



Stock Code: 6215

AUROTEK CORPORATION

Handbook for the 2019 Annual Meeting of Shareholders

(Translation)

MEETING TIME: 10 June, 2019

PLACE: No. 399, Ruiguang Rd., Neihu Dist., Taipei City 114, Taiwan

Table of Contents

1.	Meeting Procedure -----	P. 1
2.	Meeting Agenda -----	P. 2
	(1) Reports -----	P. 2
	(2) Acknowledgments -----	P. 3
	(3) Discussion -----	P. 5
	(4) Extemporaneous Motions -----	P. 6
3.	Attachments	
	(1) 2018 Business Report -----	P. 7
	(2) Supervisors' Review Report on the 2018 Financial Statements -----	P. 12
	(3) 2018 Parent Company Only Financial Statements and CPA Audit Report -----	P. 13
	(4) 2018 Consolidated Financial Statements and CPA Audit Report -----	P. 24
	(5) Distribution of 2018 Earnings -----	P. 37
	(6) Comparison Table for the Operating Procedures for the Acquisition or Disposal of Assets -----	P. 38
	(7) Comparison Table for the Operating Procedures of Fund Lending -----	P. 54
	(8) Comparison Table for the Operating Procedures of Endorsement and Guarantee -----	P. 57
4.	Appendix	
	(1) Articles of Incorporation of Aurotek Corporation s --	P. 60
	(2) Rules of Procedures for Shareholders Meetings -----	P. 66
	(3) Operating Procedures for the Acquisition or Disposal of Assets -----	P. 70
	(4) Operating Procedures of Fund Lending -----	P. 90
	(5) Operating Procedures of Endorsement and Guarantee	P. 96
	(6) Shareholders of All Directors -----	P. 104
	Effect of Issuance of Bonus Shares to be Resolved at This	
	(7) Shareholders' Meeting on Operating Performance and Earnings Per Share -----	P. 105

I . MEETING PROCEDURES

Procedures of AUROTEK CORPORATION 2019 Annual Meeting of Shareholders

1. Call Meeting to order
2. Chairman takes his place
3. Reports
4. Acknowledgments
5. Discussion
6. Extemporary Motions
7. Adjournment

II. MEETING AGENDA

1. Report Items

(1) 2018 Business Report

Explanatory Notes : Please refer to Attachment 1 (Please see page7-11).

(2) Supervisors' Review Report on the 2018 Financial Statements

Explanatory Notes : Please refer to Attachment 2 (Please see page12).

(3) The Report of distribution on 2018 Employees' Compensation and Directors and Supervisors' Compensation

Explanatory Notes :

① The distribution shall be declared and made in accordance with Article 23 of the Articles of Incorporation of the Company. If the Company makes profits for the current year, the Board of Directors shall allocate of at least 5% as the employee compensations and not more than 5% as directors and supervisors' remunerations.

② The Company's income before tax in 2018 is NT\$59,797,439 of which 5% is allocated as the employees' Compensation totaling NT\$2,989,872 and 2% Directors and Supervisors' Compensation totaling NT\$1,195,949. The Compensation would be distributed in cash. The proposal has passed in the Remuneration Committee meeting.

2. Acknowledgments

(1) 2018 Annual Final Accounting Books and Statements (Proposed by the Board of Directors)

Explanatory Note :

- ① The Company's 2018 Financial Statements, including Parent Company Only Financial Statements and Consolidated Financial Statements were audited by certified public accountants, YU, SHU-FEN and LIN, CHUN-YAO with Pricewaterhouse Coopers and were reviewed by the supervisors along with the Business Report with a written review report issued.
- ② 2018 Business Report and Financial Statements are enclosed as Attachment 1 (Please see page7-11), Attachment 3 (Please see page13-23) and Attachment 4 (Please see page24-36).
- ③ Please acknowledge.

(2) 2018 Earnings Distribution (Proposed by the Board of Directors)

Explanatory Note :

- ① The net income in 2018 of the Company amounted to NT\$48,900,841. Distribution of 2018 Earnings is enclosed as Attachment 5 (Please see page37).
- ② The distribution of cash dividend is calculated to the dollar (round up to the dollar). The total amount of the odd shares with a distribution of less than NT\$1 Will have the Chairman authorized to handle the adjustment. In the event that the proposed earnings distribution approved is

affected by buyback of shares or treasury stock for transfer or cancellation, employee stock options and domestic capital increase by cash, it is proposed that the Chairman be authorized to adjust the cash dividends to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.

③ Please acknowledge.

3. Discussion Items

- (1) Amendment to the Operating Procedures for the Acquisition or Disposal of Assets (Proposed by the Board of Directors)

Explanatory Note : According to Financial Supervisory Commission No. 1070341072, November 26, 2018, the company propose to revise the related measures of Procedure for Acquisition or Disposal of Assets. The comparison table of revised articles of the Operating Procedures for the Acquisition or Disposal of Assets is enclosed as Attachment 6 (Please see page38-53).

- (2) Amendment to the Operating Procedures of Fund Lending (Proposed by the Board of Directors)

Explanatory Note : According to Taiwan Stock Exchange Corporation No. 1080304826, March 7, 2019, the company propose to revise the related measures of Operating Procedures of Fund Lending. The comparison table of revised articles of the Procedures of Fund Lending is enclosed as Attachment 7 (Please see page54-56).

- (3) Amendment to the Operating Procedures of Endorsement and Guarantee (Proposed by the Board of Directors)

Explanatory Note : According to Taiwan Stock Exchange Corporation No. 1080304826, March 7, 2019, the company propose to revise the related measures of the Operating Procedures of Endorsement and Guarantee. The comparison

table of revised articles of the Procedures of Fund Lending is enclosed as Attachment 8 (Please see page57-59).

4. Extemporany Motions

5. Adjournment

Attachment 1

AUROTEK CORPORATION Business Report

1. Review of Business Performance in 2018

PARENT COMPANY

(1) Results of implementation of the business plan

Unit: NT\$ thousands

Item	2018	2017	Change (%)
Operating revenue	1,009,195	1,014,274	(0.50)
Operating margin	308,321	308,081	0.08
Operating profit	76,736	56,820	35.05
Profit before income tax	55,612	54,949	1.21
Profit for the year	48,901	52,311	(6.52)
Other comprehensive loss for the year, net of tax	(82,139)	(4,800)	(1,611.23)
Total comprehensive income for the year	(33,238)	47,511	(169.96)

(2) Financial structure

Unit: NT\$ thousands

Profit before income tax in 2018	\$ 55,612
Net cash flows from operating activities	57,409
Net cash flows used in investing activities	(27,947)
Net cash flows used in financing activities	(57,674)
Net decrease in cash and cash equivalents	(28,212)
Cash and cash equivalents at beginning of year	106,678
Cash and cash equivalents at end of year	78,466

(3) Profitability analysis

Item	2018	2017
Return on total assets (%)	2.87	3.16
Return on stockholders' equity (%)	4.25	4.60
Profit ratio (%)	4.85	5.16
Basic earnings per share (dollar of New Taiwan dollars)	0.59	0.63
Diluted earnings per share (dollar of New Taiwan dollars)	0.59	0.63

Consolidated Financial Statements

(1) Results of implementation of the business plan

Unit: NT\$ thousands

Item	2018	2017	Change (%)
Operating revenue	1,486,906	1,616,022	(7.99)
Operating margin	402,504	420,980	(4.39)
Operating profit	66,004	72,347	(8.77)
Profit before income tax	57,401	56,437	1.71
Profit for the year	48,571	52,268	(7.07)
Other comprehensive loss for the year, net of tax	(82,139)	(4,800)	(1,611.23)
Total comprehensive income for the year	(33,568)	47,468	(170.72)

(2) Financial structure

Unit: NT\$ thousands

Profit before income tax in 2018	\$ 57,401
Net cash flows from operating activities	55,168
Net cash flows used in investing activities	(84,719)
Net cash flows used in financing activities	(59,817)
Exchange rate effect	(924)
Net decrease in cash and cash equivalents	(90,292)
Cash and cash equivalents at beginning of year	263,555
Cash and cash equivalents at end of year	173,263

(3) Profitability analysis

Item	2018	2017
Return on total assets (%)	2.76	3.10
Return on stockholders' equity (%)	4.20	4.57
Profit ratio (%)	3.27	3.23
Basic earnings per share (dollar of New Taiwan dollars)	0.59	0.63
Diluted earnings per share (dollar of New Taiwan dollars)	0.59	0.63

Research & Development

To pursue the sustainability, Aurotek has actively devoted to the research and development of innovative technology and products. In response to the

current market demands, we focus on the field of automation controllers and equipment.

In terms of cutting machine. Aurotek develop laser separator in 2018 to correspond the trend which large-size and thin-thickness are the focus from our major customers and portable mobile device industry. laser separator is aimed to meet the strict requirements from consumer electronics, automotive and medical industries that no residual dust will be remained after the high-speed, high-precision and high-value-added processing. Meanwhile, new laser separator improves production efficiency and increases the product added value.

In terms of the mechanism, in order to speed up the development process, we increased components commonality. In this way, we could get short delivery time and spare time to take customized orders for new developmental needs. In addition, in Japan, Europe and the United States, the standard of the efficiency of floor is strict. Therefore, Aurotek is actively researching and developing in desktop PCB to focus on the requirements of customers who demand efficiency and high frequency of change.

In the field of LED processing, besides the PSS defect inspection equipment which have been developed , we are also developing wafer transfers for MOCVD, optical inspecting and sorting equipment for epitaxy process of LED.

In 2018, in addition to being an agent and repairing the products of Denso Robot, Aurotek continuously integrated upstream and downstream supply chains, and combined with relevant industry manufacturers to apply for SBIR projects and develop robotic arm series products and processing applications. To increase the practical value, we improves the accuracy and simplifies the operation of robot. Based on our experiences and preparation, we focus on Chinese robotic application market.

In the part of the motion control card, the development of hardware is continuously strengthened in response to the rise of the network controller and software controller, especially to meet the application of EtherCAT and RTEX system and provide more complete product integration by enhancing the network of the peripheral modules and control card, such as EtherCAT I/O, EtherCAT pulse wave module, etc. At the same time, Aurotek enhances software functions and improves motion control algorithms for customer applications. Furthermore, Aurotek optimizes path for major equipment applications, enabling machines to operate more efficiently and increase production speed, making customers use our control card to have better performance, make

differences with competitive products, and improve the competitiveness of products.

In terms of building energy-saving equipment, in response to both global consensus of energy conservation, carbon reduction, and the market demand, the ECO Color Green Blinds and the Curtain Ventilation Unit are the breakthroughs of energy-efficient buildings. Sensor automatic control are added to shutters and linked to the Internet of Things. They are upgraded to outdoor shutters that can controlled by the environmental intelligent, and are added wind, light, and raindrop detection. Through mobile phone/table remote control, shutters also play important roles in future smart homes. Besides, the function of the curtain ventilator allows the closed curtain building to instantly introduce outdoor fresh air via a ventilator and cool air to improve air quality and reduce air conditioning load. If you use the external visor system of "ECO color green shutters", you can improve the energy-saving effect of smart green buildings. Therefore, the use of "ECO color green shutters" and "curtain ventilation" allows you to enjoy high-quality energy-saving products at all times, bringing comfortable office and living space no matter where you are.

2. 2019 Business Plan

With effects of integration in 2018, we will keep going to introduce new type of processing equipment with new technology, new models, high precision and high efficiency into the production line of portable communication devices of EMS factories.

The new concept of manufacturing equipment has been recognized by well-known manufacturers of international handheld devices. Meanwhile, it is combined with EMS manufacturers to actively test, evaluate and certify the production lines of new generation products. It is expected that there will be a large number of opportunities available in the year of 2019 for market benefits of equipment quantity and turnover.

In the Japanese market, we offered modular design and the service corresponding to customer' s software immediate, so we successfully keeps the repeat order for annual manufacturing equipment buying from the world-famous Japanese manufacturers, and hit the peak in the Japanese market both in terms of quantity and amount.

Aurotek was invited to participate in the Tokyo exhibition in January and solo exhibitions in October by the largest electronic parts placement machine manufacturers in Japan, creating the best opportunities for us to promote our equipment to the world' s most professional manufacturers.

In the extension of the high-speed spindle cutting machine, according to the requirement of EMS customer's new product processing, we fully develop new laser processing equipment this year preparing for the future demand of high-precision PCB substrate processing with light and thin, soft and hard composite. In January, new laser processing equipment was announced in a Tokyo equipment exhibition, and will be re-launched in China at the Shanghai Equipment Exhibition in April, 2019. We are expecting that there will be quite impressive results this year.

As for the Robot SI intelligent manufacturing equipment, with DENSO's cooperation, the advantage of product line structure is fully utilized and showed by the evaluation of quality and price. We will deeply cultivate at improving the ability of robot production and combining automation integration technology.

The continuous development of new products and new markets will be the unremitting goal of all employees of the company. With the strategy of equal emphasis on R&D (Research and development) and marketing, we will further expand our business footprint. We will continue to adhere to our attitudes and make use of flexible strategies to strengthen our company resources integration, to implement the concept of Sustainable Operation, and fulfill corporate social responsibility, and to live up to the high expectations of shareholders

Chairman	CHANG, YUNG-CHUNG
General Manager	CHANG, YUNG-CHUNG
Accounting Officer	WU, HUI-YING

Attachment 2

Supervisors' Review Report

The Board of Directors has prepared and submitted the Company's 2018 Parent Company Only Financial Statements and Consolidated Financial Statements. YU, SHU-FEN CPA and LIN, CHUN-YAO CPA of PricewaterhouseCoopers have also audited the financial statements and issued the auditors' report. The Company's 2018 Financial Statements, Business Report, and Proposal for 2018 allocation of profit have been reviewed and determined to be correct and accurate by Supervisors of AUROTEK CORPORATION. According to Article 219 of the Company Law, we hereby submit the report.

Aurotek Corporation

Supervisor : CHEN, MING-TSUN

Supervisor : CHOU, TA-JEN

Supervisor : HSU, SHEN-GHAO

March 21, 2019

Attachment 3

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR 18003970

To AUROTEK CORPORATION

Opinion

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

In our opinion, based on our audits and reports of other independent accountants (please refer to “other matter” section), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31 2018 and 2017, and its parent company only financial performance and its cash flows for the years then ended, in accordance with the “Regulations Governing the Preparations 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 (Hereinafter referred to as 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 (Hereinafter referred to as 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.

The key audit matters of the parent company only financial reports are as follows:

Existence of revenues of the newly top 10 significant customers

Description

Please refer to Note 4(27) of the parent company only financial reports for the explanations regarding accounting policies on operating revenue, and Note 6(17) for details of operating revenue.

The Company is primarily engaged in manufacturing and sales of automation components, equipment and System. The Company was improving and developing their market share in order to maintain their leadership in the market. After comparing the lists of the Company's top 10 significant customers for years ended December 31, 2018 and 2017, there were changes in sales revenue resulting in some customers being newly included in the top 10 list, and impacts the consolidated operating revenue. We considered the existence of sales revenues in relation to those newly top 10 significant customers to be significant to the financial statements. Therefore, we determined the existence of revenues from the newly top 10 significant customers as a key audit matter.

How our audit addressed the matter

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

1. Assessed and tested the revenue cycle and performed tests to determine that the Company's direct revenue process follows the internal control procedures.
2. Checked the related industry background information in respect of the newly top 10 significant customers.
3. Obtained and selected samples to verify related vouchers of sales revenue from the newly top 10 significant customers.

Evaluation of Inventories

Description

Please refer to Note 4(12) of the parent company only financial reports for the explanations regarding accounting policies on inventory valuation, Note 5 for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses, and Note 6(4) for details of inventories.

The Company is primarily engaged in manufacturing and sales of automation components, equipment and System. Due to rapid technological developments, the risk of inventory losses of decline in market value and obsolescence for inventories is high. As the amounts of inventories are material, and the estimation of net realizable value for individually obsolete or damaged inventories is subject to management's judgment, we consider allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

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

1. Ensured consistent application of accounting policies in relation to allowance for inventory valuation losses and assessed the reasonableness of these policies.
2. Evaluated the reasonableness of the net realizable value of inventories individually identified as obsolete or damaged with supporting documents.
3. Tested the basis of market value used and these policies in calculating the net realizable value of inventory and validated the accuracy of net realizable value calculation of selected samples.
4. Confirm the correctness of the reporting logic, and select samples from inventory items and test allowance for inventory valuation, and examine related documents and assess the reasonableness of the adequacy of allowance for price decline.

