stop such interruption.

When a corporate shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives appointed may speak on a proposal. After an attending shareholder has finished his/her speech, the chair may respond in person or appoint relevant personnel to respond.

Article 12

Voting at a shareholders' meeting shall be based on the number of shares.

With respect to the resolutions at the shareholders' meeting, the number of shares held by a shareholder with no voting right shall not be counted as part of the total number of issued shares.

A shareholder, whose interests may be related to a matter so as to potentially jeopardize the interests of the company, shall not vote on that matter, and shall not exercise his/her voting right as proxy for other shareholder.

Under the preceding paragraph, the number of shares which voting rights cannot be exercised shall not be counted as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, a shareholder proxy concurrently appointed by two or more shareholders, shall not have voting rights exceeding 3% of those represented by the total

number of issued shares; the excess of voting rights shall not be counted.

Article 13

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

When the company convenes shareholders' meeting, voting rights may be exercised in writing or electronically (but if, subject to Paragraph 1, Article 177-1 of the Company Act, the company shall adopt electronic voting method,

and voting rights shall be exercised in writing at the shareholders' meeting); Voting in writing or electronically shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights in writing or electronically will be deemed to have attended the meeting in person, but shall be deemed to have waived his rights with respect to extempore motions and revisions to the original proposals of that meeting. It is therefore advisable that the company avoids submission of extempore motions and revisions to the original proposals.

The notice about exercising voting rights in writing or electronically shall be delivered to the company at least two days before the date of shareholders' meeting. In case of repeated notice, the one delivered earliest shall prevail, except for the statement for cancellation of former notice.

After a shareholder has exercised his voting rights in writing or electronically, if he wishes to attend the meeting in person, he shall withdraw, in the same manner, the previous exercise of voting rights no later than two days before the shareholders' meeting. Once the withdrawal is overdue, the previous exercise of voting rights in writing or electronically shall prevail. When a shareholder has exercised his voting rights in writing or electronically and at the same time has appointed a proxy to attend the shareholders' meeting, the voting rights exercised by the proxy shall prevail in the meeting.

Except as otherwise dictated in the Company Act and in the Articles of Incorporation, the agreement on a proposal shall require the concurrence of over one-half of the voting rights represented by the attending shareholders. At voting, the total number of voting rights of the attending shareholders shall be announced by the chair or a designated person on a case-by-case basis. A proposal is deemed to have passed when no attending shareholders gave an objection after being inquired by the chair, and the effect thereof is the same as a vote. If there is an objection, the voting as referred to in the preceding paragraph shall be adopted.

When there is an amendment or an alternative on a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If one of the proposals is passed, the others will then be deemed rejected, and no further voting is required.

Vote-monitoring and vote-counting personnel for a vote on a proposal shall be appointed by the chair, provided that all monitoring personnel are shareholders of the Company.

When voting on motions or elections, the vote counting shall be conducted at an open space in the shareholders' meeting, and the results, including weights, shall be announced immediately after counting and recorded.

Article 14

The election of Directors or Supervisors at a shareholders' meeting shall be conducted in

accordance with the applicable election and appointment rules of the Company, and the voting results shall be announced on-site immediately, including the names of those elected Directors and Supervisors and the numbers of votes with which they are elected.

The ballots for the election as 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. If, however, a shareholder files a lawsuit in accordance with Article 189 of the Company Act, the ballots shall be retained until the close of the litigation.

Article 15

The resolutions made in a shareholders' meeting shall be recorded in the minutes and shall be handled in accordance with Article 183 of the Company Act.

Article 16

On the day of a shareholders' meeting, the company shall compile in the prescribed format a statistical statement detailing the number of shares obtained by solicitors through solicitation, and the number of shares represented by proxies; the company shall disclose explicitly the statement at the shareholders meeting.

If a matter put to a resolution at a shareholders' meeting constitutes 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 MOPS within the prescribed time period.

Article 17

Staff handling the administrative affairs of a shareholders' meeting shall wear identification cards or armbands.

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

At the shareholders' meeting, if a shareholder attempts to speak through any device other than the equipment set up by the company, the chair may stop the shareholder.

When a shareholder violates the Rules by defying the chair's correction, obstructing the proceedings, or 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 in view of the time. If a force majeure event occurs, the chair may suspend the meeting temporarily and, in view of the circumstances, announce a time to resume the meeting.

If the meeting venue is no longer available for use and the meeting agenda (including extempore motions) has not been fully addressed, the shareholders may agree to resume the meeting elsewhere.

The shareholders may agree to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 19

This Rules shall be effective as of the date it is approved at the Shareholders' meeting. The same applies in case of revision.

All Ring Tech Co., Ltd.

Procedures for the Acquisition or Disposal of Assets (before revision)

I. Purpose

Article 1. Purpose

All Ring Tech Co., Ltd. (hereinafter referred to as "the company") formulates the Procedures for Acquisition or Disposal of Assets (hereinafter referred to as "the Procedures"), in order to protect assets and implement information disclosure.

II. Operating Procedures

Article 2. Legal basis

The Procedures is formulated in accordance with Article 36-1 of the Securities and Exchange Act (hereinafter referred to as "the Act") and the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" as stipulated in (91) TCZ (1) No. 091000610 issued by Securities and Futures Management Committee, Ministry of Finance, on December 10, 2002.

Article 3. Scope of assets

- I. Securities: including stocks, bonds, corporate bonds, financial bonds, securities of commendable funds, depository receipts, subscription (sales) warrants, beneficiary securities and asset-based securities.**
- II. Real property (including lands, houses, buildings, investment properties, and construction inventories) and equipment.**
- III. Membership.**
- IV. Intangible assets: include patents, copyrights, trademark rights, and franchises and other intangible assets.**
- V. Right-of-use assets**
- VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).**
- VII. Derivatives.**
- VIII. Assets acquired or disposed of due to legal merger, demerger acquisition or share transfer.**
- IX. Other important assets.**

Article 4. Definition of terms

- I. Derivatives: Refer to the forward, option, futures, leverage or exchange contracts whose value is derived from specific interest rate, the price of financial instrument, commodity price, exchange rate, price or rate index, credit rating or index or other variables, or the combination thereof, or combined contracts or structured commodities embedded in derivatives, etc. The term "forward contracts" do not include insurance, performance, after-sales service, long-term lease and long-term purchase (sales) contracts.**
- II. Assets acquired or disposed of due to legal merger, demerger, acquisition or share transfer: Refer to the assets acquired or disposed of due to merger,**

demerger, or acquisition conducted in accordance with the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or due to acquisition of other company's shares (hereinafter referred to "share transfer") by issuing new shares pursuant to Article 156-3 of the Company Act.

- III. **Related parties and subsidiary:** Shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- IV. **Professional appraiser:** Refers to real estate appraiser or other person who engages in the appraisal on real property and equipment in accordance with law.
- V. **Occurrence date:** refers to the date when transaction contract is signed, payment is made, entrusted transaction is made, transfer is conducted, resolution is made by the Board of Directors, or other date when transaction object and amount can be determined, whichever is earlier. However, for the investment which shall be approved by competent authority, occurrence date shall be the said date or the date when approval is obtained from competent authority, whichever is earlier.
- VI. **Investment in mainland China:** Refers to investment made in mainland China in accordance with the "Measures for Investment in or Technical Cooperation with Mainland China" issued by the Investment Review Committee under the Ministry of Economic Affairs.
- VII. **The unit mainly engaging investment:** Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises and fund management companies which are lawfully incorporated and are regulated by local competent financial authorities.
- VIII. **Stock Exchange:** Domestic stock exchange refers to Taiwan Stock Exchange Corporation; overseas stock exchange refers to any securities exchange market that has an organization and is managed by the authority in charge of securities of the state.
- IX. **Business place of securities firm:** Business place of domestic securities firm refers to the place where the securities firm establishes a special counter for trading in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; business place of overseas securities firm refers to the business place of the financial institution that is managed by the overseas authority in charge of securities and permitted to engage in securities business.
- X. **"Within the preceding year"** refers to the year preceding the date of occurrence of the acquisition or disposal of assets, without the announced part included.
- XI. **"Most recent financial statements"** refers to the financial statements which have been publicly verified or audited by CPA(s) prior to lawful acquisition

or disposal of assets by the company.

Article 5. Limit of investment in non-operating real property and securities

The said limit for the company and various subsidiaries are as follows:

- I. The total investment in non-operating real property shall not be more than 20% of net value.
- II. The total investment in long-term and short-term securities shall not be more than 40% of net value.
- III. The investment in individual securities shall not be more than 20% of net value.

Article 6. When the Company obtains an appraisal report or a statement of opinion from a CPA, lawyer or securities underwriter, the appraisal service provider and its appraisers, the CPA, lawyer or securities underwriter shall abide by the following regulations:

- I. May not have previously received a final and unappealable sentence to imprisonment for one year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if three 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.
- II. May not be a related party or de facto related party of any party to the transaction.
- 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. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:
 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
 2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
 3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
 4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information

used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 7. Procedures for acquiring or disposing of real property, equipment or rights-rights assets

I. Assessment and operating procedures

Acquisition or disposal of real property, equipment or its right-of-use assets by the company shall be conducted according to the procedures for handling real property, plant and equipment as specified in its internal control system.

II. Procedures for determining transaction conditions and authorization limit

(I). In acquiring or disposing of assets, the company shall refer to publicly-announced current value, appraised value and the real transaction price of nearby real estate for resolving transaction conditions and prices, and the said information shall be compiled into an analysis report and submitted to Chairman. The transaction with an amount no more than NT\$100 million shall be submitted to Chairman for approval and reported at the most recent meeting of Board of Directors on an after-event basis; while, the transaction with an amount exceeding NT\$100 million may be made only after it is approved at the meeting of Board of Directors.

(II). Acquisition or disposal of equipment shall be conducted in the form of price inquiry, price comparison, price negotiation or tender. The transaction with an amount less than NT\$100 million (inclusive) shall be approved by each unit according to authorization; While, the transaction with an amount exceeding NT\$100 million may be made only after it is approved by Chairman and approved at the meeting of Board of Directors.