Other matter - Using the work of other independent accountants

We did not audit the financial statements of certain investments recognized under the equity method that are included in the parent company only financial statements. Those financial statements and information disclosed were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants. For the years ended December 31, 2018 and 2017, the comprehensive income amounted to NT\$684 thousand (loss) and NT\$1,888 thousand (gain), constituting 2% and 4% of total comprehensive income, respectively. Investments using equity method amounted to NT\$76,845 thousand and NT\$78,286 thousand as at December 31, 2018 and 2017, both constituting 4% of total assets, respectively.

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 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 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 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 user 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 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 controls.
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 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.

YU, SHU-FEN

LIN, CHUN-YAO

For and on behalf of PricewaterhouseCoopers, Taiwan

March 21, 2019

AUROTEK CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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

Assets		Notes	December 31, 2018		December 31, 2017	
			Amount	%	Amount	%
Current Assets						
1100	Cash and equivalents	6(1)	\$ 78,466	4	\$ 106,678	6
1110	Financial assets at fair value through profit or loss, current	6(2)	121	-	151	-
1140	Contract assets, current	6(17)	78	-	-	-
1150	Notes receivable, net	6(3)	23,218	1	39,488	2
1170	Accounts receivable, net	6(3)	177,255	9	182,183	9
1180	Accounts receivable, related parties	7	100,888	5	81,312	4
1190	Receivables from customers on construction contracts	6(4)	-	-	625	-
1200	Other receivables		341	-	1,052	-
1210	Other receivables, related parties	7	26,844	1	252	-
130X	Inventories, net	6(5)	284,017	15	295,241	15
1410	Prepayments		3,891	-	8,091	1
1476	Other financial assets, current	8	775	-	775	-
11XX	Total current assets		<u>695,894</u>	<u>35</u>	<u>715,848</u>	<u>37</u>
Non-current Assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(5)	143,839	7	-	-
1543	Financial assets carried at cost, non-current	12	-	-	114,264	6
1550	Investments accounted for under equity method	6(6)	706,321	36	725,367	37
1600	Property, plant and equipment, net	6(7) and 8	325,547	17	331,029	17
1840	Deferred income tax assets	6(22)	28,312	2	22,127	1
1990	Other non-current assets, other	8	63,754	3	47,253	2
15XX	Total non-current assets		<u>1,267,773</u>	<u>65</u>	<u>1,240,040</u>	<u>63</u>
1XXX	Total Assets		<u>\$ 1,963,667</u>	<u>100</u>	<u>\$ 1,955,888</u>	<u>100</u>

(Continued)

AUROTEK CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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

Liabilities and equity	Notes	December 31, 2018		December 31, 2017		
		Amount	%	Amount	%	
Current Liabilities						
2100	Short-term borrowings	6(8)	\$ 180,000	9	\$ 110,000	6
2130	Contract liabilities, current	6(17)	902	-	-	-
2150	Notes payable		1,070	-	1,146	-
2170	Accounts payable		92,578	5	96,248	5
2180	Accounts payable, related parties	7	30,510	2	33,648	2
2190	Payables to customers on construction contracts		-	-	63	-
2200	Other payables		65,788	3	63,008	3
2220	Other payables, related parties	7	2,464	-	1,317	-
2230	Current income tax liabilities		7,833	1	6,146	1
2250	Provisions for liabilities - current	6(9) and 9(1)	40,582	2	42,693	2
2320	Long-term liabilities, current portion	6(10) and 8	120,000	6	78,000	4
2399	Other current liabilities - other		1,284	-	5,720	-
21XX	Total current liabilities		<u>543,011</u>	<u>28</u>	<u>437,989</u>	<u>23</u>
Non-current Liabilities						
2540	Long-term borrowings	6(10) and 8	248,200	13	368,200	19
2570	Deferred income tax liabilities	6(22)	1,090	-	2,470	-
2670	Other non-current liabilities - other	6(11)	10,739	-	6,772	-
25XX	Total non-current liabilities		<u>260,029</u>	<u>13</u>	<u>377,442</u>	<u>19</u>
2XXX	Total Liabilities		<u>803,040</u>	<u>41</u>	<u>815,431</u>	<u>42</u>
Equity						
Share capital						
3110	Share capital - common stock	6(13)	827,897	42	827,897	42
Capital surplus						
3200	Capital surplus	6(14)	92,855	5	92,855	5
Retained earnings						
3310	Legal reserve	6(15)	125,375	6	120,144	6
3320	Special reserve		16,229	1	16,229	1
3350	Unappropriated earnings		87,954	4	97,330	5
Other equity						
3400	Other equity interest	6(16)	10,317	1	(13,998)	(1)
3XXX	Total equity		<u>1,160,627</u>	<u>59</u>	<u>1,140,457</u>	<u>58</u>
Commitments and contingent liabilities						
Significant events after balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 1,963,667</u>	<u>100</u>	<u>\$ 1,955,888</u>	<u>100</u>

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

AUROTEK CORPORATION
PARENT COMPANY ONLY COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	2018		2017	
		Amount	%	Amount	%
4000 Operating revenue	6(17) and 7	\$ 1,009,195	100	\$ 1,014,274	100
5000 Operating costs	6(4)(11)(21)) and 7	(700,874)	(69)	(706,193)	(70)
5900 Operating margin		<u>308,321</u>	<u>31</u>	<u>308,081</u>	<u>30</u>
Operating expenses	6(11)(21)				
6100 Selling expenses		(102,538)	(10)	(98,071)	(10)
6200 General and administrative expenses		(67,285)	(7)	(71,187)	(7)
6300 Research and development expenses		(61,774)	(6)	(82,003)	(8)
6450 Gain on expected credit impairment	12	<u>12</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000 Total operating expenses		(231,585)	(23)	(251,261)	(25)
6900 Operating profit		<u>76,736</u>	<u>8</u>	<u>56,820</u>	<u>5</u>
Non-operating income and expenses					
7010 Other income	6(18)	8,050	1	27,827	3
7020 Other gains and losses	6(2)(19)	(12,780)	(1)	(38,971)	(4)
7050 Finance costs	6(20)	(9,173)	(1)	(7,762)	(1)
7070 Share of profit of subsidiaries, associates and joint ventures accounted for using equity method		(7,221)	(1)	17,035	2
7000 Total non-operating income and expenses		(21,124)	(2)	(1,871)	-
7900 Profit before income tax		55,612	6	54,949	5
7950 Income tax expense	6(22)	(6,711)	(1)	(2,638)	-
8200 Profit for the year		<u>\$ 48,901</u>	<u>5</u>	<u>\$ 52,311</u>	<u>5</u>
Other comprehensive income (loss) for the year, net of tax					
Components of other comprehensive income (loss) that may not be reclassified to profit or loss					
8311 Actuarial loss on defined benefit plan	6(11)	(\$ 4,280)	-	(\$ 3,607)	-
8316 Unrealized loss on valuation of financial assets at fair value through other comprehensive income	6(5)(16)	(69,592)	(7)	-	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	<u>908</u>	<u>-</u>	<u>612</u>	<u>-</u>
8310 Components of other comprehensive income that will not be reclassified to profit or loss		(72,964)	(7)	(2,995)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Financial statement translation differences of foreign operations	6(16)	(10,988)	(1)	(2,120)	-
8380 Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method	6(16)	90	-	(59)	-
8399 Income tax relating to the components of other comprehensive income	6(16)(22)	<u>1,723</u>	<u>-</u>	<u>374</u>	<u>-</u>
8360 Total components of other comprehensive income (loss) that will be reclassified to profit or loss		(9,175)	(1)	(1,805)	-
8300 Other comprehensive loss for the year, net of tax		(\$ 82,139)	(8)	(\$ 4,800)	-
8500 Total comprehensive income for the year		<u>(\$ 33,238)</u>	<u>(3)</u>	<u>\$ 47,511</u>	<u>5</u>
Earnings per share (in dollars)	6(23)				
9750 Basic earnings per share		<u>\$ 0.59</u>		<u>\$ 0.63</u>	
9850 Diluted earnings per share		<u>\$ 0.59</u>		<u>\$ 0.63</u>	

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

AUROTEK CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

Notes	Capital Reserve				Retained Earnings			Other Equity Interest			Total equity
	Ordinary share - common stock	Capital surplus - common stock	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Stock option	Other	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statement translation differences of Foreign operations	Unrealised Gain (Loss) on Financial Assets Measured at Fair Value through Other Comprehensive Income	
<u>2017</u>											
Balance at January 1, 2017	\$ 827,897	\$ 87,946	\$ 3,309	\$ 1,600	\$ -	\$ 115,444	\$ 16,229	\$ 94,109	(\$ 12,193)	\$ -	\$ 1,134,341
Profit for the year	-	-	-	-	-	-	-	52,311	-	-	52,311
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	(2,995)	(1,805)	-	(4,800)
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	49,316	(1,805)	-	47,511
Distribution of 2016 earnings	6(15)										
Legal reserve	-	-	-	-	-	4,700	-	(4,700)	-	-	-
Cash dividends	-	-	-	-	-	-	-	(41,395)	-	-	(41,395)
Share-based payment transactions, option overdue	-	-	-	(1,600)	1,600	-	-	-	-	-	-
Balance at December 31, 2017	\$ 827,897	\$ 87,946	\$ 3,309	\$ -	\$ 1,600	\$ 120,144	\$ 16,229	\$ 97,330	(\$ 13,998)	\$ -	\$ 1,140,457
<u>2018</u>											
Balance at January 1, 2018	\$ 827,897	\$ 87,946	\$ 3,309	\$ -	\$ 1,600	\$ 120,144	\$ 16,229	\$ 97,330	(\$ 13,998)	\$ -	\$ 1,140,457
Effects of retrospective application and retrospective restatement	-	-	-	-	-	-	-	-	-	103,082	103,082
Balance at January 1, 2018 after adjustments	827,897	87,946	3,309	-	1,600	120,144	16,229	97,330	(13,998)	103,082	1,243,539
Profit for the year	-	-	-	-	-	-	-	48,901	-	-	48,901
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	(3,372)	(9,175)	(69,592)	(82,139)
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	45,529	(9,175)	(69,592)	(33,238)
Distribution of 2018 earnings :	6(15)										
Legal reserve	-	-	-	-	-	5,231	-	(5,231)	-	-	-
Cash dividends	-	-	-	-	-	-	-	(49,674)	-	-	(49,674)
Balance at December 31, 2018	\$ 827,897	\$ 87,946	\$ 3,309	\$ -	\$ 1,600	\$ 125,375	\$ 16,229	\$ 87,954	(\$ 23,173)	\$ 33,490	\$ 1,160,627

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

AUROTEK CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before income tax		\$ 55,612	\$ 54,949
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(7)(21)	5,869	6,658
Amortization of intangible assets	6(21)	-	530
Provision for doubtful accounts	6(3)(18)	(12)	(3,672)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	6(2)(19)		
Loss (gain) on disposal of property, plant and equipment	6(19)	30	(28)
Impairment loss on financial assets	6(19)	13	(69)
Interest income	6(18)	15,099	8,128
Dividend income	6(18)	(144)	(54)
Interest expense	6(18)	(4,869)	(17,290)
Share of profit of associates accounted for using equity method	6(20)	9,173	7,762
		7,221	(17,035)
Changes in assets and liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Contract assets, current		547	-
Notes receivable		16,270	(4,002)
Accounts receivable		4,940	39,776
Accounts receivable, related parties		(19,576)	11,458
Receivables from customers on construction contracts		-	(7)
Other receivables		711	(627)
Other receivables, related parties		(26,592)	(227)
Inventories		11,086	(59,698)
Prepayments		4,200	805
Net changes in liabilities relating to operating activities			
Contract liabilities, current		(1,333)	-
Notes payable		(76)	(3,197)
Notes payable, related parties		-	(12,766)
Accounts payable		(3,670)	10,304
Accounts payable, related parties		(3,138)	22,350
Payables to customers on construction contracts		-	(2,628)
Other payables		3,490	(3,211)
Other payables, related parties		1,148	706
Provisions for liabilities - current		(2,111)	25,590
Other current liabilities - other		(2,927)	(1,890)
Other non-current liabilities		(313)	(902)
Cash generated from operations		70,648	61,713
Interest received		144	54
Cash dividends received		5,796	19,461
Interest paid		(9,220)	(7,610)
Income tax paid		(9,959)	(11,506)
Net cash flows from operating activities		<u>57,409</u>	<u>62,112</u>

(Continued)

AUROTEK CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from capital reduction of financial assets at cost	6(5)	\$ 3,915	\$ 5,662
Acquisition of investments accounted for using equity method	6(6) and 7	-	(135,829)
Acquisition of property, plant and equipment	6(7)	(643)	(2,063)
Proceeds from disposal of property, plant and equipment		381	800
Disposal of intangible assets		-	4,240
Decrease in other non-current assets		2,865	1,884
Increase in prepaid investments		-	(15,099)
Increase in refundable deposits		(34,465)	(42)
Net cash flows used in operating activities		(27,947)	(140,447)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans	6(25)	70,000	50,000
Proceeds from long-term loans		-	180,000
Repayment of long-term loans	6(25)	(78,000)	(78,000)
Cash dividends paid	6(15)	(49,674)	(41,395)
Net cash flows from (used in) financing activities		(57,674)	110,605
Net increase (decrease) in cash and cash equivalents		(28,212)	32,270
Cash and cash equivalents at beginning of year		106,678	74,408
Cash and cash equivalents at end of year		\$ 78,466	\$ 106,678

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

Attachments 4

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR 18003983

To AUROTEK CORPORATION and its subsidiaries

Opinion

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

In our opinion, based on our audits and reports of other independent accountants (please refer to “other matter” section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with the “Regulations Governing the Preparations of Financial Reports by Securities Issuers.” and the International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations Committee (IFRIC) Interpretations, and Standard Interpretations Committee (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 *Independent accountant’s responsibilities for the audit of 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 (Hereinafter referred to as the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our

audits and reports of other independent accountants, we believe that the audit evidence we have obtained are 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.

The key audit matters of the Group's consolidated financial statements of the current period are as follows:

Existence of revenues of the newly top 10 significant customers

Description

Please refer to Note 4(27) of consolidated financial reports for the explanations regarding accounting policies on operating revenue, and Note 6(17) for details of operating revenue.

The Group is primarily engaged in manufacturing and sales of automation components, equipment and System. The Group was improving and developing their market share in order to maintain their leadership in the market. After comparing the lists of the Group's top 10 significant customers for years ended December 31, 2018 and 2017, there were changes in sales revenue resulting in some customers being newly included in the top 10 list, and impacts the consolidated operating revenue. We considered the existence of sales revenues in relation to those newly top 10 significant customers to be significant to the financial statements. Therefore, we determined the existence of revenues from the newly top 10 significant customers as a key audit matter.

How our audit addressed the matter

1. Assessed and tested the revenue cycle and performed tests to determine that the Group's direct revenue process follows the internal control procedures.
2. Checked the related industry background information in respect of the newly top 10 significant customers.
3. Obtained and selected samples to verify related vouchers of sales revenue from the newly top 10 significant customers.

Evaluation of Inventories

Description

Please refer to Note 4(12) of consolidated financial reports for the explanations regarding accounting policies on inventory valuation, Note 5 for uncertainty of accounting estimates and assumptions in relation to inventory valuation

losses, and Note 6(4) for details of inventories.

The Group is primarily engaged in manufacturing and sales of automation components, equipment and System. Due to rapid technological developments, the risk of inventory losses of decline in market value and obsolescence for inventories is high. As the amounts of inventories are material, and the estimation of net realizable value for individually obsolete or damaged inventories is subject to management's judgment, we consider allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

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

1. Ensured consistent application of accounting policies in relation to allowance for inventory valuation losses and assessed the reasonableness of these policies.
2. Evaluated the reasonableness of the net realizable value of inventories individually identified as obsolete or damaged with supporting documents.
3. Tested the basis of market value used and these policies in calculating the net realizable value of inventory and validated the accuracy of net realizable value calculation of selected samples.
4. Confirm the correctness of the reporting logic, and select samples from inventory items and test allowance for inventory valuation, and examine related documents and assess the reasonableness of the adequacy of allowance for price decline.