(III). The procedures for acquisition or disposal of assets by the company or other provisions shall be approved at the meeting of the Board of Directors. If any Director has objection and is recorded in written statement, the company shall submit such objection to supervisors. In addition, the company has set Independent Directors in accordance with law. Upon discussion on the transactions for acquisition or disposal of assets at the meeting of Board of Directors in accordance with provisions, the opinions of Independent Directors shall be considered fully and, if any Independent Director has dissenting or qualified opinions, such opinions shall be recorded in the minutes of the meeting of Board of Directors.

III. Implementing unit

For acquisition or disposal of real property, equipment or its right-of-use assets by the company, departments using the said items and management office shall be responsible for execution thereof after it is approved and resolved based on the approval and resolution authority.

IV. Appraisal report on real property, equipment or its right-of-use assets

Except for transactions with domestic government institutions, entrusted building on the company's own land or on leased land, or acquisition or disposal of operating equipment, if the transaction amount for acquisition or disposal of real property, equipment or its right-of-use assets reaches 20% of the company's paid-in capital or is more than NT\$300 million, the appraisal report issued by professional appraiser shall be obtained before the occurrence date, and shall comply with the following provisions:

- (I). If any limited or specific price must be used as the reference or basis for transaction price due to special reason, such transaction shall be approved by meeting of the Board of Directors; and the same provision shall apply if any change occurs to its transaction conditions thereafter.
- (II). If transaction amount is over NT\$1 billion, appraisals shall be made by more than two professional appraisers.
- (III). In case of any following conditions occur according to the result of appraisal made by professional appraiser, the difference between the appraisal amount of assets and transaction amount shall be fairly presented in accordance with the International Financial Reporting Standards 20 issued by the ARDF, together with the reasons for the difference and the reasonableness of transaction price. This shall not apply to appraisal result of asset that is higher than the transaction amount.
 - 1. The difference between the appraisal result and transaction amount is more than 20% of the transaction amount.
 - 2. The difference between the appraisal result by more than two professional appraisers is over 10% of the transaction amount.
- (IV). It shall be no more than three months between the date when report is issued by professional appraiser and the date when contract is concluded. However, if the current value announced for the same period applies and it is less than six months, opinion document shall be issued by original professional appraiser.
- (V). If the company acquires or disposes of assets through the auction conducted by court, appraisal report or accountant's opinion shall be replaced with the proof document issued by court.

Article 8. Procedures for acquisition or disposal of securities investment

I. Assessment and operating procedures

Purchase and sale of long-term and short-term securities by the company shall be conducted according to the procedures for handling investment as specified in its internal control system.

II. Procedures for determining transaction conditions and authorization limit

- (I). Trading of securities in centralized trading market or the business place of a securities firm shall be determined by the responsible unit

based on market situation analysis, and the transaction with an amount less than NT\$100 million (inclusive) shall be approved by Chairman; while, the transaction with an amount exceeding NT\$100 million must be approved at the meeting of the Board of Directors and only then may be made.

- (II). For trading of securities not in centralized trading market or the business place of a securities firm, the most recent financial statements of the target company which have been verified or audited by CPA(s) shall be obtained and used as the reference for evaluating the transaction price, and its net value per share, profitability and future development potential etc. shall be taken into consideration. The transaction with an amount less than NT\$100 million (inclusive) shall be approved by Chairman and reported at the most recent meeting of Board of Directors; while, the transaction with an amount exceeding NT\$100 million must be approved at the meeting of Board of Directors and only then may be made.
- (III). The procedures for acquisition or disposal of assets by the company or other provisions shall be approved at the meeting of the Board of Directors. If any Director has objection and is recorded in written statement, the company shall submit such objection to supervisors. In addition, the company has set Independent Directors in accordance with law. Upon discussion on the transactions for acquisition or disposal of assets at the meeting of Board of Directors in accordance with provisions, the opinions of Independent Directors shall be considered fully and, if any Independent Director has dissenting or qualified opinions, such opinions shall be recorded in the minutes of the meeting of Board of Directors.

III. Implementing unit

The financial unit shall be responsible for the acquisition and disposal of securities upon deciding on the decision-making rights in the above paragraph.

IV. Obtaining expert's opinions

- (I). For acquisition or disposal of securities by the company, the most recent financial statements of the target company which have been verified or audited by CPA(s) shall be obtained before the occurrence date and used as the reference for evaluating the transaction price and, if the transaction amount reaches 20% of the company's paid-in capital or is more than NT\$ 300 million, opinion on the reasonableness of the transaction price shall be obtained from the accountant before the occurrence date and, if the accountant needs to refer to the expert's report, he/she shall conduct in accordance with the International Financial Reporting Standards 20 announced by the ARDF. Except for the securities which have quoted price in active market, or unless otherwise stipulated by FSC (hereinafter referred as "Committee"), the above regulation does not

apply.

- (II). If the company acquires or disposes of assets through the auction conducted by court, appraisal report or accountant's opinion shall be replaced with the proof document issued by court.

Article 9. Transaction with related parties

- I. For acquisition or disposal of real estate or its right-of-use assets by the company and its related parties, in addition to handling in accordance with Article 7, the company shall also handle relevant resolution procedures and evaluate the reasonableness of transaction conditions in accordance with the following provisions. In addition, if the transaction amount reaches more than 10% of the total assets of the company, the company shall also obtain the appraisal report issued by the professional appraiser or CPA's opinion in accordance with the following provisions, and the transaction amount shall be calculated in accordance with Article 10-1. In addition, upon judgment that whether transaction object is related party, substantive relation shall be considered, in addition to its legal form.

- II. **Evaluation and operating procedures**

If the company intends to acquire or dispose of real property or the right-of-use assets thereof from or to related party, or if it intends to acquire or dispose of assets other than real property or the right-of-use assets thereof from or to related party and the transaction amount reaches 20 % or more of the company's paid-in capital, 10 % or more of the company's total assets, or NT\$300 million or more, trading contracts shall be signed and payment shall be made for the following items, except for the trading of domestic government bonds or the bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. Transaction amount shall be calculated in accordance with item (VI) of Paragraph 1 of Article 14, and "within the preceding year" refers to the year preceding the actual occurrence date of the transaction, except for the transaction approved for acknowledgement at the meeting of Board of Directors in accordance with the rules. The Board shall authorize Chairman to approve the following transactions between the company and its parent company or subsidiaries, or the subsidiaries directly or indirectly holding 100% of issued shares or total capital, within a certain authorized scope, in accordance with various procedures, which shall reported at the most recent meeting of Board of Directors on an after-event basis:

1. Acquisition or disposal of operating equipment or its right-of-use assets
2. Acquisition or disposal of the right-of-use assets of operating real property

The company has set Independent Directors in accordance with law. Upon discussion at the meeting of Board of Directors, the opinions of Independent Directors shall be considered fully and, if any Independent Director has

dissenting or qualified opinions, such opinions shall be recorded in the minutes of meeting of Board of Directors.

- (I). The purpose, necessity and anticipated benefits of the acquisition or disposal of assets.
- (II). The reason for choosing related party as a transaction object.
- (III). For acquisition of real property or its right-of-use assets from related parties, information related to the appropriateness of preliminary transaction conditions shall be evaluated in accordance with Paragraph 3 of this Article.
- (IV). The date when and the price at which the related party originally acquires assets, transaction object, and its relation with the company and related party etc.
- (V). The cash income and expenditure statements of each month in the following year after the anticipated month in which contract will be signed, and evaluation on the necessity of the transaction and reasonableness of fund use.
- (VI). The appraisal report issued by professional appraiser or accountant's opinion as obtained in accordance with the aforementioned provision.
- (VII). Restrictions and other important stipulations for the transaction.

III. Assessment on the appropriateness of transaction costs

- (I). For the real property or its right-of-use assets acquired by the company from related party, the appropriateness of transaction costs shall be assessed according to the following:
 - 1. The price of transaction with related party, plus necessary interest on funding and such costs that shall be borne by the buyer in accordance with law. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing amount in the year when the company purchases the property. This 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 % or more of the financial institution's total appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.
- (II). The transaction costs of the land and premises evaluated respectively in accordance with either of the methods mentioned in the preceding paragraph, in case of combined purchase or lease of the land and premises of the same transaction object.
- (III). For acquisition of real property or its right-of-use assets by the company from related parties, the costs of the real property or its

right-of-use assets shall be evaluated in accordance with item (I) and (II) of Paragraph 3 of this Article, and shall be reviewed by accountant who shall give his/her specific opinions.

(IV). If the transaction price for acquisition of real property or its right-of-use assets by the company from related parties is relatively low as compared with the result of evaluation made in accordance with item (I) and (II) of Paragraph 3 of this Article, it shall be handled according to item (V) of Paragraph 3 of this Article. However, it does not apply to the following conditions, and that objective evidence is provided and professional appraiser's and accountant's opinions on specific reasonableness in respect of the real property are obtained:

1. Where the related party acquires land or leased land for construction, and one of the following conditions is met with evidence:

(1). Undeveloped land shall be evaluated according to the method specified in the aforementioned provision, and houses according to related party's construction costs plus reasonable construction profits. The sum exceeds actual transaction price. For the purpose of this paragraph, "reasonable construction profits" shall be the average gross operating profit of the related party's construction department in the most recent three years, or the gross profit of construction industry in the most recent period as published by the Ministry of Finance, whichever is lower.

(2). Where transaction is made with the party other than related parties for other floors of the same object property or adjacent district with similar area within the preceding year, according to the equivalent conditions as evaluated based on the price difference of the floor or area used in the trading and leasing practice of real property.

2. Where the company acquiring real property or obtaining its right-of-use assets through leasing from related party provides evidence that the transaction conditions are similar with the conditions of the transactions made in neighboring place involving similar area by unrelated parties within the preceding year. For the purpose of the preceding paragraph, "transactions made in neighboring place" in the principle refer to the transactions made in the same or adjacent block and no more than 500 meters away from transaction object or with a value closing to publicly announced current value; "similar area" in the principle refers to such area transacted by unrelated parties as is no less than 50 % of the area of

transaction object; “within the preceding year” refers to the year preceding the date of occurrence of the acquisition of the real property.