Other matter - Using the work of other independent accountants

We did not audit the financial statements of certain consolidated subsidiaries. Those financial statements and information disclosed were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statement was based solely on the audit reports of the other independent accountants. Total assets of those consolidated subsidiaries amounted to NT\$54,851 thousand and NT\$53,800 thousand, constituting both constituting 3% of the consolidated total assets as of December 31, 2018 and 2017, respectively, and total operating revenues amounted to NT\$5,030 thousand and NT\$4,189 thousand, both constituting 1% of the consolidated total operating revenues for the years then ended, respectively. Investments using equity method amounted to NT\$21,199 thousand and NT\$20,158 thousand as at December 31, 2018 and 2017, both constituting 1% of total assets, respectively. For the years ended December 31, 2018 and 2017, the comprehensive income amounted to NT\$1,789 thousand and NT\$2,703 thousand, constituting 5% and 6% of total comprehensive income, respectively.

Other matter - Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of AUROTEK CORPORATION as of and for the years ended December 31, 2018 and 2017.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” , 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 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 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 controls.
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.

YU, SHU-FEN

LIN, CHUN-YAO

For and on behalf of PricewaterhouseCoopers, Taiwan

March 21, 2019

AUROTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 and 2017
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	2018		2017		
		Amount	%	Amount	%	
Current Assets						
1100	Cash and equivalents	6(1)	\$ 173,263	8	\$ 263,555	13
1110	Financial assets at fair value through profit or loss, current	6(2) and 12	121	-	151	-
1136	Financial assets at amortized cost, current	6(3) and 12	5,000	-	-	-
1140	Contract assets, current	6(20)	78	-	-	-
1150	Notes receivable, net	6(4)	61,304	3	84,248	4
1170	Accounts receivable, net	6(4)	461,510	22	403,217	20
1180	Accounts receivable, related parties	7	640	-	64	-
1190	Receivables from customers on construction contracts	12	-	-	625	-
1200	Other receivables		2,977	-	3,757	-
1210	Other receivables, related parties	7	214	-	243	-
130X	Inventories, net	6(5)	489,858	24	525,624	25
1410	Prepayments		15,863	1	26,335	1
1476	Other financial assets, current	6(1) and 8	775	-	4,775	-
11XX	Total current assets		<u>1,211,603</u>	<u>58</u>	<u>1,312,594</u>	<u>63</u>
Non-current Assets						
1517	Financial assets at fair value through other comprehensive income, non-current	6(6) and 12	143,839	7	-	-
1543	Financial assets carried at cost, non-current	12	-	-	114,264	6
1550	Investments accounted for under equity method	6(7)	74,414	4	71,483	3
1600	Property, plant and equipment, net	6(8) and 8	527,570	25	486,631	23
1840	Deferred income tax assets	6(25)	32,049	2	25,218	1
1990	Other non-current assets, other	6(9) and 8	93,420	4	79,461	4
15XX	Total non-current assets		<u>871,292</u>	<u>42</u>	<u>777,057</u>	<u>37</u>
1XXX	Total Assets		<u>\$ 2,082,895</u>	<u>100</u>	<u>\$ 2,089,651</u>	<u>100</u>

(Continued)

AUROTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 and 2017
(Expressed in thousands of New Taiwan dollars)

Liabilities and equity		Notes	2018		2017	
			Amount	%	Amount	%
Current Liabilities						
2100	Short-term borrowings	6(10)	\$ 200,124	10	\$ 157,659	7
2130	Contract liabilities, current	6(20)	3,989	-	-	-
2150	Notes payable		1,804	-	2,490	-
2170	Accounts payable		114,756	6	120,022	6
2180	Accounts payable, related parties	7	16,410	1	23,907	1
2190	Payables to customers on construction contracts	12	-	-	63	-
2200	Other payables	6(11)	82,543	4	80,144	4
2230	Current income tax liabilities		9,467	-	6,569	-
2250	Provisions for liabilities - current	6(12) and 9	40,582	2	42,693	2
2320	Long-term liabilities, current portion	6(13) and 8	124,765	6	79,884	4
2399	Other current liabilities - other		1,700	-	13,051	1
21XX	Total current liabilities		<u>596,140</u>	<u>29</u>	<u>526,482</u>	<u>25</u>
Non-current Liabilities						
2540	Long-term borrowings	6(13) and 8	307,631	15	406,917	20
2570	Deferred income tax liabilities	6(25)	1,094	-	2,476	-
2600	Other non-current liabilities	6(14)	11,186	-	6,772	-
25XX	Total non-current liabilities		<u>319,911</u>	<u>15</u>	<u>416,165</u>	<u>20</u>
2XXX	Total Liabilities		<u>916,051</u>	<u>44</u>	<u>942,647</u>	<u>45</u>
Equity						
Share capital						
3110	Share capital - common stock	6(16)	827,897	40	827,897	40
Capital surplus						
3200	Capital surplus	6(17)	92,855	4	92,855	4
Retained earnings						
3310	Legal reserve	6(18)	125,375	6	120,144	6
3320	Special reserve		16,229	1	16,229	1
3350	Unappropriated earnings		87,954	4	97,330	5
Other equity interest						
3400	Other equity interest	6(19)	10,317	1	(13,998)	(1)
31XX	Equity attributable to owners of the parent		<u>1,160,627</u>	<u>56</u>	<u>1,140,457</u>	<u>55</u>
36XX	Non-controlling interest		<u>6,217</u>	<u>-</u>	<u>6,547</u>	<u>-</u>
3XXX	Total equity		<u>1,166,844</u>	<u>56</u>	<u>1,147,004</u>	<u>55</u>
	Significant contingent liabilities and unrecognized contract commitment	9				
	Significant events after balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 2,082,895</u>	<u>100</u>	<u>\$ 2,089,651</u>	<u>100</u>

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

AUROTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	2018		2017	
		Amount	%	Amount	%
4000 Operating revenue	6(20) and 7	\$ 1,486,906	100	\$ 1,616,022	100
5000 Operating costs	6(5)(14)(24) and 7	(1,084,402)	(73)	(1,195,042)	(74)
5900 Operating margin		<u>402,504</u>	<u>27</u>	<u>420,980</u>	<u>26</u>
Operating expenses	6(14)(24)				
6100 Selling expenses		(148,855)	(10)	(143,915)	(9)
6200 General and administrative expenses		(125,883)	(8)	(121,813)	(8)
6300 Research and development expenses		(61,774)	(4)	(82,905)	(5)
6450 Gain (loss) on expected credit impairment	12	<u>12</u>	-	<u>-</u>	-
6000 Total operating expenses		(336,500)	(22)	(348,633)	(22)
6900 Operating profit		<u>66,004</u>	<u>5</u>	<u>72,347</u>	<u>4</u>
Non-operating income and expenses					
7010 Other income	6(3)(21)	13,500	1	31,459	2
7020 Other gains and losses	6(2)(22)	(15,867)	(1)	(41,332)	(2)
7050 Finance costs	6(23)	(11,272)	(1)	(11,165)	(1)
7060 Share of profit(loss) of associates and joint ventures accounted for under the equity method		<u>5,036</u>	-	<u>5,128</u>	-
7000 Total non-operating income and expenses		(8,603)	(1)	(15,910)	(1)
7900 Profit before income tax		57,401	4	56,437	3
7950 Income tax expense	6(25)	(8,830)	(1)	(4,169)	-
8200 Profit for the year		<u>\$ 48,571</u>	<u>3</u>	<u>\$ 52,268</u>	<u>3</u>

(Continued)

AUROTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

Items	Notes	2018		2017		
		Amount	%	Amount	%	
Other comprehensive income that will not be reclassified to profit or loss						
8311	Actuarial loss on defined benefit plan	6(14)	(\$ 4,280)	-	(\$ 3,607)	-
8316	Unrealized loss on valuation of financial assets at fair value through other comprehensive income	6(6)(19)	(69,592)	(5)	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	908	-	612	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(72,964)	(5)	(2,995)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss						
8361	Financial statement translation differences of foreign operations	6(19)	(10,988)	-	(2,120)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for under the equity method-other comprehensive income that will be reclassified to profit or loss	6(19)	90	-	(59)	-
8399	Income tax relating to the components of other comprehensive income	6(19)(25)	1,723	-	374	-
8360	Total components of other comprehensive income (loss) that will be reclassified to profit or loss		(9,175)	-	(1,805)	-
8300	Other comprehensive loss for the year, net of tax		(\$ 82,139)	(5)	(\$ 4,800)	-
8500	Total comprehensive income for the year		(\$ 33,568)	(2)	\$ 47,468	3
Profit attributable to:						
8610	Owners of the parent		\$ 48,901	3	\$ 52,311	3
8620	Non-controlling interest		(330)	-	(43)	-
			\$ 48,571	3	\$ 52,268	3
Comprehensive income attributable to:						
8710	Owners of the parent		(\$ 33,238)	(2)	\$ 47,511	3
8720	Non-controlling interest		(330)	-	(43)	-
			(\$ 33,568)	(2)	\$ 47,468	3
Earnings per share (in dollars)						
9750	Basic earnings per share		\$ 0.59		\$ 0.63	
9850	Diluted earnings per share		\$ 0.59		\$ 0.63	

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

AUROTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of Consolidated													
Notes	Capital Reserve				Retained Earnings				Other Equity Interest			Non-control ling intrest	Total equity
	Ordinary share - common stock	Capital surplus - common stock	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Stock option	Other	Legal reserve	Special reserve	Unappropria ted retained earnings	Financial statement translation differences of Foreign operations	Unrealised Gain (Loss) on Financial Assets Measured at Fair Value through Other Comprehensive Income	Total		
<u>2017</u>													
	\$ 827,897	\$ 87,946	\$ 3,309	\$ 1,600	\$ -	\$ 115,444	\$ 16,229	\$ 94,109	(\$ 12,193)	\$ -	\$ 1,134,341	\$ 6,590	\$ 1,140,931
Profit for the year	-	-	-	-	-	-	-	52,311	-	-	52,311	(43)	52,268
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	(2,995)	(1,805)	-	(4,800)	-	(4,800)
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	49,316	(1,805)	-	47,511	(43)	47,468
Distribution of 2016 earnings													
Legal reserve	6(18)	-	-	-	-	4,700	-	(4,700)	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	-	-	(41,395)	-	-	(41,395)	-	(41,395)
Share-based payment transactions, option overdue		-	-	(1,600)	1,600	-	-	-	-	-	-	-	-
Balance at December 31, 2017	\$ 827,897	\$ 87,946	\$ 3,309	\$ -	\$ 1,600	\$ 120,144	\$ 16,229	\$ 97,330	(\$ 13,998)	\$ -	\$ 1,140,457	\$ 6,547	\$ 1,147,004
<u>2018</u>													
Balance at January 1, 2018	\$ 827,897	\$ 87,946	\$ 3,309	\$ -	\$ 1,600	\$ 120,144	\$ 16,229	\$ 97,330	(\$ 13,998)	\$ 103,082	\$ 1,243,539	\$ 6,547	\$ 1,250,086
Effects of retrospective application and retrospective restatement	827,897	87,946	3,309	-	1,600	120,144	16,229	97,330	(13,998)	103,082	1,243,539	6,547	1,250,086
Balance at January 1, 2018 after adjustments	-	-	-	-	-	-	-	48,901	-	-	48,901	(330)	48,571
Profit for the year	-	-	-	-	-	-	-	(3,372)	(9,175)	(69,592)	(82,139)	-	(82,139)
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	45,529	(9,175)	(69,592)	(33,238)	(330)	(33,568)
Distribution of 2018 earnings :													
Legal reserve	6(18)	-	-	-	-	5,231	-	(5,231)	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	-	-	(49,674)	-	-	(49,674)	-	(49,674)
Balance at December 31, 2018	\$ 827,897	\$ 87,946	\$ 3,309	\$ -	\$ 1,600	\$ 125,375	\$ 16,229	\$ 87,954	(\$ 23,173)	\$ 33,490	\$ 1,160,627	\$ 6,217	\$ 1,166,844

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

AUROTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before income tax		\$ 57,401	\$ 56,437
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(8)(24)	23,803	25,581
Provision for doubtful accounts	12	(12)	(3,778)
Interest expense	6(23)	11,272	11,165
Amortization of intangible assets	6(24)	-	530
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	6(2)(22)	30	(28)
Loss on disposal of property, plant and equipment	6(22)	1,253	-
Interest income	6(21)	(668)	(663)
Dividend income	6(21)	(4,869)	(17,290)
Share of profit of associates accounted for using equity method		(5,036)	(5,128)
Impairment loss on financial assets at cost	6(22)	15,099	8,128
Changes in assets and liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Contract assets, current		547	-
Notes receivable		22,318	(5,918)
Accounts receivable		(62,087)	524
Accounts receivable, related parties		(741)	(185)
Receivables from customers on construction contracts		-	(7)
Other receivables		855	(1,856)
Other receivables, related parties		17	(457)
Inventories		20,827	(153,092)
Net changes in liabilities relating to operating activities		10,150	(3,201)
Contract liabilities, current		(4,891)	5,874
Notes payable		(687)	(3,363)
Accounts payable		(4,869)	11,345
Accounts payable, related parties		(6,457)	5,770
Payables to customers on construction contracts		-	(2,628)
Other payables		3,441	(15,781)
Provisions for liabilities - current		(2,111)	25,590
Other current liabilities - other		(3,212)	(3,967)
Other non-current liabilities		134	(903)
Cash generated from operations		71,507	(89,991)
Interest received		668	663
Cash dividends received		5,796	19,461
Interest paid		(11,314)	(9,765)
Income tax paid		(11,489)	(14,805)
Net cash flows from (used in) operating activities		55,168	(94,437)

(Continued)

AUROTEK CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortized cost		(\$ 1,000)	\$ -
Acquisition of property, plant and equipment	6(8)	(60,426)	(37,642)
Proceeds from disposal of property, plant and equipment	6(8)	2,453	971
Increase in other current assets		-	(4,000)
Decrease in other non-current assets		3,583	4,873
Increase in prepaid investments		-	(15,099)
Increase in refundable deposits		(33,244)	(108)
Decrease in prepaid construction receipts		-	14,302
Proceeds from capital reduction of financial assets at cost	6(6)	3,915	5,662
Disposal of intangible assets		-	4,240
Net cash from (used in) investing activities		(84,719)	(26,801)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans	6(28)	43,436	81,904
Proceeds from long-term loans	6(28)	35,358	204,444
Repayment of long-term loans	6(28)	(88,937)	(78,329)
Cash dividends paid	6(18)	(49,674)	(41,395)
Net cash flows from (used in) financing activities		(59,817)	166,624
Exchange rate effect		(924)	(3,177)
Net increase (decrease) in cash and cash equivalents		(90,292)	42,209
Cash and cash equivalents at beginning of year		263,555	221,346
Cash and cash equivalents at end of year		\$ 173,263	\$ 263,555

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

Attachment 5

AUROTEK CORPORATION
Distribution of 2018 Profit

Unit: In New Taiwan dollars

Accumulated undistributed profit as of the beginning of the period		42,424,880
Less: Retained earnings after adjustment in 2018	(3,371,622)	
Add: Net Profit after tax in 2018	48,900,841	
Less : Legal Reserve	(4,890,084)	
Total distributable earnings		83,064,015
Profit available for distribution for the period:		
Profit-sharing to shareholders (Dividend per share \$ 0.5)	(41,394,847)	
Undistributed profit as of the end of 2018		41,669,168

Attachment 6

AUROTEK CORPORATION

Comparison Table for the Operating Procedures for the Acquisition or Disposal of Assets

Proposed Amendment	Current Provision	Reasons for Amendments
<p>Article 2 Statutory Basis The Operating Procedures are adopted based on Article 36-1 of the Securities and Exchange Act (Hereinafter referred to as the Act) and “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the Financial Supervisory Commission.</p>	<p>Article 2 Statutory Basis The Operating Procedures are adopted based on Article 36-1 of the Securities and Exchange Act (Hereinafter referred to as the Act) and “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the Financial Supervisory Commission. <u>Unless other law otherwise requires, the Company shall acquire or dispose assets in accordance with the Operating Procedures.</u></p>	<p>Revised in accordance with regulation issued by Financial Supervisory Commission.</p>
<p>Article 3 Scope of Asset</p> <p>3.1. Securities, including investments in stocks, government bonds, corporate bonds, bank debentures, investment funds, depositary receipts, put and call warrants, beneficiary securities, and asset-backed securities.</p> <p>3.2. Real property (including land, building, structure, investment property, right to use land) and other fixed assets.</p> <p>3.3. Membership.</p> <p>3.4. Intangible assets such as patent, copyright, trademark, and concession.</p> <p><u>3.5. Related right-of-use assets.</u></p> <p><u>3.6.</u> Creditor’s rights of financial institutions, including accounts receivable, foreign currency buying, discount, lending, and nonperforming loans.</p> <p><u>3.7.</u> Derivatives.</p>	<p>Article 3 Scope of Asset</p> <p>3.1. Securities, including investments in stocks, government bonds, corporate bonds, bank debentures, investment funds, depositary receipts, put and call warrants, beneficiary securities, and asset-backed securities.</p> <p>3.2. Real property (including land, building, structure, investment property, right to use land) and other fixed assets.</p> <p>3.3. Membership.</p> <p>3.4. Intangible assets such as patent, copyright, trademark, and concession.</p> <p><u>3.5.</u> Creditor’s rights of financial institutions, including accounts receivable, foreign currency buying, discount, lending, and nonperforming loans.</p> <p><u>3.6.</u> Derivatives.</p>	<p>Revised in accordance with IFRS #16.</p>

Proposed Amendment	Current Provision	Reasons for Amendments
<p><u>3.8.</u> Assets acquired or disposed in connection with mergers, spin-offs, acquisitions, or transfer of shares under the law.</p> <p><u>3.9.</u> Other significant assets.</p>	<p><u>3.7.</u> Assets acquired or disposed in connection with mergers, spin-offs, acquisitions, or transfer of shares under the law.</p> <p><u>3.8.</u> Other significant assets.</p>	
<p>Article 4 Definition of Term</p> <p>4.1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from <u>a specified interest rate, financial instrument price, commodity price, foreign exchange rates, index of prices or rates, credit rating or credit index, or other variable.</u> The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p> <p>4.2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (Hereinafter referred to as transfer of shares) under <u>Article 156-3</u> of the Company Act.</p> <p>(Omission as below)</p>	<p>Article 4 Definition of Term</p> <p>4.1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from <u>assets, interest rates, foreign exchange rates, indexes or other interests.</u> The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p> <p>4.2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (Hereinafter referred to as transfer of shares) under <u>Article 156, paragraph 8</u> of the Company Act.</p> <p>(Omission as below)</p>	<p>Revised in accordance with IFRS #9.</p>

Proposed Amendment	Current Provision	Reasons for Amendments
<p>Article 5 Investment Limit on Acquisition of Real Property or <u>related Right-of-use assets</u> or Securities for Non-Business Use</p> <p>The Company and its subsidiaries are each subject to the following limits when acquiring the aforementioned assets:</p> <p>5.1. The aggregate amount invested in real property for non-business use <u>or related right-of-use assets</u> shall not exceed 15 percent of its net worth.</p> <p>5.2. The aggregate amount invested in securities shall not exceed its net worth.</p> <p>(Omission as below)</p>	<p>Article 5 Investment Limit on Acquisition of Real Property or Securities for Non-Business Use</p> <p>The Company and its subsidiaries are each subject to the following limits when acquiring the aforementioned assets:</p> <p>5.1. The aggregate amount invested in real property for non-business use shall not exceed 15 percent of its net worth.</p> <p>5.2. The aggregate amount invested in <u>short-term/long-term</u> securities shall not exceed its net worth.</p> <p>(Omission as below)</p>	<p>Revised in accordance with IFRS #16.</p> <p>Revision of text is added.</p>
<p>Article 6</p> <p>Any professional appraisers and their personnel, CPAs, Lawyers, and securities underwriters that are involved in the preparation and issuance of the appraisal reports or opinion letters of CPAs, Lawyers, or securities underwriters shall meet the <u>Article 5 of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”</u>.</p>	<p>Article 6</p> <p>Any professional appraisers and their personnel, CPAs, Lawyers, and securities underwriters that are involved in the preparation and issuance of the appraisal reports or opinion letters of CPAs, Lawyers, or securities underwriters obtained by <u>the Company shall not be a related party of any parties to the transaction.</u></p>	<p>Revised in accordance with regulation issued.</p>
<p>Article 7 Operating Procedures for Acquisition, Disposal of Real Property and other fixed assets <u>and Right-of-use assets</u></p> <p>7.1. Evaluation and Processing In acquiring or disposing real property, other fixed assets <u>or related right-of-use assets</u>, the Company shall comply with the fixed asset lifecycle management policy under the internal control system.</p> <p>7.2. Procedures to Determine Transaction Terms and Approval Limits</p> <p>7.2.1. In acquiring or disposing real property <u>or related right-of-use assets</u>, the Board of Directors shall discuss and determine the transaction</p>	<p>Article 7 Operating Procedures for Acquisition <u>or</u> Disposal of Real Property and other fixed assets</p> <p>7.1. Evaluation and Processing In acquiring or disposing real property <u>and</u> other fixed assets, the Company shall comply with the fixed asset lifecycle management policy under the internal control system.</p> <p>7.2. Procedures to Determine Transaction Terms and Approval Limits</p> <p>7.2.1. In acquiring or disposing real property, the Board of Directors shall discuss and determine the transaction terms and price based on the current</p>	<p>Revised in accordance with IFRS #16.</p>

Proposed Amendment	Current Provision	Reasons for Amendments
<p>terms and price based on the current value published and assessed value of the property, as well as the prices of neighboring properties sold, and present an analysis report to the Chairman of the Board. Transactions of NT\$20 million or less shall be approved by the Chairman of the Board and ratified at the next Board meeting; transactions over NT\$20 million shall be approved by the Board of Directors in advance.</p> <p>7.2.2. The acquisition or disposition of other fixed assets <u>or related right-of-use assets</u> shall be determined in any of the following methods: by inquiring quotations, collecting and comparing quotations, negotiating prices, or through a bid process. Transactions of NT\$5 million or less shall follow the approval hierarchy pursuant to the authorization rules; transactions more than NT\$5 million shall be approved by the Board of Directors in advance.</p> <p>7.2.3. When a transaction involving the acquisition or disposition of assets is submitted to the Company's Board of Directors for discussion, the opinions of independent directors shall be fully considered. If any of the independent directors express dissent or reservation from the decision, their opinions shall be recorded in the meeting minutes of the Board, the opposition expressed by the Director with written record thereof taken or in writing shall be submitted to Supervisors.</p> <p>7.3. Execution Departments After the transaction has been approved according to Article 7.2, the acquisition or disposition of real property, other fixed assets <u>or related right-of-use assets</u> shall be executed</p>	<p>value published and assessed value of the property, as well as the prices of neighboring properties sold, and present an analysis report to the Chairman of the Board. Transactions of NT\$20 million or less shall be approved by the Chairman of the Board and ratified at the next Board meeting; transactions over NT\$20 million shall be approved by the Board of Directors in advance.</p> <p>7.2.2. The acquisition or disposition of other fixed assets shall be determined in any of the following methods: by inquiring quotations, collecting and comparing quotations, negotiating prices, or through a bid process. Transactions of NT\$5 million or less shall follow the approval hierarchy pursuant to the authorization rules; transactions more than NT\$5 million shall be approved by the Board of Directors in advance.</p> <p>7.2.3. When a transaction involving the acquisition or disposition of assets is submitted to the Company's Board of Directors for discussion, the opinions of independent directors shall be fully considered. If any of the independent directors express dissent or reservation from the decision, their opinions shall be recorded in the meeting minutes of the Board, the opposition expressed by the Director with written record thereof taken or in writing shall be submitted to Supervisors.</p> <p>7.3. Execution Departments After the transaction has been approved according to Article 7.2, the acquisition or disposition of real property or other fixed assets shall be executed by the using department and the</p>	<p>Only Chinese meaning is different.</p>

Proposed Amendment	Current Provision	Reasons for Amendments
<p>by the using department and the managing department.</p> <p>7.4. Appraisal Report on Real Property, Other Fixed Assets or Right-of-use assets</p> <p>In acquiring or disposing real property, other fixed assets <u>or related right-of-use assets</u> in the amount of at least 20 percent of the Company's paid-in capital, or NT\$300 million or more, except in the case of transactions with <u>domestic government</u> agencies, engaging another party to build on its own land or leased land, or acquiring or disposing other fixed assets <u>or related right-of-use assets</u> for business use, the Company shall obtain appraisal reports from professional appraisers prior to the transaction and comply with the following rules:</p> <p>7.4.1. If due to special circumstances, it becomes necessary to use a limited price, specific price or special price as reference base for the transaction price, the transaction shall be approved by resolution of the Board in advance; <u>the same procedure shall apply for any amendment to the transaction terms.</u></p> <p>(Omission as below)</p>	<p>managing department.</p> <p>7.4. Appraisal Report on Real Property or Other Fixed Assets</p> <p>In acquiring or disposing real property or other fixed assets in the amount of at least 20 percent of the Company's paid-in capital, or NT\$300 million or more, except in the case of transactions with government agencies, engaging another party to build on its own land or leased land, or acquiring or disposing other fixed assets for business use, the Company shall obtain appraisal reports from professional appraisers prior to the transaction and comply with the following rules:</p> <p>7.4.1. If due to special circumstances, it becomes necessary to use a limited price, specific price or special price as reference base for the transaction price, the transaction shall be approved by resolution of the Board in advance; <u>the same procedure shall apply for any future amendment to the transaction terms.</u></p> <p>(Omission as below)</p>	
<p>Article 8 Procedures for Acquisition or Disposal of Securities</p> <p>8.1. Evaluation and Processing</p> <p>The purchase and sale of securities by the Company shall follow the investment lifecycle management policy under the internal control system.</p> <p>8.2. Procedures to Determine Transaction Terms and Approval Limits</p> <p>8.2.1. In making purchases or sales of securities that are traded on a centralized market or over-the-counter market, the authorized department shall</p>	<p>Article 8 Procedures for Acquisition or Disposal of Securities</p> <p>8.1. Evaluation and Processing</p> <p>The purchase and sale of <u>long-term and short-term</u> securities by the Company shall follow the investment lifecycle management policy under the internal control system.</p> <p>8.2. Procedures to Determine Transaction Terms and Approval Limits</p> <p>8.2.1. In making purchases or sales of securities that are traded on a centralized market or over-the-counter market, the authorized department shall</p>	<p>Revision of text is added.</p> <p>Only Chinese meaning is different.</p>

Proposed Amendment	Current Provision	Reasons for Amendments
<p>make such determination based on market trends. Transactions of NT\$30 million or less shall be approved by the Chairman of the Board and reported in the next Board meeting; a report on the analysis of unrealized gains or losses shall also be submitted. Transactions more than NT\$30 million shall be approved by resolution of the Board of Directors in advance.</p> <p>8.2.2. In making purchases or sales of securities that are not traded on a centralized market or over-the-counter market, the Company shall obtain the most recent financial statements of the issuing company certified or reviewed by a CPA prior to the transaction and consider its earnings per share, profitability, potential of future development with reference to the prices traded that time in evaluating the transaction price. Transactions of NT\$30 million or less shall be approved by the Chairman of the Board and reported in the next Board meeting; a report on the analysis of unrealized gains or losses of the securities shall also be submitted. Transactions more than NT\$30 million shall be approved by resolution of the Board of Directors in advance.</p> <p>8.2.3. When a transaction involving the acquisition or disposition of assets is submitted to the Company's Board of Directors for discussion, the opinions of independent directors shall be fully considered. If any of the independent directors express dissent or reservation from the decision, their opinions shall be recorded in the meeting minutes of the Board, the opposition expressed by the Director with written record thereof taken or in writing shall be submitted to Supervisors.</p>	<p>make such determination based on market trends. Transactions of NT\$30 million or less shall be approved by the Chairman of the Board and reported in the next Board meeting; a report on the analysis of unrealized gains or losses shall also be submitted. Transactions more than NT\$30 million shall be approved by resolution of the Board of Directors in advance.</p> <p>8.2.2. In making purchases or sales of securities that are not traded on a centralized market or over-the-counter market, the Company shall obtain the most recent financial statements of the issuing company certified or reviewed by a CPA prior to the transaction and consider its earnings per share, profitability, potential of future development with reference to the prices traded that time in evaluating the transaction price. Transactions of NT\$30 million or less shall be approved by the Chairman of the Board and reported in the next Board meeting; a report on the analysis of unrealized gains or losses of the <u>long-term or short-term</u> securities shall also be submitted. Transactions more than NT\$30 million shall be approved by resolution of the Board of Directors in advance.</p> <p>8.2.3. When a transaction involving the acquisition or disposition of assets is submitted to the Company's Board of Directors for discussion, the opinions of independent directors shall be fully considered. If any of the independent directors express dissent or reservation from the decision, their opinions shall be recorded in the meeting minutes of the Board, the opposition expressed by the Director with written record thereof taken or in writing shall be submitted to Supervisors.</p>	<p>Revision of text is added.</p> <p>Only Chinese meaning is different.</p>

Proposed Amendment	Current Provision	Reasons for Amendments
<p>8.3. Execution Departments</p> <p>After the transaction has been approved according to Article 8.2., the Company's investment in securities shall be executed by the finance and accounting departments.</p> <p>(Omission as below)</p>	<p>8.3. Execution Departments</p> <p>After the transaction has been approved according to Article 8.2., the Company's investment in <u>long-term / short-term</u> securities shall be executed by the finance and accounting departments.</p> <p>(Omission as below)</p>	<p>Revision of text is added.</p>
<p>Article 9 Acquisition and Disposition of <u>Intangible Assets and Right-of-use assets or Memberships</u></p> <p>9.1. Evaluation and Processing</p> <p>In acquiring or disposing <u>intangible assets or related right-of-use assets or memberships</u>, the Company shall comply with the fixed assets lifecycle management policy under the internal control system.</p> <p>9.2. Procedures to Determine Transaction Terms and Approval Limits</p> <p>(Omission)</p> <p>9.2.2. In acquiring or disposing <u>intangible assets or related right-of-use assets</u>, the Company shall consider expert evaluation or their fair market value in determining transaction terms and price, and present an analysis report to the chairman of the Board. Transactions in the value of 10 percent of the Company's paid-in capital or less, or NT\$20 million or less shall be approved by the Chairman of the Board and ratified at the next Board meeting; transactions over NT\$20 million shall be approved by the Board of Directors in advance.</p> <p>9.2.3. When a transaction involving the acquisition or disposition of assets is submitted to the Company's Board of Directors for discussion, the opinions of independent directors shall be fully considered. If any of the independent directors express dissent or reservation from the decision, their</p>	<p>Article 9 Acquisition and Disposition of <u>Memberships and Intangible Assets</u></p> <p>9.1. Evaluation and Processing</p> <p>In acquiring or disposing <u>memberships or other intangible assets</u>, the Company shall comply with the fixed assets lifecycle management policy under the internal control system.</p> <p>9.2. Procedures to Determine Transaction Terms and Approval Limits</p> <p>(Omission)</p> <p>9.2.2. In acquiring or disposing intangible assets, the Company shall consider expert evaluation or their fair market value in determining transaction terms and price, and present an analysis report to the chairman of the Board. Transactions in the value of 10 percent of the Company's paid-in capital or less, or NT\$20 million or less shall be approved by the Chairman of the Board and ratified at the next Board meeting; transactions over NT\$20 million shall be approved by the Board of Directors in advance.</p> <p>9.2.3. When a transaction involving the acquisition or disposition of assets is submitted to the Company's Board of Directors for discussion, the opinions of independent directors shall be fully considered. If any of the independent directors express dissent or reservation from the decision, their</p>	<p>Revised in accordance with IFRS #16.</p> <p>Only Chinese meaning is different.</p>