- (V). Where the company acquires real estate or its right-of-use assets from related parties, and the evaluation result is lower than the transaction price according to the provisions of Subparagraphs (1) and (2) of Paragraph 3 of this Article, the following matters shall be handled. Where the company and the public company adopting the equity method for evaluation of the company's investment set aside special surplus reserve according to the above provisions, the company shall recognize the loss from falling price of the assets purchased or leased at a high price, or dispose of or terminate the lease, or make appropriate compensation or restitution, or have other evidence to determine that there is no unreasonable, and the Financial Supervisory Commission agreed, before the use of the special surplus reserve.
- (VI). In case of any following conditions, acquisition of real property or its right-of-use assets by the company from related parties shall be conducted in accordance with the relevant evaluation and operation procedures specified in Paragraph 1 and 2 of this Article, and the provisions for evaluating the appropriateness of transaction costs specified in item (I), (II) and (III) under Paragraph 3 of this Article shall not apply:
1. Related parties obtain real property or its right-of-use assets due to inheritance or gift.
 2. More than five years have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
 3. The real property or its right-of-use asset is acquired through signing joint development contract with related parties, or through engaging related parties to build real property, either on the company's own land or on leased land.
 4. Public offering company and its parent company, subsidiaries, or the subsidiaries that the company directly or indirectly hold 100% issued shares or total assets acquire(s) the right-of-use assets of operating real property of each other.
- (VII). The company shall also comply with item (V), Paragraph 3 of this Article if there is other evidence indicating that the acquisition of real property from related party was not an arm's length transaction.

Article 10. Procedures for acquisition or disposal of intangible assets or right-of-use assets thereof, or membership certificates

I. Assessment and operating procedures

Acquisition or disposal of intangible assets or their right-of-use assets or membership by the company shall be conducted according to the procedures for handling fixed assets as specified in its internal control system.

II. Procedures for determining transaction conditions and authorization limit

- (I).** For acquisition or disposal of membership, market fair value shall be taken into consideration for resolving transaction conditions and prices, and the said information shall be compiled into an analysis report and submitted to Chairman. The transaction with an amount less than NT\$100 million shall be submitted to Chairman for approval and reported at the most recent meeting of Board of Directors on an after-event basis; while, the transaction with an amount exceeding NT\$100 million must be approved at the meeting of Board of Directors and only then may be made.
- (II).** For acquisition or disposal of intangible assets or their right-of-use assets or membership, expert's analysis report or market fair value shall be taken into consideration for resolving transaction conditions and prices, and the said information shall be compiled into an analysis report and submitted to Chairman. The transaction with an amount less than NT\$100 million shall be submitted to Chairman for approval and reported at the most recent meeting of Board of Directors on an after-event basis; while, the transaction with an amount exceeding NT\$100 million must be approved at the meeting of Board of Directors and only then may be made.
- (III).** The procedures for acquisition or disposal of assets by the company or other provisions shall be approved at the meeting of the Board of Directors. If any Director has objection and is recorded in written statement, the company shall submit such objection to supervisors. In addition, the company has set Independent Directors in accordance with law. Upon discussion on the transactions for acquisition or disposal of assets at the meeting of Board of Directors in accordance with provisions, the opinions of Independent Directors shall be considered fully and, if any Independent Director has dissenting or qualified opinions, such opinions shall be recorded in the minutes of the meeting of Board of Directors.

III. Implementing unit

For acquisition or disposal of intangible assets or their right-of-use assets or membership by the company, department using the said items and financial or administrative department shall be responsible for execution thereof after it is approved and resolved based on the approval and resolution authority.

IV. Expert's analysis report on intangible assets or their right-of-use assets or membership

Except for transactions with government institutions, if the transaction amount for acquisition or disposal of intangible assets or their right-of-use assets or membership reaches 20% of the company's paid-in capital or is more than NT\$300 million, accountant's opinion on the reasonableness of the transaction

price shall be required before the occurrence date, and the accountant shall comply with the International Financial Reporting Standards 20 issued by the ARDF.

Article 10-1. For the purpose of the preceding three Articles, transaction amount shall be calculated in accordance with item (VI) under Paragraph 1 of Article 14, and “within the preceding year” refers to the year preceding the date of occurrence of the transaction, except for the transaction for which the appraisal report issued by professional appraiser or accountant’s opinion is obtained in accordance with the rules.

Article 11. Article 11: Procedures for acquisition or disposal of the claims of financial institutions

In the principle, the company does not engage in acquisition or disposal of the claims of financial institutions, but if the company intends to do so, the evaluation and operation procedures for that will be formulated after it is approved by the Board of Directors.

Article 12. Procedures for acquisition or disposal of derivative commodities

I. Trading principles and policies

(I) Type of transaction

1. The company’s derivative financial commodities refer to the trading contracts which value is derived from assets, interest or exchange rate, index or other benefits or other products, such as forward, option, futures, interest rate, exchange rate or exchange contracts, or the compound contracts etc. composed of the said products.
2. The matters related to bond guarantee transaction shall be handled in accordance with the relevant provisions of the Procedures. The bonds transaction under redemption contract shall not apply to the Procedures.

(II) Operation (hedging) strategies

The company shall conduct derivative financial commodities transaction for hedging purpose, and the products which may evade the risks resulting from the company’s business shall be selected mainly. Various transactions must be evaluated cautiously and may be made only after they are approved based on approval authority. Transaction for other specific use must be evaluated cautiously and approved at the meeting of the Board of Directors, and only then may be made.

(III) Division of duties

1. Financial Department

(1) Trading personnel

- A. Trading personnel shall be responsible for drafting strategies for all financial product transactions for the company.
- B. Trading personnel shall carry out calculation on every Tuesday regularly, collect market information, make trend judgment

and risk assessment, and draft operation strategies which shall be used as the basis for making transaction after it is approved based on approval authority.

- C. Trading personnel shall execute trading according to the authority granted to them and established strategies.
- D. If there is any significant change in financial market and any judgment made by trading personnel is not applicable based on established strategies, trading personnel shall make assessment report at any time to re-draft strategies, which shall be used as the basis for making transaction after they are approved by general manager.

(2) Accounting personnel

- A. Confirmation on transaction.
- B. Review that whether transaction is conducted based on authorization and the established strategies.
- C. Make evaluation and submit report to general manager on a monthly basis.
- D. Accounting treatment.
- E. Make declaration and announcement in accordance with the regulations of the Securities and Futures Management Committee.

(3) Settlement personnel: Perform settlement tasks.

(4) Authority for making approval for and resolution on derivative commodities

- A. Authority for making approval for and resolution on hedging transactions

| Authorized Person | Right for Daily Trading | Right for Net Cumulative Trading |
|--------------------|-----------------------------------|-------------------------------------|
| President | Less than US\$500,000 (inclusive) | Less than US\$2,000,000 (inclusive) |
| Board of Directors | More than US\$500,000 | More than US\$2,000,000 |

- B. Transaction for other specific purpose may be made only after it is approved at the meeting of Board of Directors.
- C. If the procedures for acquisition or disposal of assets by the company or other provisions shall be approved at the meeting of the Board of Directors, and any Director has any such objection as is recorded or specified in written statement, the company shall submit such objection to supervisors. In addition, the company has set Independent Directors in accordance with law. Upon discussion on the transactions for acquisition or disposal of assets at the meeting of Board of Directors in accordance with provisions, the opinions of

Independent Directors shall be considered fully and, if any Independent Director has dissenting or qualified opinions, such opinions shall be recorded in the minutes of the meeting of Board of Directors.

2. Audit Department

Audit Department shall examine the appropriateness of the internal control of derivatives transaction, and audit the transaction departments in regards of the compliance with the procedures for dealing with derivatives transaction. Analysis on the trading cycle should be made and the audit report should be issued. In case of any material deficiency, Board of Directors should be reported.

3. Performance evaluation

(1) Hedging transactions

- A.** The profit and loss from the exchange rate costs on the company's book and derivatives transactions shall be used as the basis for performance evaluation.
- B.** In order to fully grasp and express the risks of transaction evaluation, the company evaluates profit and loss by adopting monthly evaluation method.
- C.** Financial Department shall provide general manager with foreign exchange evaluation as well as foreign exchange trend and market analysis as the reference and direction for management.

(2) Transactions for special purpose

The profit and loss actually occurred shall be used as the basis for performance evaluation, and accounting personnel must regularly prepare and provide managements with statements for reference.

4. Determination of total contract amount and loss limit

(1) Total contract

A. Limit of hedging transactions

The financial department should master the overall position of the company to avoid transaction risk.

The amount of hedging transactions shall not exceed two-thirds of the company's overall net position. If it exceeds two-thirds, it shall be submitted to the President for approval.

B. Transaction for special purposes

Financial Department must draft strategies, based on the forecasts made on market changes, depending on needs, and report the same to general manager and Chairman, and implement the same only after they are approved. The total net cumulative contract amount of the transactions made by the company for specific purposes shall be limited within US\$3 million, and any amount exceeding such limit shall be agreed by the Board of Directors, and then may be implemented according to policies and directions.

(2) Determination of the upper limit of loss

- A. There is no need to set a hedging transaction to avoid risk.**
- B. If a transaction contract is made for specific purpose, stop-loss limit shall be set to prevent over-loss. For setting stop-loss limit, loss shall not exceed 10% of transaction contract amount as an upper limit. If the amount of loss exceeds 10% of transaction amount, it shall be reported to general manager immediately, and reported to the Board of Directors to negotiate about the necessary countermeasures.**
- C. The maximum amount of annual loss from the transaction of the company made for specific purpose is US\$300,000.**

II. Measures for risk management

(I) Credit risk management:

Since market is subject to the changes in various factors, it is easy to cause risks due to the operation of derivatives, thus credit risk management shall be conducted in the following principles:

Transaction objects: Mainly the renowned financial institutions at home and abroad.

Trading products: Limited to the commodities provided by the renowned financial institutions at home and abroad.

Transaction amount: the amount of the same trading counterpart's outstanding transactions shall not exceed 10% of the total authorized amount, except for those approved by the President.

(II) Market risk management:

Market risk management mainly applies to the market of public foreign exchange transactions made with banks. Futures market is not considered temporarily.

(III) Liquidity risk management:

In order to ensure market liquidity, the financial products with a relatively high liquidity (i.e. the products which may be traded in market at any time) shall be mainly selected, and the financial institutions entrusted for transaction must have sufficient information and the ability to make transactions in market at any time.

(IV) Cash flow risk management

In order to ensure the stability of the company's operation capital, the company's funds used for derivatives transaction shall be sourced from its own funds, and the operation amount shall be determined according to the demands for funds forecast based on the cash receipts and expenditures of the future three months.

(V) Operation risk management

- 1. The amount authorized by the company and the company's operation procedures shall be followed actually and internal audit shall be conducted to avoid operation risks.**
- 2. The person conducting derivatives transaction shall not hold concurrent posts that make confirmation or settlement, and vice versa.**
- 3. Risk measurement, monitoring and control personnel shall be assigned to the department different from that of the said personnel, and shall report to the Board of Directors or senior managements**

with no responsibility for trading or position decision-making.

4. The units conducting derivatives transaction shall carry out evaluation, at least, once every week, or twice every week due to the needs for hedging transaction, and the appraisal report shall be submitted to the senior management authorized by the Board of Directors.

(VI) Commodity risk management

Internal transaction personnel shall have complete and correct professional knowledge in respect of financial commodities, and require bank to disclose risks fully to avoid the risks caused by misuse of financial commodities.

(VII) Legal risk management:

To prevent legal risks, any document signed with a financial institution shall be inspected by designated personnel from foreign exchange department and legal department or legal consulting department prior to official signing.

III. Internal audit system

- (I) Internal auditors shall regularly know legitimacy of operating procedures for derivative product trading, perform monthly auditing on the implementation of the Operating Procedures for Derivative Product Transactions, analyze trading cycle and produce written auditing reports. If Independent Director has been set pursuant to this Act, the information provided to Supervisors should also be passed to Independent Director in written form according to the aforementioned provision.

- (II) Internal auditor shall submit audit report along with annual internal audit status to the Securities & Futures Institute before the end of February in the following year, and report the correction measures for any abnormality to the Institute before the end of May of next year.

IV. Regular evaluation method

- (I) The Board of Directors shall authorize senior management to regularly supervise and evaluate whether derivatives transaction is conducted according to the procedures formulated by the company and whether risks are undertaken within permitted scope. The Board of Directors shall be reported immediately and countermeasures be taken in case of any abnormality indicated in market price appraisal report (if any loss exceeds limit).

- (II) The company shall evaluate derivatives transaction positions at least once every week, or twice every week for hedging transaction when it is conducted based on business need. The appraisal report shall be submitted to the senior management authorized by the Board of Directors.

V. Principles for supervision and management by the Board of Directors on derivatives transaction

- (I). The Board of Directors shall require senior managements to pay attention, at any time, to the supervision and control over the risks of derivatives transactions, and the management principles are as follows:

1. It shall be evaluated regularly that whether the risk management measures adopted at present are proper and actually implemented in accordance with the Rules and the procedures for dealing with derivatives transaction by the company.
2. Transactions as well as profit and loss shall be supervised, and necessary countermeasures shall be taken in case of any abnormality

- detected, and it shall be reported to the Board of Directors. If the company has set Independent Directors, Independent Directors shall attend the meeting of the Board of Directors and give opinions.
- (II). It shall be evaluated regularly that whether the performance of derivatives transactions comply with the established operation strategies and whether the risks are undertaken within the permitted scope by the company.
 - (III). When the company engages in derivatives transactions, it shall appoint relevant personnel to deal with the affairs in accordance with the procedures for dealing with derivatives transaction, but it shall be reported to the Board of Directors afterwards.
 - (IV). If the company engages in derivatives transactions, it shall establish checking book, in which the type and amount of the derivatives transaction, the date when the transaction is approved by the Board of Directors, and the matters which shall be evaluated cautiously in accordance with item (II) of Paragraph 4 as well as item (I) and (II) of Paragraph 5 of this Article shall be specified.

Article 13. Procedures for merger, demerger acquisition, or share transfer

I. Assessment and operating procedures

- (I) For merger, demerger acquisition or share transfer, the company shall invite lawyer(s), accountant(s) and underwriter(s) to research and discuss legal procedures and expected schedule jointly, and organize project group to implement that according to legal procedures. Accountant(s), lawyer(s) or underwriter(s) shall be engaged to give opinions on the reasonableness of share exchange ratio, acquisition price or distribution of cash or other properties to shareholders, and report to the Board of Directors for approval thereof. However, for the company merge the subsidiaries which the company directly or indirectly holds 100% of issued shares or total assets, or merger between/among the subsidiaries which the company directly or indirectly holds 100% of issued shares or total assets, expert's opinion on reasonableness is not required.
- (II) The company shall make document and specify the important contents and related issues of merger, demerger, or acquisition agreements in such document, before the meeting of the Board of Shareholders is held, which shall be submitted to shareholders together with the expert's opinions specified in item (I), Paragraph 1 of this provision and the notice of the meeting of the Board of Shareholders, as the reference for determining whether to agree on such merger, demerger or acquisition. However, except for the merger, demerger or acquisition which, subject to law, does not need to be resolved at the meeting of Board of Shareholders, the above regulation does not apply. In addition, if the meeting of the Board of Shareholders held by any company participating in merger, demerger or acquisition cannot be held and resolution cannot be made due to inadequate attendance or voting, or resolution is dissented at such meeting, companies participating in merger, demerger or acquisition shall immediately explain publicly the reasons, subsequent procedures and

estimated date for holding another meeting of Board of Shareholders.

II. Other directions

- (I) Date of meeting of Board of Directors:** The companies participating in merger, demerger or acquisition shall hold the meeting of the Board of Directors and the meeting of Shareholders on the same day to resolve the issues related to the merger, demerger or acquisition, unless otherwise provided in other laws, or unless it is reported to and agreed by the Committee in advance due to any special reason. The companies participating in share transfer shall hold the meeting of the Board of Directors on the same day , unless otherwise provided in other laws, or unless it is reported to and agreed by the Committee in advance due to any special reason.
- (II) Confidentiality commitment:** The personnel participating in or privy to the company's merger, demerger, acquisition or share transfer shall issue a written letter of confidentiality commitment, and shall not disclose the contents of the plans before disclosure of the information, nor shall they use their own names or under the names of other person to purchase or sell the shares and other equity securities of all the companies related to merger, demerger, acquisition or share transfer.
- (III) Principles for determining and changing share exchange ratio or acquisition price:** The companies participating in merger, demerger, or acquisition shall, before the meeting of the Board of Directors held by both parties, appoint accountant(s), lawyer(s) or underwriter(s) to give their opinions on the reasonableness of share exchange ratio, acquisition price or distribution of cash or other properties to shareholders and report that at the meeting of the Board of Directors. In principle, share exchange ratio or acquisition price shall not be changed for free, except for the conditions for change are specified in contracts and disclosed to the public. The conditions for changing share exchange ratio or acquisition price are as follows:
 - 1. Cash capital increase, issuance of convertible corporate bonds, unpaid allotment of shares, issuance of corporate bonds with equity, subscription of preferred shares with equity, warrants and other equity securities.
 - 2. Disposal of the company's major assets or other act which influences the company's finance and business.
 - 3. Material disasters, major technology change, or other matters which influence the company shareholder's equity or security price.
 - 4. Adjustment made due to repurchase of treasury stock by any company participating in merger, demerger, acquisition or share transfer.
 - 5. Change in the number of the entities or companies participating in merger, demerger, acquisition or share transfer.
 - 6. Other condition for change specified in contract and disclosure thereof to the public.

- (IV) The contents which shall be specified in contracts: The company which conducts merger, demerger, acquisition or share transfer shall comply with Article 317-1 of the Company Act and Article 22 of the Enterprises Mergers and Acquisitions Act, and the following issues shall be specified.**
- 1. Handling against breach of contract.**
 - 2. Principles for handling the equity securities issued, or treasury shares repurchased, previously by any company which disappeared due to merger or demerger.**
 - 3. Number of and principles for handling the treasury shares repurchased legally by participating companies after the reference date of calculating share exchange ratio.**
 - 4. Method for handling changes in the number of participating entities or companies.**
 - 5. Expected schedule for plan execution, and anticipated completion date.**
 - 6. Expected date and relevant procedures for holding the meeting of Board of Shareholders legally in case of failure in completing plan as scheduled.**
- (V) Change in the number of the companies participating in merger, demerger, acquisition, or share transfer: If any company participating in merger, demerger, acquisition or share transfer intends to carry out another merger, demerger, acquisition or share transfer with other companies after its information is disclosed to the public, the procedures or legal actions already completed for the original merger, demerger, acquisition or share transfer shall be carried out again. Except for the number of participating companies decreases, and the Board of Shareholder had resolved to authorize the Board of Directors to change authority, the company is exempt from holding the meeting of the Board of Shareholders to make resolution again.**
- (VI) Information Retention: The companies participating in merger, demerger, acquisition or share transfer which are listed or which stocks are traded in security firms shall make the following information into complete written records and keep the same for five years for checking purpose:**
- 1. Basic information of personnel: Including the titles, names and ID card numbers (passport numbers for foreigners) of all the persons participating in the plan or implementation of merger, demerger, acquisition or share transfer before disclosure of information.**
 - 2. Date of important events: Including the date of signing letters of intent, memoranda or contracts, and the date of entrusting financial or legal consultants, and the date of holding meetings of the Board of Directors etc.**
 - 3. Important documents and minutes: Including merger, demerger, acquisition or share transfer plans, letters of intent or memoranda, important contracts, and minutes of the meetings of Board of Directors etc.**

(VII) Information declaration: The listed companies participating in merger, demerger, acquisition or share transfer or companies whose stocks are traded in security firm shall declare the information specified in above item I and II, to Internet-based information system, in stipulated form, within two days immediately after resolution is passed at the meeting of the Board of Directors, for checking purpose.

(VIII) When a company participating in a merger, demerger, acquisition or transfer of share is not a public company, the Company shall sign an agreement with it and shall handle pursuant to Paragraph 2 (1) date of board meeting, (2) prior confidentiality commitments and (5) changes in the addend of companies participating in merger, demerger, acquisition or transfer of shares, (6) data retention, (7) information declaration.

Article 14. Procedures for information disclosure

For acquisition or disposal of assets by public offering company, in case of any following conditions, relevant information shall be reported on the designated website, in stipulated form, depending on its nature, within two days immediately after the occurrence date.