Proposed Amendment	Current Provision	Reasons for Amendments
<p>opinions shall be recorded in the meeting minutes of the Board, the opposition expressed by the Director with written record thereof taken or in writing shall be submitted to Supervisors.</p> <p>9.3. Execution Departments After the transaction has been approved according to Article 9.2, the acquisition or disposition of <u>intangible assets or related right-of-use assets or memberships</u> shall be executed by the using department and finance or administrative department.</p> <p>9.4. Expert Opinion 9.4.2. For the transaction amount of <u>intangible assets or related right-of-use assets</u> acquired or disposed exceeding 10 percent of the Company's paid-in capital or NT\$ 20 million, the Company must have an appraisal report composed by experts.</p> <p>9.4.3 For the transaction amount of <u>intangible assets or related right-of-use assets or memberships</u> acquired disposed exceeding 20 percent of the Company's paid-in capital or NT\$ 300 million, except in the case of transactions with government agencies, the Company shall consult with an CPA on the fairness of the transaction price prior to the date of occurrence of the event; the CPA shall follow the Statements on Auditing Standards No. 20 issued by ARDF.</p>	<p>opinions shall be recorded in the meeting minutes of the Board, the opposition expressed by the Director with written record thereof taken or in writing shall be submitted to Supervisors.</p> <p>9.3. Execution Departments After the transaction has been approved according to Article 9.2, the acquisition or disposition of <u>memberships or other intangible assets</u> shall be executed by the using department and finance or administrative department.</p> <p>9.4. Expert Opinion 9.4.2. For the transaction amount of <u>intangible assets</u> acquired or disposed exceeding 10 percent of the Company's paid-in capital or NT\$ 20 million, the Company must have an appraisal report composed by experts.</p> <p>9.4.3 For the transaction amount of <u>memberships or other intangible assets</u> acquired disposed exceeding 20 percent of the Company's paid-in capital or NT\$ 300 million, except in the case of transactions with government agencies, the Company shall consult with an CPA on the fairness of the transaction price prior to the date of occurrence of the event; the CPA shall follow the Statements on Auditing Standards No. 20 issued by ARDF.</p>	
<p>Article 10 Related Party Transactions 10.2. Evaluation and Processing In acquiring or disposing real property or <u>related right-of-use assets</u> from or to a related party, or acquiring or disposing assets <u>or related right-of-use assets</u> other than real property in the amount of at least 20</p>	<p>Article 10 Related Party Transactions 10.2. Evaluation and Processing In acquiring or disposing real property from or to a related party, or acquiring or disposing assets other than real property in the amount of at least 20 percent of the Company's paid-in capital, or 10 percent of the Company's</p>	<p>Revised in accordance with IFRS #16.</p>

Proposed Amendment	Current Provision	Reasons for Amendments
<p>percent of the Company's paid-in capital, or 10 percent of the Company's total assets, or NT\$300 million or more, except in the case of sale and purchase of <u>domestic</u> government bonds or bonds with repurchase or resale agreement, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, the Company may only proceed to enter into a transaction contract or make any payment after the following information has been submitted to the Supervisors for approval and adopted by resolution of the Board of Directors. The transaction amount referred to in the foregoing paragraph shall be calculated in accordance with paragraph 1, Article 14, and "within one year" referred to in the Operating Procedures shall mean one year before the date of occurrence of the current transaction. Transactions that have been approved by BOD and adopted by supervisors can be exempted.</p> <p>10.2.3. With respect to the acquisition of real property from a related party, relevant information provided for the evaluation on the fairness of the proposed transaction terms and conditions pursuant to Article <u>10.4.</u></p> <p>10.3 With respect to the acquisition or disposal of business-use equipment <u>or related right-of-use assets</u> between the Company and <u>its parent company</u>, its subsidiaries, <u>or the companies of the Company holds directly or indirectly 100 percent shares</u>, the Company's Board of Directors may pursuant to Paragraph 2 of Article 7 delegate the Chairman of the Board to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of directors meeting.</p>	<p>total assets, or NT\$300 million or more, except in the case of sale and purchase of government bonds or bonds with repurchase or resale agreement, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, the Company may only proceed to enter into a transaction contract or make any payment after the following information has been submitted to the Supervisors for approval and adopted by resolution of the Board of Directors. The transaction amount referred to in the foregoing paragraph shall be calculated in accordance with paragraph 1, Article 14, and "within one year" referred to in the Operating Procedures shall mean one year before the date of occurrence of the current transaction. Transactions that have been approved by BOD and adopted by supervisors can be exempted.</p> <p>10.2.3. With respect to the acquisition of real property from a related party, relevant information provided for the evaluation on the fairness of the proposed transaction terms and conditions pursuant to Article <u>10.3.</u></p> <p>10.3 With respect to the acquisition or disposal of business-use equipment between the Company and its subsidiaries, the Company's Board of Directors may pursuant to Paragraph 2 of Article 7 delegate the Chairman of the Board to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of directors meeting.</p>	<p>Revised in accordance with regulation issued.</p> <p>Revised in accordance with IFRS #16.</p>

Proposed Amendment	Current Provision	Reasons for Amendments
<p>10.4. Evaluate Whether Transaction Costs Are Reasonable</p> <p>10.4.1. In acquiring real property <u>or related right-of-use assets</u> from a related party, the Company shall evaluate whether the transaction costs are reasonable according to the following methods:</p> <p>10.4.2. If the land and the building(s) erected thereon are combined as a single property purchased in the same transaction, the transaction costs of the land and the building(s) may be separately evaluated according to either of the methods stated in Article 10.4.1.</p> <p>10.4.4. If the evaluation results of the acquisition of real property <u>or related right-of-use assets</u> from a related party by the Company pursuant to Article 10.4.1 and Article 10.4.2 are both lower than the transaction price, the transaction shall be processed according to Article 10.4.5. However, the above shall not apply if any of the following circumstances occur and the Company is able to present objective evidence and obtain opinions from professional real property appraiser and auditor on whether the transaction costs are reasonable:</p> <p>(1) If the related party acquires or leases an undeveloped land for building purposes and is able to produce evidence that any of the following conditions is met:</p> <p>(a) The total value of the undeveloped land, assessed pursuant to Article 10.4.1, and the buildings, assessed based on the construction costs and reasonable construction profits of the related party, exceeds the final transaction price. “Reasonable construction profits” shall mean the average gross operating margin of the</p>	<p>10.4. Evaluate Whether Transaction Costs Are Reasonable</p> <p>10.4.1. In acquiring real property from a related party, the Company shall evaluate whether the transaction costs are reasonable according to the following methods:</p> <p>10.4.2. If the land and the building(s) erected thereon are combined as a single property purchased in the same transaction, the transaction costs of the land and the building(s) may be separately evaluated according to either of the methods stated in Article 10.4.1.</p> <p>10.4.4. If the evaluation results of the acquisition of real property from a related party by the Company pursuant to Article 10.4.1 and Article 10.4.2 are both lower than the transaction price, the transaction shall be processed according to Article 10.4.5. However, the above shall not apply if any of the following circumstances occur and the Company is able to present objective evidence and obtain opinions from professional real property appraiser and auditor on whether the transaction costs are reasonable:</p> <p>(1) If the related party acquires or leases an undeveloped land for building purposes and is able to produce evidence that any of the following conditions is met:</p> <p>(a) The total value of the undeveloped land, assessed pursuant to Article 10.4.1, and the buildings, assessed based on the construction costs and reasonable construction profits of the related party, exceeds the final transaction price. “Reasonable construction profits” shall mean the average gross operating margin of the</p>	<p>Revised in accordance with IFRS #16.</p> <p>Only Chinese meaning is different.</p> <p>Revised in accordance with IFRS #16.</p> <p>Only Chinese meaning is different.</p>

Proposed Amendment	Current Provision	Reasons for Amendments
<p>related party's construction division in the most recent three years, or the gross margin for the construction industry most recently published by the Ministry of Finance, whichever is lower.</p> <p>(b) Transactions <u>traded</u> by non-related parties within the last year which involve units on other floors of the same property or other real property in neighboring areas, where it's similar in size and the transaction terms are comparable after taking into account a reasonable price difference in floors or area according to the common practice of real property sales.</p> <p>(2) The Company is able to produce evidence that the transaction terms of the real property <u>or related right-of-use assets purchased or leased</u> from the related party are comparable to other transactions <u>traded</u> within the last year by non-related parties for the acquisition of similar sized property in neighboring areas. "Transactions <u>traded</u> in neighboring areas" in the preceding paragraph shall mean property that is located on the same or adjacent block which is within 500 meters, or property with similar current value published. "Similar sized" shall mean other transactions <u>traded</u> by non-related parties that are no less than 50 percent of the size of the</p>	<p>related party's construction division in the most recent three years, or the gross margin for the construction industry most recently published by the Ministry of Finance, whichever is lower.</p> <p>(b) Transactions <u>completed</u> by non-related parties within the last year which involve units on other floors of the same property or other real property in neighboring areas, where it's similar in size and the transaction terms are comparable after taking into account a reasonable price difference in floors or area according to the common practice of real property sales.</p> <p>(c) <u>Property leased by non-related parties within the last year involving units on other floors of the same property, where the transaction terms are comparable after taking into account a reasonable price difference in floors according to the common practice of real property sales.</u></p> <p>(2) The Company is able to produce evidence that the transaction terms of the real property purchased from the related party are comparable to other transactions <u>completed</u> within the last year by non-related parties for the acquisition of similar sized property in neighboring areas. "Transactions <u>completed</u> in neighboring areas" in the preceding paragraph shall mean property that is located on the same or adjacent block which is within 500 meters, or property with similar current value published. "Similar sized" shall mean other transactions <u>completed</u> by non-related parties that are no less than 50 percent of the size of the property in the current transaction.</p>	

Proposed Amendment	Current Provision	Reasons for Amendments
<p>property in the current transaction.</p> <p>“Within the last year” shall mean within one year preceding the date of the acquisition of the real property <u>or right-of-use assets</u> in the current transaction.</p> <p>10.4.5. If the evaluation results of the acquisition of real property <u>or related right-of-use assets</u> from a related party by the Company pursuant to Article 10.4.1 and Article 10.4.2 are both lower than the transaction price, the following steps shall be taken:</p> <p>(1) The difference between the real property <u>or related right-of-use assets</u> transaction price and evaluated costs shall be set aside as special surplus pursuant to Article 41, Paragraph 1 of the Act, and may not be used for dividend distribution or issuance of bonus shares to raise additional capital. Public companies using the equity method to account for their investment in the Company shall also set aside a special surplus pursuant to Article 41, Paragraph 1 of the Act in the amount pro rata to the number of shares held in the Company.</p> <p>(3) Actions taken under subparagraphs (1) and (2) herein shall be reported to the shareholders meeting, and the details of the transaction shall be disclosed in the annual report and prospectus of the Company.</p> <p>10.4.6. If the acquisition of real property <u>or related right-of-use assets</u> from a related party meets any of the following conditions, the Company will only be subject to Article 10.1 and provisions regarding evaluation and processing under Article 10.2; provisions governing the evaluation of whether transaction costs are reasonable under Articles 10.4.1, 10.4.2, and 10.4.3 would not apply:</p>	<p>“Within the last year” shall mean within one year preceding the date of the acquisition of the real property in the current transaction.</p> <p>10.4.5. If the evaluation results of the acquisition of real property from a related party by the Company pursuant to Article 10.4.1 and Article 10.4.2 are both lower than the transaction price, the following steps shall be taken:</p> <p>(1) The difference between the real property transaction price and evaluated costs shall be set aside as special surplus pursuant to Article 41, Paragraph 1 of the Act, and may not be used for dividend distribution or issuance of bonus shares to raise additional capital. Public companies using the equity method to account for their investment in the Company shall also set aside a special surplus pursuant to Article 41, Paragraph 1 of the Act in the amount pro rata to the number of shares held in the Company.</p> <p>(3) Actions taken under subparagraphs (1) and (2) herein shall be reported to the shareholders meeting, and the details of the transaction shall be disclosed in the annual report and prospectus of the Company.</p> <p>10.4.6. If the acquisition of real property from a related party meets any of the following conditions, the Company will only be subject to Article 10.1 and provisions regarding evaluation and processing under Article 10.2; provisions governing the evaluation of whether transaction costs are reasonable under Articles 10.4.1, 10.4.2, and 10.4.3 would not apply:</p>	<p>Revised in accordance with IFRS #16.</p> <p>Only Chinese meaning is different.</p>

Proposed Amendment	Current Provision	Reasons for Amendments
<p>(1) The related party acquires the real property or <u>related right-of-use assets</u> by way of succession or a gift.</p> <p>(2) More than five years have lapsed from the time when the related party entered into a contract to acquire the real property <u>or right-of-use assets</u>, to the contract execution of this transaction.</p> <p>(4) <u>The acquisition or disposal of business-use equipment or related right-of-use assets between the Company and its parent company, its subsidiaries, or the companies of the Company holds directly or indirectly 100 percent shares</u></p> <p>10.4.7. If the acquisition of real property <u>or related right-of-use assets</u> by the Company from a related party indicates any transaction irregularities, it shall follow the steps provided in Article 10.4.5.</p>	<p>(1) The related party acquires the real property by way of succession or a gift.</p> <p>(2) More than five years have lapsed from the time when the related party entered into a contract to acquire the real property, to the contract execution of this transaction.</p> <p>10.4.7. If the acquisition of real property by the Company from a related party indicates any transaction irregularities, it shall follow the steps provided in Article 10.4.5.</p>	<p>Revised in accordance with regulation issued.</p>
<p>Article 12 Derivatives</p> <p>12.1. Principle and policy of transaction</p> <p>12.1.1. Types of Transactions</p> <p>(1) Derivatives means the transaction contracts the value of which is derived from <u>the performance of interest rates, foreign exchange rates, prices of financial instruments, indexes, credit ratings, or other variables. Such instruments include swaps, options, futures, forwards, and various combinations thereof, embedded derivatives contracts, or structured products. “Forwards” referred herein exclude insurance, performance, after-sale service, long-term lease and long-term purchase (sales) agreements.</u></p> <p>12.3. Internal audit policy</p> <p>12.3.1 Internal audit personnel must conduct periodical audit of the acceptability of the internal control with respect to derivatives transactions and, on a monthly basis,</p>	<p>Article 12 Derivatives</p> <p>12.1. Principle and policy of transaction</p> <p>12.1.1. Types of Transactions</p> <p>(1) Derivatives means the transaction contracts the value of which is derived from <u>assets, interest rates, exchange rates, indices or the interests in any of the above (such as forward contracts, options contracts, futures, swap and compound contracts of a combination of the above).</u></p> <p>12.3. Internal audit policy</p> <p>12.3.1 Internal audit personnel must conduct periodical audit of the acceptability of the internal control with respect to derivatives transactions and, on a monthly basis,</p>	<p>Revised in accordance with regulation issued.</p>

Proposed Amendment	Current Provision	Reasons for Amendments
<p>audit the compliance with the procedure for derivatives transactions by the departments responsible for the transactions and evaluate the transaction cycle, produce the relevant internal reports, and give a written notice of any material breach to the Supervisors and <u>Independent directors</u>.</p> <p>12.5. Principles of supervision and control of derivatives transactions by the Board of Directors</p> <p>12.5.1. The Board of Directors shall appoint high-ranking managerial officers to oversee and control the risks from derivatives transactions from time to time according to the following principles: Necessary measures shall be taken upon funding of any irregularity with respect to the transaction and profit (loss) from the transaction. Such funding must be reported to the Board of Directors immediately and the relevant opinion expressed by the Independent Director shall be heard at the relevant meeting.</p>	<p>audit the compliance with the procedure for derivatives transactions by the departments responsible for the transactions and evaluate the transaction cycle, produce the relevant internal reports, and give a written notice of any material breach to the Supervisors.</p> <p>12.5. Principles of supervision and control of derivatives transactions by the Board of Directors</p> <p>12.5.1. The Board of Directors shall appoint high-ranking managerial officers to oversee and control the risks from derivatives transactions from time to time according to the following principles: (2) Necessary measures shall be taken upon funding of any irregularity with respect to the transaction and profit (loss) from the transaction. Such funding must be reported to the Board of Directors immediately and the relevant opinion expressed by the Independent Director shall be heard at the relevant meeting.</p>	<p>Only Chinese meaning is different.</p>
<p>Article 14 Information Disclosure</p> <p>14.1. Required Filings and Standards</p> <p>14.1.1. Acquisition or disposition of real property <u>or related right-of-use assets</u> from or to a related party, or acquisition or disposition of assets other than real property <u>or related right-of-use assets</u> from or to a related party where the transaction value is at least 20 percent of the paid-in capital of the Company, or 10 percent of the total assets of the Company, or NT\$ 300 million or more. However, this does not apply to purchase and sale of <u>domestic government bonds</u>, bonds with repurchase or resale agreement, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p>	<p>Article 14 Information Disclosure</p> <p>14.1. Required Filings and Standards</p> <p>14.1.1. Acquisition or disposition of real property from or to a related party, or acquisition or disposition of assets other than real property from or to a related party where the transaction value is at least 20 percent of the paid-in capital of the Company, or 10 percent of the total assets of the Company, or NT\$ 300 million or more. However, this does not apply to purchase and sale of government bonds, bonds with repurchase or resale agreement, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p>	<p>Revised in accordance with IFRS #16.</p>

Proposed Amendment	Current Provision	Reasons for Amendments
<p>(4) Acquisition or disposal of Real Property for business use <u>or related right-of-use assets, and it is the transaction of non-related party, the amount is exceed NT\$ 500 million.</u></p> <p>14.1.5. The real property is acquired through an arrangement of engaging another party (<u>non-related party</u>) to build on its own land or leased land, space sharing or profit sharing under joint construction of buildings, or joint construction of buildings that are separately sold, and the amount of money the Company is prepared to invest in the transaction is less than NT\$ 500 million.</p> <p>14.1.6. Unless the transaction above 5 paragraph, a transaction where the type of assets acquired or disposed are other fixed assets for business use, the counterparty is not a related party, and in the amount of at least 20 percent of the Company's paid-in capital, or NT\$300 million or more:</p> <p>(1) <u>domestic government bonds</u> (2) <u>subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</u></p> <p><u>14.1.7. The transaction value shall be calculated as follows:</u></p>	<p>(4) A transaction where the type of assets acquired or disposed are other fixed assets for business use, the counterparty is not a related party, and the transaction value is under NT\$ 500 million.</p> <p>(5) <u>The subject real property is to be acquired or disposed of by the construction business division of the Company for construction use and the transaction counterpart is a non-related party and the transaction value is less than NT\$ 500 million.</u></p> <p>(6) The real property is acquired through an arrangement of engaging another party to build on its own land or leased land, space sharing or profit sharing under joint construction of buildings, or joint construction of buildings that are separately sold, and the amount of money the Company is prepared to invest in the transaction is less than NT\$ 500 million.</p> <p>14.1.5. The transaction value shall be calculated as follows:</p>	

Proposed Amendment	Current Provision	Reasons for Amendments
<p>(3) The cumulative amount of the acquisition or disposition of real property <u>or related right-of-use assets</u> under the same development project within the last year. The amount of acquisition and disposition of real property shall be calculated separately.</p> <p><u>14.4. The reporting projects, reporting standard, reporting period, and reporting procedures of the Company's assets acquisition and disposition is announced in accordance with the requirements of the competent authorities.</u></p>	<p>(3) The cumulative amount of the acquisition or disposition of real property under the same development project within the last year. The amount of acquisition and disposition of real property shall be calculated separately.</p>	
<p>Article 15 The Company's subsidiaries shall comply with the following rules: 15.4. For the purpose of the filing requirement of subsidiaries shall mean the paid-in capital or total assets of the Company (parent company).</p>	<p>Article 15 The Company's subsidiaries shall comply with the following rules: 15.4. For the purpose of the filing requirement of subsidiaries, <u>"at least 20 percent of the paid-in capital or 10 percent of the total assets of the company"</u> shall mean the paid-in capital or total assets of the Company (parent company).</p>	

Attachment 7

AUROTEK CORPORATION

Comparison Table for the Operating Procedures of Fund Lending

Proposed Amendment	Current Provision	Reasons for Amendments
<p>Article 2: The Fund Lending of the Company must meet one of the following conditions: (2) Companies or firms with the demand for short-term financing.</p> <p>The financing amount refers to cumulative balance of the Company’s shot-term funding financing.</p> <p><u>If the Chairman of the company violates the provisions of 1 and 4 paragraphs of this Article, it shall be responsible for the return of the loan with the borrower; if the company suffers damage, it shall also be liable for damages.</u></p>	<p>Article 2: The Fund Lending of the Company must meet one of the following conditions: (2) Companies or firms with the demand for short-term financing. <u>The financing amount limits of loans shall not exceed 40 percent of the Company’ s net worth.</u></p> <p>The financing amount refers to cumulative balance of the Company’s shot-term funding financing. <u>The Company may loan to the foreign companies of which the Company directly or indirectly holds shares for 100 percent voting rights and the restriction of Subparagraph 2 of Paragraph 1 shall not be applicable, but total amount of fund lending still is not exceed of 40 percent of the Company’ s net worth as the latest financial statements audited or reviewed by CPA.</u></p>	<p>Revision of adjustment</p> <p>Revision of adjustment</p> <p>Revised in accordance with regulation issued.</p>
<p>Article 4: Limits on fund lending : The aggregate outstanding amount of lending shall not exceed 40 percent of the Company’s net worth as the latest financial statements audited or reviewed by CPA. The limit on the amount of lending to the each individual borrower is as follows: <u>3. The company capital of foreign companies whose 100% of voting shares are directly or indirectly held by the Company may be loaned to all third parties and each individual company if engaged in the lending business, will be exempt from the restrictions referred to 40% of the net worth of the Company</u></p>	<p>Article 4: Limits on fund lending : The aggregate outstanding amount of lending shall not exceed 40 percent of the Company’s net worth as the latest financial statements audited or reviewed by CPA. The limit on the amount of lending to the each individual borrower is as follows:</p>	<p>Revised in accordance with regulation issued.</p>

Proposed Amendment	Current Provision	Reasons for Amendments
<p><u>as the latest financial statements audited or reviewed by CPA.</u></p>		
<p>Article 5: Procedures for fund lending : 5.1. Handling Procedures 5.1.3. The Company’s internal auditors shall audit the procedures of lending of funds to others and the implementation thereof each quarter and prepare a written audit report accordingly. If there is any material violation of the Operating Procedures, the auditors shall promptly notify each <u>independent director and</u> supervisor of the Company in writing. 5.1.5. Where the recipients of the fund lending are not in compliance with the Operating Procedures or the amount of funds lent exceeds the limits set forth in the Operating Procedures as a result of change of conditions, the Finance Division of the Company shall prepare corrective plans and submit such corrective plans to each <u>independent director and</u> supervisor and rectify as scheduled under the corrective plans.</p>	<p>Article 5: Procedures for fund lending : 5.1. Handling Procedures 5.1.3. The Company’s internal auditors shall audit the procedures of lending of funds to others and the implementation thereof each quarter and prepare a written audit report accordingly. If there is any material violation of the Operating Procedures, the auditors shall promptly notify each supervisor of the Company in writing. 5.1.5. Where the recipients of the fund lending are not in compliance with the Operating Procedures or the amount of funds lent exceeds the limits set forth in the Operating Procedures as a result of change of conditions, the Finance Division of the Company shall prepare corrective plans and submit such corrective plans to each supervisor and rectify as scheduled under the corrective plans.</p>	<p>Revised in accordance with regulation issued.</p>
<p>Article 6 : The Tenor of Fund Lending and the Methods for Calculation of Interest Loans to parties conforming shall bear terms of one year or one business cycle in principle. (which is longer)</p>	<p>Article 6 : The Tenor of Fund Lending and the Methods for Calculation of Interest Loans to parties conforming shall bear terms of one year in principle. <u>Loan quota of the foreign companies of which the Company directly or indirectly holds shares for 100 percent voting rights cannot exceed 20 percent of the Company net worth as the latest financial statement, totally amount shall not exceed 40% of the Company net worth as the latest financial statement.</u> <u>The authorized quota for loans extended by the Company or its subsidiaries to a single enterprise cannot exceed 10 percent of the loan Company net worth as the latest financial statement.</u></p>	<p>Revision of adjustment</p>

Proposed Amendment	Current Provision	Reasons for Amendments
<p>Article 8: Public Announcement and Reporting Procedures 8.4. “Date of occurrence” referred to herein shall mean the date of contract signing, date of payment, date of resolution by the Board of Directors, or other date that can determine the counterparty and transaction amount of the transaction, whichever date is earlier.</p>	<p>Article 8: Public Announcement and Reporting Procedures 8.4. “Date of occurrence” referred to herein shall mean the date of contract signing, date of payment, date of resolution by the Board of Directors, or other date that can determine the counterparty and transaction amount of the transaction, whichever date is earlier.</p>	<p>Only Chinese meaning is different.</p>
<p>Article 11 : The Operating Procedures shall be implemented upon approval of the Board of Directors, all supervisors and the shareholders’ meeting. If any director expresses objection on the record or in a written statement, the Company shall submit the objection to the supervisors and the shareholders’ meeting for discussion. Any amendment hereto is subject to the same procedures. <u>When submitting the Operating Procedures to the Board of Directors for discussion pursuant to the preceding paragraph, it shall consider the dissenting opinions or reservation opinion from all independent directors fully and list the consenting and objecting opinions and their reasons in the meeting minutes of the Board of Directors</u></p>	<p>Article 11 : The Operating Procedures shall be implemented upon approval of the Board of Directors, all supervisors and the shareholders’ meeting. If any director expresses objection on the record or in a written statement, the Company shall submit the objection to the supervisors and the shareholders’ meeting for discussion. Any amendment hereto is subject to the same procedures. <u>If the Company has established independent directors, when submitting the Operating Procedures to the Board of Directors for discussion pursuant to the preceding paragraph, it shall consider the dissenting opinions from all independent directors fully and list the consenting and objecting opinions and their reasons in the meeting minutes of the Board of Directors.</u></p>	<p>Revised in accordance with regulation issued.</p>

Attachment 8

AUROTEK CORPORATION

Comparison Table for the Operating Procedures of Endorsement and Guarantee

Proposed Amendment	Current Provision	Reasons for Amendments
<p>Article 1 Objective</p> <p>1.1. The Operating Procedure is established in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies” promulgated by the Financial Supervisory Commission (Hereinafter referred to as FSC) for the purpose of strengthening Financial management of endorsements and guarantees, and reducing operational risks of the Company. <u>The procedures of endorsement and guarantee of the Company shall be following “the Operating Procedures of Endorsement and Guarantee”.</u></p>	<p>Article 1 Objective</p> <p>1.1. The Operating Procedure is established in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies” promulgated by the Financial Supervisory Commission (Hereinafter referred to as FSC) for the purpose of strengthening Financial management of endorsements and guarantees, and reducing operational risks of the Company.</p>	<p>Revised in accordance with regulation issued.</p>
<p>Article 5 Operating Procedure for Making Endorsements and Guarantees</p> <p>5.3 The Company’ s internal auditors shall audit the procedures of making endorsements and guarantees and the implementation thereof each quarter and prepare a written audit report accordingly. If there is any material violation of the Operating Procedures, the auditors shall notify each supervisor of the Company in writing.</p> <p>5.5 If the qualification of the entity for which an endorsement and guarantee is made no longer meets the requirements set forth in the Operating Procedures, or the amount of endorsements and guarantees made exceeds the limits set forth in the Operating Procedures as a result of changes of the basis of calculating the limits, the Finance Division of the Company shall prepare</p>	<p>Article 5 Operating Procedure for Making Endorsements and Guarantees</p> <p>5.3 The Company’ s internal auditors shall audit the procedures of making endorsements and guarantees and the implementation thereof each quarter and prepare a written audit report accordingly. If there is any material violation of the Operating Procedures, the auditors shall notify each supervisor of the Company in writing.</p> <p>5.5 If the qualification of the entity for which an endorsement and guarantee is made no longer meets the requirements set forth in the Operating Procedures, or the amount of endorsements and guarantees made exceeds the limits set forth in the Operating Procedures as a result of changes of the basis of calculating the limits, the Finance Division of the Company shall prepare</p>	<p>Revised in accordance with regulation issued.</p>

Proposed Amendment	Current Provision	Reasons for Amendments
<p>corrective plans for the endorsement and guarantee made to the entity which is no longer qualified or the amount in excess of the limits for the Chairman’ s approval and to correct all such issues within a specified period. The Finance Division of the Company shall also submit such corrective plans to each <u>independent director</u> and supervisor and rectify as scheduled under the corrective plans.</p>	<p>corrective plans for the endorsement and guarantee made to the entity which is no longer qualified or the amount in excess of the limits for the Chairman’ s approval and to correct all such issues within a specified period. The Finance Division of the Company shall also submit such corrective plans to each supervisor and rectify as scheduled under the corrective plans.</p>	
<p>Article 10 Public Announcement and Reporting Procedures 10.2 In addition to the monthly public announcement and reporting of the Company’ s balance of endorsements and guarantees, when the amount of endorsements and guarantees made by the Company and its subsidiaries reaches any of the following thresholds, the Finance Division of the Company shall immediately notify the Accounting Division of the Company and provide relevant materials for the Accounting Division to make the public announcement and reporting within two days commencing from the date of occurrence of such event: 10.2.3 The balance of endorsements and guarantees made by the Company and its Subsidiary to a single enterprise reaches NT\$10 million or more and the aggregate amount of endorsements and guarantees for, investment of <u>accounted for under equity method</u>, and the balance of loans to such enterprise reaches 30 percent or more of the Company’ s net worth as stated in the Company’ s latest financial statements. 10.3 <u>“Date of occurrence” referred to herein shall mean the date of contract signing, date of payment, date of resolution by the Board of</u></p>	<p>Article 10 Public Announcement and Reporting Procedures 10.2 In addition to the monthly public announcement and reporting of the Company’ s balance of endorsements and guarantees, when the amount of endorsements and guarantees made by the Company and its subsidiaries reaches any of the following thresholds, the Finance Division of the Company shall immediately notify the Accounting Division of the Company and provide relevant materials for the Accounting Division to make the public announcement and reporting within two days commencing from the date of occurrence of such event: 10.2.3 The balance of endorsements and guarantees made by the Company and its Subsidiary to a single enterprise reaches NT\$10 million or more and the aggregate amount of endorsements and guarantees for, investment of <u>a long-term nature in</u>, and the balance of loans to such enterprise reaches 30 percent or more of the Company’ s net worth as stated in the Company’ s latest financial statements.</p>	<p>Revised in accordance with regulation issued.</p>

Proposed Amendment	Current Provision	Reasons for Amendments
<p><u>Directors, or other date that can determine the counterparty and transaction amount of the transaction, whichever date is earlier.</u></p>		
<p>Article 12 Other Matters The Operating Procedures shall be implemented upon approval of the Board of Directors, all supervisors and the shareholders’ meeting. If any director expresses objection on the record or in a written statement, the Company shall submit the objection to the supervisors and the shareholders’ meeting for discussion. Any amendment hereto is subject to the same procedures. <u>When</u> submitting the Operating Procedures to the Board of Directors for discussion pursuant to the preceding paragraph, it shall consider the dissenting opinions <u>or reservation opinion</u> from all independent directors fully and list the consenting and objecting opinions and their reasons in the meeting minutes of the Board of Directors</p>	<p>Article 12 Other Matters The Operating Procedures shall be implemented upon approval of the Board of Directors, all supervisors and the shareholders’ meeting. If any director expresses objection on the record or in a written statement, the Company shall submit the objection to the supervisors and the shareholders’ meeting for discussion. Any amendment hereto is subject to the same procedures. <u>If the Company has established independent directors,</u> when submitting the Operating Procedures to the Board of Directors for discussion pursuant to the preceding paragraph, it shall consider the dissenting opinions from all independent directors fully and list the consenting and objecting opinions and their reasons in the meeting minutes of the Board of Directors.</p>	<p>Revised in accordance with regulation issued.</p>

Appendix 1

Articles of Incorporation of AUROTEK CORPORATION

Chapter I General Provisions

Article 1

The Company is incorporated as a company limited by shares under the Company Act of Republic of China, and its name is “Aurotek Corporation”. The English name of the Company is “Aurotek Corporation” (Hereinafter referred to as the Company).

Article 2

The Company is engaged in the following business:

1. CC01080 Electronic parts and components manufacturing business;
2. F118010 Computer software wholesale business;
3. F119010 Electronic components and materials wholesale business;
4. CB01010 Machinery equipment manufacturing business;
5. CB01990 Other machinery manufacturing business;
6. E604010 Machinery installation business;
7. F113010 Machinery wholesale business;
8. F113990 Other machinery and equipment wholesale business;
9. E603040 Fire Fighting equipment installation business;
10. E303020 Noise and vibration restricting engineering business;
11. F117010 Fire Fighting equipment wholesale business;
12. F401010 International trade business;
13. F401021 Restricted telecommunication radio frequency equipment and materials import business;
14. ZZ99999 All business that are not prohibited or restricted by laws and regulations other than those requiring special permits.