- I.** Acquisition or disposal of real property or its right-of-use assets from or to related parties, or acquisition or disposal of the assets other than real property or its right-of-use assets from or to related parties with the transaction amount reaching 20% of the company's paid-in capital, 10% of total assets or NT\$300 million, except for 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.
- II.** Merger, demerger acquisition, or share transfer is conducted.
- III.** The loss from derivatives transaction reaches the maximum loss limit set for all or individual contracts as specified in formulated procedures.
- IV.** operating equipment or its right-of-use asset is acquired or disposed of, and the transaction object is not related party, and the transaction amount meets one of the following conditions:
 - (I)** The transaction amount is more than NT\$500 million, if the transaction object is a public offering company with less than NT\$10 billion of paid-in capital.
 - (II)** The transaction amount is more than NT\$1 billion, if the transaction object is a public offering company with more than NT\$ 10 billion of paid-in capital.
- V.** The public offering company engaging in construction business obtains or disposes of the real property for construction or its right-of-use assets, and the transaction object is not a related party, and the transaction amount is more than NT\$ 500 million; A public offering company with more than NT\$10 billion of paid-in capital disposes of self-constructed real property and the transaction object is not a related party, and the transaction amount is more than NT\$1 billion.

VI. Real property or its right-of-use asset acquired by engaging others to build on the company's own land or rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, in which the amount the company is expected to invest is more than NT\$500 million, and the transaction object is not a related party.

VII. If transaction amount reaches 20% of the company's paid-in capital or is more than NT\$300 million, except for the assets trading, disposal of claims by financial institutions or investment in mainland China specified in the above six paragraphs. However, this provision shall not apply to the following conditions:

1. Trading of domestic government bonds.

2. Securities trading in securities exchange or the business place of securities firm, or subscription of corporate ordinary bonds privately offered and the general financial bonds not involving equity (excluding the secondary bonds) in primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription of securities due to securities firm's needs for underwriting or in accordance with the Taiwan Regulations for Security Trading Center, mainly engaging in investment.

3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The said transaction amount shall be calculated in the following way, and "within the preceding year" refers to the year preceding the actual occurrence date of the transaction, except for the transaction announced in accordance with stipulations.

a. The amount of each transaction.

b. The cumulative amount of the transaction made with the same counterparty for the object with the same nature within the preceding year.

c. The cumulative amount of real property or its right-of-use assets acquired or disposed of (accumulated respectively) for the same development plan within the preceding year.

d. The cumulative amount of the same security acquired or disposed of (accumulated respectively) within the preceding year.

VIII. Time limit for making announcement and declaration

If acquisition or disposal of assets by the company, subject to Paragraph 1 of this Article, contains the items to be announced as specified in the Paragraph 1 of this Article and its transaction amount reaches the announcement and declaration standards specified in this Article, announcement and declaration shall be made two days immediately after the actual occurrence of the event.

IX. Announcement and declaration procedures

(I). The company shall announce and declare relevant information on the

- website designated by the Securities and Futures Management Committee.
- (II). The company shall enter the status of the derivatives transactions made by the company and its subsidiaries abroad as of the end of last month, into the information declaration website designated by the Committee, in stipulated form, on monthly basis, before the 10th day of each month.
 - (III). If the company shall make correction due to error or omission upon announcement of any item which, subject to stipulations, shall be announced, it shall re-announce and redeclare all items within two days immediately after the date when the deficiency is found.
 - (IV). For acquisition or disposal of assets, the company shall keep relevant contracts, minutes, checking books, appraisal reports as well as accountant's, lawyer's or securities underwriter's opinion documents in the company for at least five years, unless otherwise stipulated by law.
 - (V). In case of any following conditions after announcing and declaring transactions according to the aforementioned provisions, the company shall announce and report relevant information on the website designated by the Committee, within two days immediately after the occurrence date.
 - 1. Any relevant contract signed for original transaction is changed, terminated or cancelled.
 - 2. The merger, demerger, acquisition or share transfer is not completed by the scheduled date set forth in the contract.
 - 3. Any content originally announced and declared is changed.

Article 15. The company's subsidiaries shall comply with the following provisions:

- I. Subsidiaries shall formulate the "Procedures for Acquisition or Disposal of Assets" in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", which shall be reported to the Board of Shareholder of both parties after it is approved at the meeting of the Board of Directors of subsidiaries. The same shall apply to the amendment thereof.
- II. Acquisition or disposal of assets by subsidiaries shall also be conducted in accordance with the company's stipulations.
- III. If a subsidiary is not a public offering company, but, its acquisition or disposal of assets reaches the declaration standards specified in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", parent company, on behalf of the subsidiary, shall announce and declare relevant information.
- IV. "Paid-in capital or total assets" indicated in the announcement and declaration standards of the subsidiaries, refers to the paid-in capital or total assets of parent company (the company).

Article 15-1. 10% of total assets shall be calculated based on the amount of the total assets set forth in the most recent individual financial report made in accordance with the

Regulations Governing the Preparation of Financial Reports by Securities Issuers.

If any foreign company's stock has no par value or its par value per share is not NT\$10, 20% of paid-in capital as transaction amount as referred to in Articles 7 to 10 and Article 14 and Article 15 shall be calculated based on 10% of shareholders' equity; With regard to public offering companies with more than NT\$10 billion of paid-in capital shall be calculated based on NT\$20 billion of the equity attributable to the owners of parent company.

Article 16. Article 16: Penalty provisions

If the company's employees handling acquisition and disposal of assets are in breach of the Procedures, he/she will be reviewed in accordance with the company's HR management measures and Staff Manual. Penalties will be imposed on him/her depending on the degree of the violation.

Article 17. Implementation and amendment

According to the Procedures and other laws and regulations, the Company's acquisition or disposal of assets shall be approved by the Board. If a Director expresses objection with records or written statements, the Company shall submit information regarding the Director's objection to Supervisors. In addition, the company has set Independent Directors in accordance with law. Upon discussion on the transactions for acquisition or disposal of assets at the meeting of Board of Directors in accordance with provisions, the opinions of Independent Directors shall be considered fully and, if any Independent Director has dissenting or qualified opinions, such opinions shall be recorded in the minutes of the meeting of Board of Directors.

Article 18. Supplementary Rules

Any matters not set forth in the Procedures shall be handled in accordance with relevant laws and regulations.

III. Control Points

Part 1: Acquisition or disposal of assets

- 1. Does the total amount of non-operating real property and securities exceed limit?**
- 2. Acquisition or disposal of real property or equipment**
 - (1) Is it approved by Chairman or the Board of Directors.**
 - (2) Is analysis report made for acquisition of real property.**
 - (3) Whether the appraisal report issued by the professional appraiser is obtained in the operation procedure of acquiring or disposing assets.**
- 3. Acquisition or disposal of securities investment**
 - (1) Is it approved by Chairman or the Board of Directors.**
 - (2) For the acquisition in centralized trading market or the business place of securities firm, is the analysis report on the unrealized profit or loss from long-term and short-term securities provided to the Board of Directors?**
 - (3) For the acquisition not in centralized trading market or the business place of**

securities firm, are the most recent financial statements of object company which have been verified or audited by CPA(s) used as the reference for evaluating the transaction price? If not, whether there's any reasonable explanation?

- (4) Is accountant's opinion on the reasonableness of transaction price obtained, if the securities traded not in centralized trading market or the business place of securities firm or privately offered securities are acquired or disposed of, and the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million.
4. Is acquisition from related parties conducted according to the company's "Procedures for Acquisition or Disposal of Assets".
5. Is acquisition or disposal of membership or intangible assets conducted according to the company's "Procedures for Acquisition or Disposal of Assets".
6. Is merger, demerger, acquisition or share transfer conducted according to the company's "Procedures for Acquisition or Disposal of Assets".
7. Are the affairs related to announcement and declaration dealt according to the procedures stipulated by competent authority?
8. Have subsidiaries formulated the "Procedures for Acquisition or Disposal of Assets" in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"? Has parent company dealt with the affairs for declaration for its subsidiaries, if such subsidiary is not a public offering company?
9. Has the employee violating Procedures for acquisition or disposal of assets been reviewed in accordance with the company's HR management measures and Staff Manual and penalties been imposed depending on the degree of the violation?

Part 2: Engaging in the derivatives transaction

1. Does the Procedures comply with laws and regulations.
2. Are derivatives transactions made in response to the risks arising from the company's business and operation.
3. Does trading contract not exceed stipulated limit.
4. Are responsibilities and powers divided properly.
5. Have various transactions been approved properly.
6. Does relevant accounting treatment comply with generally recognized accounting principles.
7. Does operation comply with procedures and provide appropriate management on relevant risks.
8. Does subsidiary conduct derivatives transactions according to parent company's stipulations?
9. Whether the public announcement and declaration are conducted in accordance with the regulations of the competent authority.

IV. Attachment: Derivatives Checking Book.

All Ring Tech Co., Ltd.
Operational Procedures for Loaning of Company Funds (current)

I. Purpose**Article 1: Purpose and Legal Basis**

In accordance with the company's actual needs, the company needs to lend funds to other companies (hereinafter referred to as the borrower) in accordance with the Operating Procedures. The Operating Procedures is developed based on the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" in the TWSE Official Letter Liu-Zi No. 090699 on December 18, 2002; any unspecified matters in the Operating Procedures shall be handled in accordance with relevant laws and regulations.

II. Operating Procedures**Article 2: Evaluation Criteria for Counterparty to Whom Funds Are Loaned**

According to the Company Act, the company's funds shall not be loaned to shareholders or any other person except in the following circumstances:

- (I) A corporation or sole proprietorship and partnership that have business dealings with the company; the term "business dealings" mentioned above refers to those who have purchased or sold goods from/to the company.
- (II) A corporation or sole proprietorship and partnership that have the need for short-term financing with the company, that is, it is only limited to a corporation or sole proprietorship and partnership (of which the company holds more than 20% of shares) that has the need for short-term financing due to business needs. The aforementioned "short-term" refers to the period of one year or one business cycle, whichever is longer in accordance with the aforementioned official letter issued under the Ministry of Economic Affairs. The amount of financing refers to the accumulated balance of the company's short-term financing.

Article 3: Total Amount of Funds Loaned and Limit of Each Fund Loaned

The total amount of financing shall not exceed 40% of the net worth of the company to which the fund is loaned; it may be divided into the following two situations.