Article 3

The Company shall have its head office in Taipei City, and may set up its branch office anywhere domestically or overseas that the Board of Directors may deem necessary by resolution.

Article 4

When necessary for its operation, the Company may provide guarantee for other companies.

Article 5

The total amount of the Company’s reinvestments shall not be subject to the restriction of not more than 40% of the Company’s paid-in capital. The Board of Directors shall be authorized to deal matters regarding reinvestments.

Chapter II Capital Stock

Article 6

The total capital stock of the Company shall be in the amount of NT\$1,500,000,000,

divided into 150,000,000 shares, at NT\$10 each, and may be issued in installments subject to the resolution of the Board of Directors.

Within the aforementioned capital, NT\$100,000,000 divided into 10,000,000 shares shall be reserved for issuing employee stock options in installments subject to the resolution of the Board of Directors.

Article 7

The share certificates of the Company shall all be name-bearing share certificates signed by or sealed with the chop of at least three directors with the Company's seal, and issued in accordance with the relevant laws.

The Company may issue shares without printing share certificate, and should ask for preservation, combination, log in from Taiwan Depository and Clearing Corporation whilst issuing new shares and other securities.

Article 8

Registration for transfer of shares shall be suspended 60 days prior to the date of the annual general shareholders' meeting, 30 days prior to the date of a provisional meeting of shareholders, and 5 days prior to the record date on which dividends, bonus, or other benefits are scheduled for distribution by the Company.

Article 9

All matters of stocks of the Company shall follow the Company Act, "Guidelines for Stock Operations for Public Companies" and the relevant laws.

Chapter III Stockholders' Meeting

Article 10

There are two kinds of shareholders' meetings of the Company: the General Meetings and Provisional Meetings. General meeting shall be held once a year. General shareholders' meeting shall be convened within 6 months after the close of each fiscal year, and the notification shall be sent to shareholders 30 days prior to the meeting date upon convening. A provisional meeting will be held if necessary by law. Provisional shareholders' meeting shall be convened by sending the notification to shareholders 15 days prior to the meeting date upon convening.

In the notification, the date, place and subjects of the meeting shall be indicated.

Except as otherwise provided in the Company Act, shareholders' meetings shall be convened by the Board of Directors.

Article 11

Unless otherwise specified by the Company Act, each shareholder of the Company shall be entitled to one vote for each share held.

Article 12

In case a shareholder is unable to attend a shareholders' meeting, the shareholder may

issue a proxy and appoint a representative to attend it, and to exercise, on his/her behalf, under his/her permission for all rights at the meeting.

The way to use proxies shall follow “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” unless otherwise provided by the Company Act.

Article 13

Unless otherwise provided for in the Company Act, any resolutions at a shareholders’ meeting shall be adopted if voted in favor by the majority of votes at a shareholders’ meeting at which shareholders of more than one-half of the total issued and outstanding are present. Such shareholders’ meeting minutes shall be distributed to all shareholders in 20 days after the meeting. The distribution of meeting minutes may be effected by means of a public announcement.

Article 14

A resolution of the shareholder s’ meeting shall be in accordance with the Rules of Procedure for Shareholder Meetings stipulated by the Company.

Article 14-1

Subject to the public offering of the Company, the Company may withdraw the public offering on and only on the relevant resolution adopted by the Shareholders’ Meeting.

Chapter IV Directors and Supervisors

Article 15

The Company shall have 5 to 9 directors and 3 supervisors to be elected at a shareholder’s meeting from persons of legal capacity to serve a term of three years. All of the directors or supervisors are eligible for re-elected.

The Company shall buy liability insurance for all directors and supervisors, to the extent of the compensation responsibility assumed in business execution in their term of office subject to the resolution of the Board of Directors.

The number of qualified candidates for independent directors within the above mentioned numbers of directors should not be less than 2 people in the Board of Directors, they are elected at a shareholder’s meeting through nominating system from persons of legal capacity. The qualification, shares of holding, pluralism limitation, independency definition, ways of nomination and acting and any other regulations related to the independent director have to be in accordance with relevant rules by the securities authority.

Article 16

The board of directors is organized by the directors. The directors shall elect from among themselves a Chairman of Board of Directors, by a majority in a meeting attended by over two-thirds of the directors.

Internally, the Chairman presides on the meeting of shareholders and board meetings,

and externally, he represents the Company. In the event Chairman takes leave of absence or is incapable of performing duties, Chairman shall appoint

one of the directors to act on his behalf. In case Chairman fails to appoint any director to act on his behalf, the person to take his place may be elected by and among the directors.

Article 17

If a meeting of the Board of Directors is held by way of a videoconference, the director who attends the meeting in such manner shall be deemed as present in person.

However, the board may convene a provisional board meeting at any time. The notice of meeting of the Board of Directors may be made in writing, by E-mail, or facsimile, etc.

If a director cannot attend the meeting of the Board of Directors, he shall appoint another director as proxy to attend the meeting and shall execute a power of attorney for the proxy. The power of attorney shall specify the scope and limitation of authority or powers in respect to the business to be transacted at the meeting.

The proxy may accept the appointment of one director only.

Article 18

Except as otherwise provided in the Company Act, the meeting of the Board of Directors shall be held if attended by over half of all Directors and resolutions shall be adopted with the concurrence of over half of the Directors present at the meeting.

Article 19

Supervisors may, in addition to carrying out supervisory duties according to the law, attend a board meeting to state their opinions. Nonetheless, supervisors do not have voting rights.

Article 20

Where all directors and supervisors attend the Company's duties, the Company shall pay them with remuneration disregarding whether the Company operates at a profit or loss. The board of directors is authorized to determine based on the degree of participation and the value of their contribution to the Company's operation by directors and supervisors, and taking into account of the standard of domestic and foreign companies in the same industry, and no more than the highest level of the Company relating to salary approval policy. If the Company makes profits for the current year, the Company shall allocate the remunerations under Article 23.

Chapter V Managers

Article 21

The Company shall have several President and vice President whose appointment, discharge and remuneration shall be handled according to Article 29 of the Company Act.

Chapter VI Accounting

Article 22

The fiscal year of the Company shall be from January 1 to December 31 of each year. After the close of each fiscal year, the following reports shall be prepared by the Board of Directors and submitted to all supervisors before 30 days of general shareholders' meeting for audit. Supervisors shall issue a "Supervisors' Review Report" and submit it to general shareholders' meeting for recognition.

1. Business report;
2. Financial statements; and
3. Proposal for the surplus earning distribution or loss offsetting.

Article 23

If the Company makes profits for the current year, the Board of Directors shall allocate of at least 5% as the employee compensations and not more than 5% as directors and supervisors remunerations. Employee compensations could be stock or cash. the object of the issue of shares or cash including the employees of subsidiaries who compliance with certain conditions.

If there are accumulative deficits, the amount for covering the losses of previous years shall first be retained, and the above compensations and remunerations shall be calculated afterwards.

Article 23-1

When allocating the profits for each fiscal year, the Company shall first provide for taxes and offset its accumulated losses in previous years under relevant regulations and set aside a legal capital reserve at 10% of the profits left over. However such legal reserve amounts to the total authorized capital, this provision shall not apply and, if necessary, allocate or reverse special reserve. The proposed of earnings distribution shall be set by the Board of Directors and submitted to shareholders' meetings for resolution, reservation or distribution of reservations.

The dividend policy of the Company considers with present and future development plans, investment environment, fund demand, and the benefits of shareholders, the amount of dividends distributed to shareholders shall be no less than 10% of the distributed earnings of the current year. If accumulated distributable earnings of current period the aggregate total of the Company's paid-in capital below 2%, the Company may determine not to distribute.

The Company may be allocated in either stock dividend or cash dividend, and shall allocate cash dividend not below 20% of the aggregate total of dividend.

Chapter VII Supplementary Provisions

Article 24

The internal organizational rules and regulations of the Company shall be prescribed separately.

Article 25

In regard to all matters not provided for in these Articles of Incorporation, the Company Act and other related laws and regulations shall govern.

Article 26

These Articles of Incorporation were enacted on October 30, 1980.

The 1st amendment was made on December 4, 1981.

The 2nd amendment was made on March 2, 1983.

The 3rd amendment was made on September 8, 1986.

The 4th amendment was made on September 25, 1987.

The 5th amendment was made on January 25, 1988.

The 6th amendment was made on January 16, 1989.

The 7th amendment was made on June 1, 1989.

The 8th amendment was made on July 4, 1990.

The 9th amendment was made on November 20, 1990.

The 10th amendment was made on March 1, 1991.

The 11th amendment was made on January 16, 1992.

The 12th amendment was made on June 27, 1992.

The 13th amendment was made on December 1, 1992.

The 14th amendment was made on February 1, 1994.

The 15th amendment was made on May 9, 1998.

The 16th amendment was made on July 1, 2000.

The 17th amendment was made on May 24, 2001.

The 18th amendment was made on August 15, 2001.

The 19th amendment was made on May 30, 2002.

The 20th amendment was made on May 9, 2003.

The 21st amendment was made on May 9, 2003.

The 22nd amendment was made on June 15, 2004.

The 23rd amendment was made on May 20, 2005.

The 24th amendment was made on May 20, 2005.

The 25th amendment was made on June 15, 2006.

The 26th amendment was made on June 15, 2007.

The 27th amendment was made on June 13, 2008.

The 28th amendment was made on June 13, 2008.

The 29th amendment was made on June 16, 2009.

The 30th amendment was made on June 17, 2010.

The 31st amendment was made on June 13, 2012.

The 32nd amendment was made on June 10, 2013.

The 33rd amendment was made on June 15, 2016.

The 34th amendment was made on June 20, 2018.

Aurotek Corporation

Chairman of the Board: CHANG, YUNG-CHUNG

Appendix 2

Aurotek Corporation Rules of Procedure for Shareholders Meetings

Article 1

Unless otherwise provided for law or the articles of incorporation, Shareholders' Meetings Rules and Procedures of Aurotek Corporation (Hereinafter referred to as the Company) shall comply with the following articles.

Article 2

While convening the meeting, an attendance register shall be prepared for shareholders present at the meeting to sign-in. A shareholder present shall submit the attendance card in place of sign-in. The number of shares represented by shareholders present in the meeting shall be calculated in accordance with the attendance register or attendance cards added with the voting powers exercised in writing or in electronic means submitted by the shareholders present.

Article 3

The attendance of the meeting and voting in the meeting shall be based on the calculation of shares.

Article 4

The meeting shall be held at the office of the Company, or any other appropriate place that is convenient for the shareholders and suitable for the meeting to be held. The starting time of the meeting shall not be earlier than 9 am or later than 3 pm.

Article 5

The shareholders' meeting shall be chaired by the Chairman if it is convened by the board of directors (Hereinafter referred to as BOD). If the Chairman is on leave, or cannot execute his or her authority for any reason, the Vice Chairman shall preside over the meeting. If there is no Vice Chairman or the Vice Chairman is also on leave, or cannot execute his or her authority for any reason, the Chairman shall designate one of the Managing Directors to act on behalf of him or her. If there is no Managing Director, the Chairman shall designate one of the directors to preside over the meeting. If the Chairman does not designate any proxy to preside over the meeting on his or her behalf, the Managing Directors or directors shall elect one from among themselves to preside over the meeting.

If the meeting is convened by any other person entitled to convene the meeting, not by the BOD, such person shall preside over the meeting.

Article 6

The Company may designate its lawyers, CPAs or relevant parties to attend the meeting. The team members handling the business of the meeting shall wear an identification

card or a badge.

Article 7

The Company shall maintain a full record of the meeting of shareholders with audio or video tapes. Such video or audio tapes shall be retained for at least one year. However, the said files shall be preserved until the conclusion of the lawsuit if a shareholder initiates a lawsuit in accordance with Article 189 of the Company Act.

Article 8

The Chairman shall call the meeting according to meeting schedule. If the number of shares represented by the shareholders present at the meeting has not yet reached more than 50% of the total issued and outstanding shares of the Company, the Chairman may postpone the meeting. The postponements shall be limited to twice at most and the meeting may not be postponed longer than one hour in total. If the shares of the shareholders present at the meeting represent has not yet reached more than 50% but 1/3 of the total issued and outstanding shares or more after the meeting being postponed twice, a tentative resolution may be adopted in accordance with Paragraph 1 of Article 175 of the Company Act.

Before the adjournment of the meeting, if the number of shares represented by the shareholders present at the meeting reaches more than 50% of the total issued and outstanding shares, the Chairman may submit the adopted tentative resolution to the meeting for approval in accordance with Article 174 of the Company Act.

Article 9

The agenda of the meeting shall be set by the BOD if the meeting is convened by the BOD. The meeting shall proceed in accordance with the agenda, unless otherwise resolved by the meeting.

The preceding paragraph shall apply to cases where the meeting is convened by a person, other than the BOD, entitled to convene such meeting.

Unless otherwise resolved by the meeting, the Chairman cannot announce adjournment of the meeting before all the items (including extraordinary motions) listed in the agenda are completed.

After the meeting is adjourned, shareholders shall not elect another the Chairman to continue the meeting on site or at another venue. If the Chairman announces the adjournment of the meeting in violation of these Rules and Procedures, other members of the BOD shall promptly assist the attending shareholders to elect, by a majority of votes represented by attending shareholders in the meeting, another person to serve as Chairman and continue the meeting in accordance with due procedures.

Article 10

A shareholder who intends to speak in the meeting shall fill out a speech note, specifying therein the summary of the speech, the shareholders' number (or the number of his or her certificate of attendance) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the Chairman.

A shareholder who only submits his or her speech note but does not actually speak in

the meeting shall be considered as not having given such a speech. If the content of the speech of the shareholder are different from the contents of the speech note, the contents of actual speech shall prevail.

When a shareholder is giving a speech, the other shareholders shall not interrupt the speech unless they have obtained the consent from the Chairman and the said shareholder. For any such violations, the Chairman shall stop the interruption immediately

Article 11

The same shareholder may not speak more than twice concerning the same item without the Chairman's consent, and each speech time may not exceed 5 minutes. The Chairman may stop the speech of any shareholder who violates the provisions or exceeds the scope of the agenda item.

Article 12

A legal entity that is appointed as a proxy to attend the meeting can only designate one representative to attend the meeting.

When a legal-entity shareholder has appointed two or more representatives to attend the meeting, only one representative can speak for each agenda item.

Article 13

The Chairman may respond himself/herself or designate another person to respond after the speech of attending shareholder.

Article 14

The Chairman may announce an end of discussion and submit an item for a vote if the Chairman deems agenda item is ready for voting.

Article 15

The Chairman shall appoint persons responsible for checking and counting ballots during votes on agenda items. However, the persons responsible for checking ballots must be shareholders.

The result of voting shall be announced at the meeting and recorded in the meeting minutes.

Article 16

During the meeting, the Chairman may set time for intermission at his or her discretion. In case of incident of force majeure, the Chairman may decide to temporarily suspend the meeting and announce, depending on the situation, when the meeting will resume.

Before the agenda set for the shareholders' meeting are completed, if the meeting place cannot continue to be used for the meeting, then, by resolution of the shareholders, another place may be sought to resume the meeting.

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

Article 17

Each shareholder is entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179 of the Company Act. In the Company's shareholders' meeting, an electronic method shall be adopted for the exercise of voting rights, which may also be exercised in writing. The notice of the shareholders' meeting shall stipulate whether the voting rights are exercised in writing or electronically, and follow in accordance with relevant rules by the securities authority. The way to use proxies shall follow "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" unless otherwise provided by the Company Act.

Except otherwise specified in the Company Act or the Company's Articles of Incorporation, a resolution shall be adopted by a majority of votes represented by the attending shareholders.

An agenda item shall be deemed approved and shall have the same effect as if it was voted by casting ballots if no objection is voiced by all attending shareholders after solicitation by the Chairman. If there is any objection, the agenda item shall be counted votes of objection or abstention by Raising his/her hand or standing up. If any above item has been resolved, the others shall be deemed vetoed and no further voting is required.

Article 18

If there is amendment to or substitute for an agenda item, the Chairman shall decide the sequence of voting for such original agenda item, the amendment, and the substitute. If any one of them has been approved, the others shall be deemed vetoed and no further voting will be necessary.