- (I) Where fund is loaned to a company or sole proprietorship and partnership with business dealings with the company, the total amount of the funds shall not exceed 20% of the net worth of the company; the amount of each fund shall not exceed the amount of business transactions between both parties in

the most recent year. The amount of business transactions refers to the amount of purchase or sales of goods between both parties, whichever is higher.

- (II) Where fund is loaned to a company or sole proprietorship and partnership with the need for short-term financing, the total amount of the funds shall not exceed 20% of the net worth of the company; the amount of each fund shall not exceed 10% of the net worth of the company.

The loan lending between the foreign companies of which the company directly or indirectly holds 100% of the voting shares or foreign companies of which a publicly listed company directly or indirectly holds 100% of the voting shares engage loan lending with the public listed company do not subject to the aforementioned provision. If the person in charge of the company violates Paragraph 1 and the preceding paragraph, the person in charge shall bear the liability of returning the loan with the lender. If the company suffers from damages, the person in charge shall be liable for the damages.

Article 4: Duration and Calculation Method of Funds Loaned

- (I) In principle, the duration of each fund loaned shall not exceed one year or one business cycle (whichever is longer) from the date of the fund granted, and may only be extended once (by one year) with the approval of the Board of Directors via resolution.
- (II) The interest of the fund loaned is calculated on a daily basis; the sum of the daily loan balance (i.e. the total amount) is multiplied by its annual interest rate before divided by 365 as the amount of interest. The annual interest rate shall not be lower than the company's average interest rates of short-term loans offered by banks.
- (III) Unless otherwise stipulated, the payment of interest on the fund loaned shall be made on a monthly basis; the borrower may be notified to pay interest on time one week before the agreed interest payment date.

Article 5: Loaning of Funds Operations

(I) Procedures

1. When the company engages in loaning funds or short-term financing, after the case is reviewed by the department in charge, it will be submitted to the Chairman for approval and reported to the Board of Directors for resolution before execution. (Note: If Independent Directors have been set up, their opinions shall be taken into full consideration during discussions at the Board meeting, and clear opinions regarding objection or reservation and reasons for objection shall be listed in the Board meeting minutes.) For the fund loaned between the company and its subsidiaries, or between the subsidiaries of the company, the matter shall be submitted to the Board of Directors for resolution in accordance with regulations; the Chairman of the Board may be authorized to provide the fund in

multiple installments or revolving credit line for a period of no more than one (1) year to the same counterparty receiving the fund, provided that the amount of the loan is within a certain limit resolved upon by the Board of Directors. The certain limit mentioned above, except for foreign companies of which the company holds direct or indirect 100% of the voting shares, the credit limit of the fund loaned by the company or subsidiaries to a single enterprise shall not exceed 10% of the net worth of the company's latest financial statements.

2. The financial unit shall fill in "The Application Form for Loaning of Funds to Others" for the matters regarding funds loaned to others. After the fund loaned is approved the Board of Directors via resolution, the counterparty, the amount, the date of approval by the Board of Directors, the date of the fund granted, and the matters to be prudently evaluated in accordance with the review process shall be detailed in the "Memorandum Book on Loaning of Funds to Others" for future reference.
3. Internal auditors shall audit the operating procedures for loaning of funds to others and the implementation status on a quarterly basis and develop written records accordingly. If any material violation is found, the company shall immediately notify all the Supervisors in writing and notify the Independent Director in writing.
4. The financial unit shall evaluate the situation of funds loaned, appropriate an adequate reserve for bad debts, properly disclose relevant information in the financial statements, and provide relevant information to certified public accountants (CPA) to perform necessary auditing procedures.
5. Where the balance of the fund loaned exceeds the limit due to changes in the circumstances, the financial unit shall establish improvement plans, send relevant improvement plans to all the Supervisors, and notify the Independent Director in writing, and complete the improvements in accordance with the schedule of the plans.

(II) Review Procedures

1. When the company engages in loaning of funds, the corporation or sole proprietorship and partnership that applies for loaning of a fund shall submit relevant financial information and statement of the purpose of the loaning of the fund in writing.
2. After the company accepts an application, the department in charge shall investigate and assess the necessity and reasonableness of the loaning of a fund to others, whether the counterparty has a direct (indirect) business relationship with the company, the counterparty's financial status of the business, the solvency and credit, profitability, and the purpose of the fund, and after considering the extent of the impact of the total amount of the company's fund loaned on the company's business risk, financial status, and shareholders' equity, it shall prepare relevant written reports to the Board of the Directors for review.
3. When the company engages in the loaning of funds or short-term financing, it shall obtain a secured note in the same amount, and, if necessary, register the pledge of movable property or immovable property, and assess whether the value of the collateral is equivalent to the balance of the fund loaned on a quarterly basis; if necessary, the collateral shall be increased. In the case of the loan guarantee of the preceding paragraph, if the borrower provides a personal or corporate guarantee with equivalent worth and credit, instead of providing the collateral, the Board of Directors may proceed according to the review report issued by the department in charge; if the borrower has the corporate guarantee,

attention shall be paid to whether the Articles of Incorporation contains provisions for the said guarantee.

Article 6: Follow-up Control Measures and Overdue Loan Processing Procedures

- (I). After each fund is granted, the Finance Department shall always pay attention to the changes in the borrower's and guarantor's financial, business, and relevant credit status and in the value of the collateral, and prepare a written record accordingly. If there is a material change, General Manager and relevant units in charge shall be notified immediately to respond as soon as possible.
- (II). Only when the borrower repays the loan upon or before maturity together with the principal plus accrued interest, the guarantee note shall be returned to the borrower, or the pledge can be canceled.
- (III). If the borrower fails to repay the loan upon maturity and needs to defer it, the borrower shall file a request in advance and report it to the Board of Directors for approval before deferring it. In case of any violation, the company may impose a penalty on or claim the loan from the collateral or guarantor provided in accordance with laws.

Article 7: Control Procedures for Loaning of Funds to Others by Subsidiaries

- (I) If a subsidiary of the company intends to loan funds to others, the company shall instruct the subsidiary to establish the "Operating Procedures for Loaning of Funds to Others" in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and handle the relevant affairs according to the said Operating Procedures; however, the net worth is based on that of the parent company. The so-called "subsidiaries and parent company" shall be defined according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Where the financial statements of the public companies are prepared in accordance with the International Financial Reporting Standards, the stated net worth refers to the equity attributable to owners of parent company as set out in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- (II) The subsidiary shall prepare a detailed list of the funds loaned to other companies in the preceding month prior to the fifth (excluding) of each month and submit it to the company for review.
- (III) The audit unit of the company shall list the funds loaned by the subsidiaries to others as one of the audit items, and the auditing situation shall be listed as one of the necessary items in the audit report to the Board of Directors and supervisors.

Article 8: Information Disclosure

- (I) The company shall enter the balance of the funds loaned by the company and its subsidiaries into the Market Observation Post System (MOPS) for the

preceding month prior to the 10th of each month.

(II) The company shall enter the information into the Market Observation Post System (MOPS) within two days after the date of occurrence of the event when the company's loan to others meets one of the following criteria:

1. The balance of the funds loaned to others by the company and its subsidiaries reaches 20% or more of the company's net worth as stated in the most recent financial statements.
2. The balance of the funds loaned to a single enterprise by the company and its subsidiaries reaches 10% or more of the company's net worth as stated in the most recent financial statements.
3. The amount of the fund newly loaned by the company and its subsidiaries reaches NT\$10 million or more and accounts for 2% of the company's net worth as stated in the most recent financial statements.

The so-called "Date of occurrence" refers to the date of contract signing, date of payment, date of resolution by the Boards of Directors, or other dates that can confirm the counterparty and amount of the loan, whichever date is earlier.

(III) If a subsidiary of the company is not a domestic public company, when the subsidiary shall announce and declare the matters as set out in point 3 in the preceding subparagraph, the company shall do it on its behalf.

Article 9: Penalties

Where the company's managers and primary personnel violate the Procedures, the violation shall be submitted for assessment in accordance with the company's Regulations Governing Personnel Management and Employee Handbook; a penalty will be imposed according to the severity of the violation.

Article 10: Implementation and Amendment

After approved by the Board of Directors, the Operating Procedures may be implemented when it is sent to the Supervisors and reported to the shareholders' meeting for approval. If a Director expresses objection and has a record or written statement, the company shall send the objection to the Supervisors and to the shareholders' meeting for discussion. The same applies to any amendment.

In addition, since the company has set up Independent Directors, when the Operating Procedures is submitted to the Board of Directors for discussion in accordance with the preceding paragraph, the opinions of each Independent Director shall be fully considered, and clear opinions regarding objection or reservation and reasons for objection shall be listed in the Board meeting minutes.

III. Control Points

- 1. Whether the amount of funds loaned to others is appropriate without affecting the company's normal operations based on the company's current financial position.**
- 2. Whether the limit of funds loaned to others and the counterparties are in compliance with the company's regulations.**
- 3. Whether the financing period and the calculation and collection of interest accrued are executed effectively.**
- 4. Whether each fund loaned is handled in accordance with the relevant regulations and review procedures.**
- 5. Whether the account processing for each fund loaned externally is carried out in a detailed and accurate manner.**
- 6. Whether there are follow-up control and collection of the amount of funds already loaned.**
- 7. Whether the subsidiaries' control procedures for funds loaned to others are handled in accordance with the parent company's regulations.**
- 8. Whether the application forms and details of the forms for the loaning of funds to others are consistent with the records on the Memorandum Book on Loaning of Funds to Others.**
- 9. Whether the public announcement and declaration are conducted in accordance with the regulations of the competent authority.**

IV. Attachments

- 1. Application Form for Loaning of Funds to Others**
- 2. Details of Amount of Funds Loaned to Others**
- 3. Memorandum Book on Loaning of Funds to Others**

All Ring Tech Co., Ltd.**Procedures for Endorsement and Guarantee (before Amendment)****I. Purpose****Article 1: Purpose**

The Operating Procedures were formulated accordingly in order for the company to provide endorsements or guarantees for others. The Procedures were formulated in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies specified in the TWSE Official Letter Liu-Zi No. 0910161919 dated December 18, 2002. Any unspecified matters in the Procedures shall be governed by the relevant regulations.

II. Operating Procedures**Article 2: Scope of Application**

The term "endorsements/guarantees" as specified in the Operating Procedures includes:

- (I). Financing endorsement/guarantee, which refers to bill discount financing, endorsement or guarantee made to meet the financing needs of another company, and issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.
- (II). Customs duty endorsement/guarantee, which refers to an endorsement or guarantee for the company itself or another company with respect to customs duty matters.
- (III). Other endorsements/guarantees, which refer to endorsements or guarantees beyond the scope of the two subparagraphs above.
- (IV). 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 the Procedures.

Article 3: Entities for which Endorsements/Guarantees are Provided

- (I). A company with which the company has business dealings.
- (II). A company in which the company directly and indirectly holds more than 50% of the voting shares.
- (III). A company which directly and indirectly holds more than 50% of the voting shares in the company.

Companies in which the company holds, either directly or indirectly, 90% or more of the voting shares may provide endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the company. However, this restriction shall not apply to endorsements/guarantees provided between companies in which the company holds, either directly or indirectly, 100% of the voting shares.

Endorsements/guarantees provided by all shareholders, who make capital contribution, for their jointly invested company in proportion to their shareholding percentages shall not be subject to the restrictions specified in the preceding two paragraphs.

The term "capital contribution" specified in the preceding paragraph shall mean capital contribution directly by the company, or through a company in which the company holds 100% of the voting shares.

Article 4: Limit on Endorsement/Guarantee Amount

The total amount of endorsements/guarantees provided by the company for others may not exceed 40% of the net worth of the company for the current period, whereas the limit on the total amount of endorsements/guarantees provided by the company for a single enterprise shall not exceed 20% of the net worth of the company for the current period. The total amount of endorsements/guarantees provided by the company and its subsidiaries for others may not exceed 50% of the net worth of the company for the current period, whereas the limit on the total amount of endorsements/guarantees provided by the company and its subsidiaries for a single enterprise shall not exceed 20% of the net worth of the company for the current period. The total amount of endorsements/guarantees provided due to business relationship may not exceed the total amount of transactions with the company in the most recent year (i.e. purchase or sales of goods between both parties, whichever is higher). Net worth as specified in the most recent financial statements attested or reviewed by CPAs shall prevail.

Article 5: Level of Decision-Making and Authorization

Endorsement/guarantee activities conducted by the company shall first be approved by the Board of Directors by resolution before implementation. However, in line with time requirements, the Board of Directors may authorize the Chairman to first deliberate on such activities within 20% of the net worth of the company for the current period before reporting them to the following Board of Directors' meeting for ratification. The implementation of such activities shall also be reported to the Shareholders' Meeting for future reference.

When the company provides endorsements/guarantees to others after Independent Directors are elected, the opinions of all Independent Directors shall be fully considered, and clear opinions regarding objection or reservation and reasons for objection shall be listed in the Board meeting minutes.

Article 6: Procedures for Endorsements and Guarantees

(I) When a company for which an endorsement/guarantee is provided needs to use the amount of endorsement/guarantee within the limit, this company shall provide its basic information and financial information, and fill out the application form to apply for the use of endorsement/guarantee to the company's Finance Department. The Finance Department shall conduct detailed assessment and perform credit investigation. Items to be assessed include the necessity and reasonableness of an endorsement/guarantee, whether the amount of an endorsement/guarantee provided due to business relationship is consistent with the amount of business transaction, the impact of an endorsement/guarantee on the operating risk, financial condition and shareholders' equity of the company, and whether it is necessary to obtain the relevant collateral and its valuation.

(II) Personnel at the company's Finance Department shall collect and compile the relevant information and assessment results specified in the preceding paragraph. If the cumulative balance of endorsements/guarantees is yet to exceed 20% of the net worth of the company when handling an endorsement/guarantee, the endorsement/guarantee shall be handled upon approval by the Chairman, and reported to the next Board of Directors' meeting for ratification thereafter. If the cumulative balance of endorsements/guarantees has exceeded 20% of the net worth of the company, the endorsement/guarantee shall be submitted to the Board of Directors for approval, and handled according to the resolution of the Board of Directors.

Before a subsidiary in which the company holds, either directly or indirectly, 90% or more of the voting shares provides an endorsement/guarantee, the endorsement/guarantee shall be reported to the company's Board of Directors for resolution before implementation. However, this restriction shall not apply to endorsements/guarantees provided between companies in which the company holds, either directly or indirectly, 100% of the voting shares.

- (III) The Finance Department shall fill out the "Endorsement/Guarantee Application Form/Withdrawal Form", and indicate details, including the entity for which the endorsement/guarantee is provided and the amount of endorsement/guarantee, the date of approval by the Board of Directors or the Chairman, the date of endorsement/guarantee, items to be carefully assessed according to the regulations, the content and valuation of collateral, and the conditions and date for the termination of endorsement/guarantee liabilities, in the "Endorsement/Guarantee Memorandum Book".
- (IV) When a company for which an endorsement/guarantee is provided makes repayment, this company shall check the repayment information with the company to terminate the company's guarantee liabilities. This information shall be indicated on the "List of Endorsement/Guarantee Amount".
- (V) The Finance Department shall assess or recognize an endorsement/guarantee or the relevant loss, and appropriately disclose information regarding the endorsement/guarantee in the company's financial statements. In addition, the Finance Department shall provide the relevant information to CPAs in order to conduct the necessary verification procedures.
- (VI) If the entity, for which an endorsement/guarantee is provided, is a subsidiary whose net worth is less than 50% of its paid-in capital, the subsequent management and control measures shall be taken against the endorsement/guarantee. If the share of the subsidiary has no face value or its face value is not NT\$10 per share, the amount of paid-in capital as mentioned above shall be calculated as the sum of share capital and capital reserve - issued at premium.

Article 7: Safekeeping of Seal and Relevant Procedures

The seal for endorsement/guarantee is the company seal applied to and registered under the Ministry of Economic Affairs. The seal shall be kept by the dedicated personnel approved by the Board of Directors. The same applies to change of seal. When providing an endorsement/guarantee, the relevant bill shall be stamped or issued in accordance with the company's operating procedures. When the company provides an endorsement/guarantee for a foreign company, the letter of guarantee provided by the company shall be signed by a person authorized by the Board of Directors.

Article 8: Matters to be Noted When Providing Endorsements/Guarantees

- (I) Internal auditors at the company shall at least audit the operating procedures for endorsements and guarantees and its implementation every quarter, and make them into written records. Any major violation found shall be notified to each Supervisor in writing, and notified to Independent Directors in writing collectively.
- (II) If the entity, for which an endorsement/guarantee is provided by the company, does not comply with Article 3 of the Operating Procedures thereafter due to a change in circumstance, or the amount of the endorsement/guarantee exceeds the limit stipulated in Article 4 of the Operating Procedures due to changes to the basis for limit calculation, the

audit unit shall supervise the Finance Department to eliminate the amount or the excess amount endorsed/guaranteed by the entity before the maturity of the contract or within a specified time period. The improvement plans shall be submitted to each Supervisor, and reported to the Board of Directors. Independent Directors of these plans shall be notified in writing collectively. The improvement shall be completed in accordance with the schedule of the plans.

- (III) If it is necessary for the amount of endorsement/guarantee provided by the company to exceed the limit set in the Operating Procedures due to business needs, and the endorsement/guarantee complies with the conditions stipulated in the Operating Procedure, the approval from the Board of Directors shall be obtained and a majority of the Directors shall act as joint guarantors for any loss that may be caused to the company due to the excess endorsement/guarantee. In addition, the Operating Procedures shall also be amended and submitted to the Shareholders' Meeting for ratification. When the endorsement/guarantee is not approved by the Shareholders' Meeting, a plan shall be adopted to eliminate the excess amount within a specified time limit. Where the company has elected Independent Directors, the opinions of all Independent Directors shall be fully considered during deliberation by the Board of Directors as mentioned in the preceding paragraph. Clear opinions regarding objection or reservation and reasons for objection shall be listed in the Board meeting minutes.

Article 9: Time Limit and Content of Public Announcement and Declaration

- (I) The company shall enter the balance of endorsements/guarantees by the company and its subsidiaries for the previous month into the Market Observation Post System (MOPS) before the 10th day of every month.
- (II) The company shall enter the information into the Market Observation Post System (MOPS) within two days after the date of occurrence of the event when the company's endorsement/guarantee meets one of the following criteria:
1. The aggregate balance of endorsements/guarantees by the company and its subsidiaries reaches 50% or more of the public company's net worth as stated in its latest financial statement.
 2. The balance of endorsements/guarantees by the company and its subsidiaries for a single enterprise reaches 20% or more of the public company's net worth as stated in its latest financial statement.
 3. The balance of endorsements and guarantees provided by the company and its subsidiaries to a single enterprise reaches NT\$10 million or above, and the aggregate amount of the endorsements/guarantees provided for, the book value of investments by the equity method in, and the balance of funds loaned to the enterprise reaches 30% or more of the company's net worth as stated in its latest financial statements.
 4. The amount of new endorsements/guarantees provided by the company and its subsidiaries reaches NT\$30 million or more, and reaches 5% or more of the company's net worth as stated in its latest financial statements.

The term "date of occurrence" as mentioned in the preceding paragraph refers to the date of transaction, date of payment, dates of Board of Directors' resolutions, or other dates on which the counterparty and amount of endorsements/guarantees can be confirmed, whichever date is earlier.

- (III) If a subsidiary of the company is not a domestic public company, when the

subsidiary shall announce and declare the matters to the MOPS as set out in point 4 in the preceding subparagraph, the company shall do it on its behalf.

Article 10: Control Procedures for Endorsements/Guarantees Provided by Subsidiaries

- (I) If a subsidiary of the company (where subsidiaries and parent company as mentioned in the Operating Procedures shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers) proposes to provide endorsements/guarantees for others, the company shall order the subsidiary to establish the Operating Procedures for Endorsements/Guarantees in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, and conduct the endorsements/guarantees according to the operating procedures set. However, net worth refers to the net worth of the parent company. If the financial statements of a public company are prepared in accordance with the International Financial Reporting Standards (IFRS), the term "net worth" as mentioned in the Operating Procedures refers to the equity attributable to the owner of the parent company as specified in the balance sheet prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.**
- (II) Subsidiaries shall prepare a detailed list of endorsement/guarantee amount provided for others in the previous month before the 10th day of each month, and submit to the company for reference.**
- (III) The audit unit of the company shall list the endorsements/guarantees provided by subsidiaries as one of the monthly audit items, The implementation of this audit shall be listed as a necessary item when reporting audit operations to the Board of Directors and Supervisors.**

Article 11: Penalties

Where the company's managers and primary personnel violate the Procedures, the violation shall be submitted for assessment in accordance with the company's Regulations Governing Personnel Management and Employee Handbook; a penalty will be imposed according to the severity of the violation.

Article 12: Implementation and Amendment

Upon approval by the Board of Directors, the Operating Procedures shall be submitted to each Supervisor and reported to the Shareholders' Meeting for approval. If any Director has an objection, where such opinions are documented or issued through written statements, the company shall submit the objection to each supervisor and report to the Shareholders' Meeting for deliberation. The same applies to any amendment.

In addition, since the company has set up Independent Directors, when the Operating Procedures is submitted to the Board of Directors for discussion in accordance with the preceding paragraph, the opinions of each Independent Director shall be fully considered, and clear opinions regarding objection or reservation and reasons for objection shall be listed in the Board meeting minutes.

III. Control Points

- 1. Endorsements and Guarantees?**
- 2. Is the information on the Endorsement/Guarantee Application Form consistent with that on the detailed list of endorsement/guarantee amount upon examination?**

- 3. Are matters related to public announcement and declaration handled in accordance with the relevant regulations set forth by the competent authority?**
- 4. Is the control procedure for endorsements/guarantees provided by subsidiaries handled in accordance with the regulations of the parent company?**

IV. Attachments

- 1. Endorsement/Guarantee Application Form/Withdrawal Form**
- 2. Details of Endorsement/Guarantee Amount**
- 3. Endorsement/Guarantee Memorandum Book**

All Ring Tech Co., Ltd.

Method of Directors and Supervisors Election (Before Amendment)

Article 1

In the election of directors and supervisors of the company, the candidate nomination system shall be adopted since the 10th term. Except as otherwise provided in the Company Act, the Securities and Exchange Act, the Articles of Incorporation and other relevant laws and regulations, the election shall be conducted in accordance with these measures. However, if the voting right is exercised electronically, no separate election vote shall be made and issued.

Article 2

Elections of the Company's directors shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

Article 3

For the election of directors and supervisors of the company, at the shareholders' meeting, the company shall prepare electoral votes of the same number as the number of directors to be elected. However, if the voting rights are exercised electronically, no separate electoral votes shall be prepared and issued.

Article 4

The cumulative voting method shall be used for election of the Non-Independent Directors, Independent Directors and Supervisors at the Company. Each share will have voting rights in number equal to the Directors or Supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 5

The number of directors and supervisors of the Company shall be calculated in accordance with the articles of association, and the number of independent directors and non-independent directors shall be calculated respectively. Those who have more electoral votes (including electronic voting) shall be elected successively. If more than two directors have the same number of votes and exceed the prescribed number of directors, the number of directors with the same number of votes shall be determined by drawing lots.

Article 6

When a shareholder is elected as a non-independent director, independent director or

supervisor at the same time, he/she shall decide on his/her own to act as a director, independent director or supervisor. Where the personal data of the elected directors, independent directors and supervisors are verified to be inconsistent or the election is ineffective in accordance with the relevant laws and regulations, the vacancy shall be filled by the one with the second most number of votes of the original election.

Article 7

Before the beginning of the election, the chairman shall appoint a number of controller of ballot and tally clerks with shareholder status to perform various related functions. The ballot box shall be prepared by the Board of Directors and opened and inspected in public by the scrutineer before voting.

Article 8

Article 9 If the candidate is a shareholder, voters shall enter the candidate's account name and shareholder account number in the "candidate" column. If the candidate is not a shareholder of the Company, voters shall enter the candidate's name and identification card number in the "candidate" column. However, when the candidate is a government organization or corporate shareholder, the name of the government organization or corporate shareholder shall be entered in the column for the candidate's account name on the ballot, or both the name of the government organization or corporate shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each representative shall be entered.

Article 9

The votes of the directors shall be voted together and counted separately according to the votes of the non-independent directors and the independent directors .

Article 10

A ballot is invalid under any of the following circumstances:

- (I). Ballots not prepared by the Board of Directors.**
- (II). Blank ballots not completed by the voter.**
- (III). The writing is unclear and illegible or altered.**
- (IV). If the candidate is a shareholder of this Company, the name, the shareholder's number of filled in the ballot is inconsistent with the shareholders' register. If the candidate is not a shareholder of this Company, the name or ID number of the candidate filled in the ballot is inconsistent.**
- (V). Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.**
- (VI). The name of the candidates filled in the ballots being the same as another**

candidate's name and the respective shareholder's numbers (ID numbers) not being indicated to distinguish them.

Article 11

The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation and the elected Directors shall be announced by the chair on the site.

Article 12

The Board of Directors and supervisors of the company shall issue notifications to the persons elected as directors or supervisors.

Article 13

The Regulations shall be implemented upon approval by the Board of Directors. The same applies to amendments.

First revision on May 16, 2002

The second Amendment was approved on June 21, 2007.

The third amendment was on June 15th, 2017.

All Ring Tech Co., Ltd.**Measures for the First Time Share Repurchase and Transfer to Employees in 2020****Article 1. Objective**

To motivate employees and deepen their loyalty, Measures for Share Repurchase and Transfer to Employees of the company are set forth in accordance with subparagraph 1 of paragraph 1 of Article 28-2 of the Securities and Exchange Act and “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” issued by Financial Supervisory Commission. The Company shall buy back (hereinafter referred to as treasury shares) and transfer the stocks to employees in such a way that is specified by the Measures, except as other relevant laws and regulations say otherwise.

Article 2. (Types of stocks to be transferred; details on the rights and restrictions attached to those stocks)

The stocks to be transferred to employees are common stocks, which carry the same rights and obligations as do those currently traded in the open market, except as the Measures or other relevant laws and regulations say otherwise.

Article 3. (Transfer period)

The shares purchased by the company shall be transferred to the employees once or in several times within five years from the date of repurchase in accordance with the provisions of these Measures.

Article 4. (Qualification of transferee)

All employees of the company who have been in office for three months before the base date of subscription for allotment of shares or have made special contributions to the company and have been reported to the Board of Directors for approval shall have the right to subscribe for treasury shares. The term "employee" as used in these Measures refers to the full-time employees who have received salaries of the company and its subsidiaries at home and abroad that have been directly or indirectly held for more than 50% of the voting shares. These Measures are not applicable to part-time employees, temporary employees, short-term working students and outsourcing workers.

Article 5. (Procedure of transfer)

The number of shares an employee may subscribe for is based on the employee's job grade, service seniority, special contribution to the company, taking into account the factors such as the total number of repurchased shares held by the company on the subscription base date and the upper limit of the number of shares subscribed by a single employee as the calculation standard. The number of shares an employee may subscribe for is

determined and reported to the Board of Directors for approval.

Article 6. The transfer of the repurchased shares of the company to employees shall be handled in accordance with the following procedures:

- I. Company stock must be repurchased according to board meeting resolution, announcement, and declaration within the implementation period.
- II. The board must set and announce the employee stock subscription reference date, standards for number of subscribed shares obtained, subscription payment period, and rights and limitations according to this regulation.
- III. Registering the transfer of the stocks after verifying the actual number of stocks subscribed.

Article 7. (Price per share transferred)

For transfer of repurchased shares to employees this time, the transfer price shall not be lower than the average price of actual repurchase. Only when the issued common stock of the company increases or decreases before transfer, it shall be adjusted according to the increase or decrease ratio of the issued shares.

Adjustment formula for transfer price:

Adjusted transfer price = average price of the actually repurchased shares x total number of common shares issued at the time of reporting the share repurchase / total number of common shares issued before transferring the repurchased shares to the employee.

Article 8. (Rights and obligations after the transfer)

The buyback stocks, unless otherwise specified, shall carry the same rights and obligations as do the original stocks after the registration of the transfer is completed.

Article 9. (Other matters relating to the rights and obligations of the Company and its employees)

When the company repurchases shares and transfers them to employees, the taxes and expenses incurred shall be borne by the company or employees respectively in accordance with relevant laws and regulations.

Article 10. Article 10 (Others)

The shares purchased by the company for the purpose of transferring shares to employees shall be transferred in full within five years from the date of repurchase. If the shares are not transferred within the time limit, they shall be deemed as unissued shares of the company, and the registration for change of eliminating shares shall be handled in accordance with the law.

Article 11. These Measures shall come into force after being approved by the Board of Directors, and shall be reported to the latest shareholders' meeting. The same shall apply for amendment.

Article 12. These Measures are enacted on March 18, 2020.

Shareholding of Directors and Supervisors

| |
|-------------------|
| Appendix 8 |
|-------------------|

I. The amount of legally held shares of the current directors and supervisors of the Company are as follows:

| | |
|---|-------------------|
| Number of common shares issued by the company | 83,323,902 shares |
| The number of shares legally required to be held by all directors | 8,332,390 shares |
| The number of shares legally required to be held by all supervisors | 833,239 shares |

II. The shareholding of all directors and supervisors in the shareholders' list as of the book closure date.

Base date: April 11, 2020

| Position | Name | Current Shareholding | |
|---|--------------------------------------|----------------------|-------------------------|
| | | Number of shares | Shareholding Percentage |
| Chairman | Ching-Lai Lu | 3,757,283 | 4.51% |
| Director | Hsin-Yao Cheng | 503,513 | 0.60% |
| Director | Chien-Chang Chen | 2,732,431 | 3.28% |
| Director | Hanlin Construction Co., Ltd. | 775,000 | 0.93% |
| Director | Fengqiao Investment Co., Ltd. | 7,355,625 | 8.83% |
| Director (Independent) | Huan-Ming Chou | 0 | 0.00% |
| Subtotal of Directors | | 15,123,852 | 18.15% |
| Supervisor | Hong-Ren Lin | 1,552,066 | 1.86% |
| Supervisor | Kuo-Chen Wu | 696,129 | 0.84% |
| Supervisor | Jincheng Investment Co., Ltd. | 2,216,000 | 2.66% |
| Subtotal of Supervisors | | 4,464,195 | 5.36% |
| Total of Directors and Supervisors | | 19,588,047 | 23.51% |