Article 19

The Chairman may order disciplinary officers or security guards to assist in keeping order disciplinary officers or security guards to assist in keeping order in the meeting place. Such disciplinary officers or security guards shall wear arm badges "Disciplinary Personnel" when assisting in maintaining order in the meeting place.

Article 20

These Rules and Procedure shall be effective from the date they are approved by the shareholders' meeting. The same applies in the case of amendments.

Appendix 3

AUROTEK CORPORATION

Operating Procedures for the Acquisition or Disposal of Assets (Before amendment)

Amended and approved by a resolution of
the Shareholders' Meeting on June 13, 2017

Article 1 Objective

The Operating Procedures are adopted for the purpose of safeguarding company assets and implementing information transparency.

Article 2 Statutory Basis

The Operating Procedures are adopted based on Article 36-1 of the Securities and Exchange Act (Hereinafter referred to as the Act) and "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by the Financial Supervisory Commission. Unless other law otherwise requires, the Company shall acquire or dispose assets in accordance with the Operating Procedures.

Article 3 Scope of Assets

- 3.1. Securities, including investments in stocks, government bonds, corporate bonds, bank debentures, investment funds, depositary receipts, put and call warrants, beneficiary securities, and asset-backed securities.
- 3.2. Real property (including land, building, structure, investment property, right to use land) and other fixed assets.
- 3.3. Membership.
- 3.4. Intangible assets such as patent, copyright, trademark, and concession.
- 3.5. Creditor's rights of financial institutions, including accounts receivable, foreign currency buying, discount, lending, and nonperforming loans.
- 3.6. Derivatives.
- 3.7. Assets acquired or disposed in connection with mergers, spin-offs, acquisitions, or transfer of shares under the law.
- 3.8. Other significant assets.

Article 4 Definition of Term

- 4.1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
- 4.2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act

and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (Hereinafter referred to as transfer of shares) under Article 156, paragraph 8 of the Company Act.

- 4.3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- 4.4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or other fixed assets.
- 4.5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- 4.6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- 4.7. Within one year means the year counted backward from the date of acquisition of disposal of the asset in issue, excluding the items which have been publicly disclosed.
- 4.8. The most recent certified financial statements means the latest financial statements certified or audited by a Certified Public Accountant (Hereinafter referred to as CPA) and duly published immediately before the acquisition or disposal of assets in issue.

Article 5 Investment Limit on Acquisition of Real Property or Securities for Non-Business Use

The Company and its subsidiaries are each subject to the following limits when acquiring the aforementioned assets:

- 5.1. The aggregate amount invested in real property for non-business use shall not exceed 15 percent of its net worth.
- 5.2. The aggregate amount invested in short-term/long-term securities shall not exceed its net worth.
- 5.3. The aggregate amount invested in individual securities shall not exceed 60 percent of its net worth.

The net worth means the Equity of the latest financial statements certified or audited by a CPA.

Article 6

Any professional appraisers and their personnel, CPAs, Lawyers, and securities underwriters that are involved in the preparation and issuance of the appraisal reports or opinion letters of CPAs, Lawyers, or securities underwriters obtained by the Company shall not be a related party of any parties to the transaction.

Article 7 Operating Procedures for Acquisition or Disposal of Real Property and other fixed assets

7.1. Evaluation and Processing

In acquiring or disposing real property and other fixed assets, the Company shall comply with the fixed asset lifecycle management policy under the internal control system.

7.2. Procedures to Determine Transaction Terms and Approval Limits

7.2.1. In acquiring or disposing real property, the Board of Directors shall discuss and determine the transaction terms and price based on the current value published and assessed value of the property, as well as the prices of neighboring properties sold, and present an analysis report to the Chairman of the Board. Transactions of NT\$20 million or less shall be approved by the Chairman of the Board and ratified at the next Board meeting; transactions over NT\$20 million shall be approved by the Board of Directors in advance.

7.2.2. The acquisition or disposition of other fixed assets shall be determined in any of the following methods: by inquiring quotations, collecting and comparing quotations, negotiating prices, or through a bid process. Transactions of NT\$5 million or less shall follow the approval hierarchy pursuant to the authorization rules; transactions more than NT\$5 million shall be approved by the Board of Directors in advance.

7.2.3. When a transaction involving the acquisition or disposition of assets is submitted to the Company's Board of Directors for discussion, the opinions of independent directors shall be fully considered. If any of the independent directors express dissent or reservation from the decision, their opinions shall be recorded in the meeting minutes of the Board, the opposition expressed by the Director with written record thereof taken or in writing shall be submitted to Supervisors.

7.3. Execution Departments

After the transaction has been approved according to Article 7.2, the acquisition or disposition of real property or other fixed assets shall be executed by the using department and the managing department.

7.4. Appraisal Report on Real Property or Other Fixed Assets

In acquiring or disposing real property or other fixed assets in the amount of at least 20 percent of the Company's paid-in capital, or NT\$300 million or more, except in the case of transactions with government agencies, engaging another party to build on its own land or leased land, or acquiring or disposing other fixed assets for business use, the Company shall obtain appraisal reports from professional appraisers prior to the transaction and comply with the following rules:

7.4.1. If due to special circumstances, it becomes necessary to use a limited price, specific price or special price as reference base for the transaction price, the transaction shall be approved by resolution of the Board in advance;

the same procedure shall apply for any future amendment to the transaction terms.

- 7.4.2. Appraisals by two or more professional appraisers are required if the transaction value is NT\$1 billion or more.
- 7.4.3. If the appraisal results by the professional appraisers indicate either of the following, except when each appraised value of the acquired assets is higher than the transaction value, or each appraised value of the disposed assets is lower than the transaction value, the Company shall engage an CPA to perform the appraisal pursuant to the Statements on Auditing Standards No. 20 issued by the Accounting Research and Development Foundation (Hereinafter referred to as ARDF) and render an opinion regarding the reason for discrepancy and adequacy of the transaction price:
 - (1) The discrepancy between the appraisal results and transaction value is 20 percent of the transaction value or more; or
 - (2) The discrepancy between the appraisal results of the two or more professional appraisers is 10 percent of the transaction value or more.
- 7.4.4. No more than 3 months shall have lapsed between the date of the report by each professional appraiser and the execution date of the transaction contracts; provided, however, an opinion may be issued by the original professional appraiser where the current value published for the same period is applicable and no more than six months have lapsed.
- 7.4.5. If the Company acquires or disposes assets at a court auction, the Company may submit court documents in lieu of an appraisal report or CPA's opinion.

Article 8 Procedures for Acquisition or Disposal of Securities

8.1. Evaluation and Processing

The purchase and sale of long-term and short-term securities by the Company shall follow the investment lifecycle management policy under the internal control system.

8.2. Procedures to Determine Transaction Terms and Approval Limits

8.2.1. In making purchases or sales of securities that are traded on a centralized market or over-the-counter market, the authorized department shall make such determination based on market trends. Transactions of NT\$30 million or less shall be approved by the Chairman of the Board and reported in the next Board meeting; a report on the analysis of unrealized gains or losses shall also be submitted. Transactions more than NT\$30 million shall be approved by resolution of the Board of Directors in advance.

8.2.2. In making purchases or sales of securities that are not traded on a centralized market or over-the-counter market, the Company shall obtain the most recent financial statements of the issuing company certified or reviewed by a CPA prior to the transaction and consider its earnings per share, profitability, potential of future development with reference to the prices traded that time in evaluating the transaction price. Transactions of NT\$30 million or less shall be approved by the Chairman

of the Board and reported in the next Board meeting; a report on the analysis of unrealized gains or losses of the long-term or short-term securities shall also be submitted. Transactions more than NT\$30 million shall be approved by resolution of the Board of Directors in advance.

8.2.3. When a transaction involving the acquisition or disposition of assets is submitted to the Company's Board of Directors for discussion, the opinions of independent directors shall be fully considered. If any of the independent directors express dissent or reservation from the decision, their opinions shall be recorded in the meeting minutes of the Board, the opposition expressed by the Director with written record thereof taken or in writing shall be submitted to Supervisors.

8.3. Execution Departments

After the transaction has been approved according to Article 8.2., the Company's investment in long-term/short-term securities shall be executed by the finance and accounting departments.

8.4. Expert Opinion

8.4.1. For acquisition or disposition of securities with transaction value of at least 20 percent of the Company's paid-in capital, or NT\$300 million or more, the Company shall consult with a CPA on the fairness of the transaction price prior to the date of occurrence of the event in the transaction; if the CPA decides to use the work of an CPA's expert, he/she shall comply with the Statements on Auditing Standards No. 20 issued by ARDF. However, this requirement does not apply to securities publicly quoted in an active market or where it is otherwise provided by the Financial Supervisory Commission (Hereinafter referred to as FSC).

(1) Securities acquired or disposed traded not on the stock exchange or Over-the-Counter Market.

(2) Securities acquired or disposed under private placement.

8.4.2. If the Company acquires or disposes assets at a court auction, the Company may submit court documents in lieu of an appraisal report or CPA's opinion.

Article 9 Acquisition and Disposition of Memberships and Intangible Assets

9.1. Evaluation and Processing

In acquiring or disposing memberships or other intangible assets, the Company shall comply with the fixed assets lifecycle management policy under the internal control system.

9.2. Procedures to Determine Transaction Terms and Approval Limits

9.2.1. In acquiring or disposing memberships, the Company shall consider their fair market value in determining the transaction terms and price, and present an analysis report to the president. Transactions in the value of 1 percent of the Company's paid-in capital or less, or NT\$3 million or less shall be approved by the Chairman of the Board and ratified at the next Board meeting; transactions over NT\$3 million shall be approved by the Board of Directors in advance.

- 9.2.2. In acquiring or disposing intangible assets, the Company shall consider expert evaluation or their fair market value in determining transaction terms and price, and present an analysis report to the chairman of the Board. Transactions in the value of 10 percent of the Company's paid-in capital or less, or NT\$20 million or less shall be approved by the Chairman of the Board and ratified at the next Board meeting; transactions over NT\$20 million shall be approved by the Board of Directors in advance.
- 9.2.3. When a transaction involving the acquisition or disposition of assets is submitted to the Company's Board of Directors for discussion, the opinions of independent directors shall be fully considered. If any of the independent directors express dissent or reservation from the decision, their opinions shall be recorded in the meeting minutes of the Board, the opposition expressed by the Director with written record thereof taken or in writing shall be submitted to Supervisors.
- 9.3. Execution Departments
After the transaction has been approved according to Article 9.2, the acquisition or disposition of memberships or other intangible assets shall be executed by the using department and finance or administrative department.
- 9.4. Expert Opinion
 - 9.4.1. For the transaction amount of memberships acquired or disposed exceeding 1 percent of the Company's paid-in capital or NT\$ 3 million, the Company must have an appraisal report composed by experts.
 - 9.4.2. For the transaction amount of intangible assets acquired or disposed exceeding 10 percent of the Company's paid-in capital or NT\$ 20 million, the Company must have an appraisal report composed by experts.
 - 9.4.3 For the transaction amount of memberships or other intangible assets acquired disposed exceeding 20 percent of the Company's paid-in capital or NT\$ 300 million, except in the case of transactions with government agencies, the Company shall consult with an CPA on the fairness of the transaction price prior to the date of occurrence of the event; the CPA shall follow the Statements on Auditing Standards No. 20 issued by ARDF.

Article 9-1

The calculation of transaction value under Articles 7, 8, and 9 shall follow Article 14 of the Procedures. "Within the last year" shall mean one year preceding the date of occurrence of the event in this transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion have been obtained need not be counted towards the transaction value.

Article 10 Related Party Transactions

- 10.1. The acquisition and disposition of assets by the Company with a related party shall follow relevant procedures in obtaining approvals and evaluating the fairness of transaction terms. Transactions in the value of 10 percent or more of the Company's total assets will also require appraisal reports from professional appraisers or CPA's opinions. Transaction value shall be calculated

according to Article 9-1 of the Procedures. In considering whether a counterparty to the transaction is a related party, both the legal form and the substance of the relationship between the parties shall be assessed.

10.2. Evaluation and Processing

In acquiring or disposing real property from or to a related party, or acquiring or disposing assets other than real property in the amount of at least 20 percent of the Company's paid-in capital, or 10 percent of the Company's total assets, or NT\$300 million or more, except in the case of sale and purchase of government bonds or bonds with repurchase or resale agreement, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, the Company may only proceed to enter into a transaction contract or make any payment after the following information has been submitted to the Supervisors for approval and adopted by resolution of the Board of Directors. The transaction amount referred to in the foregoing paragraph shall be calculated in accordance with paragraph 1, Article 14, and "within one year" referred to in the Operating Procedures shall mean one year before the date of occurrence of the current transaction. Transactions that have been approved by BOD and adopted by supervisors can be exempted.

10.2.1. The purpose, necessity and anticipated benefits of the acquisition or disposition of assets.

10.2.2. The reason in selecting the related party as a counterparty to the transaction.

10.2.3. With respect to the acquisition of real property from a related party, relevant information provided for the evaluation on the fairness of the proposed transaction terms and conditions pursuant to Article 10.3.

10.2.4. The date and price at which the related party originally acquired the assets, the original counter party, and the counterparty's relationship with the Company and the related party.

10.2.5. Monthly cash flow forecast for the year commencing from the proposed month of contract signing, and evaluation of the necessity of the transaction and the legitimacy of fund utilization.

10.2.6. The appraisal reports by professional appraisers or auditor's opinion obtained according to Article 10.1.

10.2.7. Restrictive covenants and other important stipulations of the current transaction.

10.3 With respect to the acquisition or disposal of business-use equipment between the Company and its subsidiaries, the Company's Board of Directors may pursuant to Paragraph 2 of Article 7 delegate the Chairman of the Board to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of directors meeting.

10.4. Evaluate Whether Transaction Costs Are Reasonable

10.4.1. In acquiring real property from a related party, the Company shall evaluate whether the transaction costs are reasonable according to the following methods:

- (1) The related party's transaction price plus interests on necessary funds and costs which are legally required to be borne by the buyer. "Interest on necessary funds" shall be calculated based on the weighted average interest rate of its borrowing during the year in which the Company purchases the real property, which shall not exceed the maximum lending interest rate for non-financial industry published by the Ministry of Finance.
 - (2) The total assessed lending value of the real property by a financial institution where the related party has created a mortgage as security for a loan from such financial institution; provided, however, the cumulative value of the loan granted by the financial institution based on such real property shall be at least 70 percent of the total assessed lending value, and more than one year of the loan period has lapsed. However, this method shall not apply if the financial institution is a related party to either party of the transaction.
- 10.4.2. If the land and the building(s) erected thereon are combined as a single property purchased in the same transaction, the transaction costs of the land and the building(s) may be separately evaluated according to either of the methods stated in Article 10.4.1.
- 10.4.3. In acquiring real property from a related party, the Company shall evaluate the costs pursuant to Article 10.4.1 and Article 10.4.2 and engage an auditor to review and render an opinion on the evaluation.
- 10.4.4. If the evaluation results of the acquisition of real property from a related party by the Company pursuant to Article 10.4.1 and Article 10.4.2 are both lower than the transaction price, the transaction shall be processed according to Article 10.4.5. However, the above shall not apply if any of the following circumstances occur and the Company is able to present objective evidence and obtain opinions from professional real property appraiser and auditor on whether the transaction costs are reasonable:
- (1) If the related party acquires or leases an undeveloped land for building purposes and is able to produce evidence that any of the following conditions is met:
 - (a) The total value of the undeveloped land, assessed pursuant to Article 10.4.1, and the buildings, assessed based on the construction costs and reasonable construction profits of the related party, exceeds the final transaction price. "Reasonable construction profits" shall mean the average gross operating margin of the related party's construction division in the most recent three years, or the gross margin for the construction industry most recently published by the Ministry of Finance, whichever is lower.
 - (b) Transactions completed by non-related parties within the last year which involve units on other floors of the same property or

other real property in neighboring areas, where it's similar in size and the transaction terms are comparable after taking into account a reasonable price difference in floors or area according to the common practice of real property sales.

(c) Property leased by non-related parties within the last year involving units on other floors of the same property, where the transaction terms are comparable after taking into account a reasonable price difference in floors according to the common practice of real property sales.

(2) The Company is able to produce evidence that the transaction terms of the real property purchased from the related party are comparable to other transactions completed within the last year by non-related parties for the acquisition of similar sized property in neighboring areas. "Transactions completed in neighboring areas" in the preceding paragraph shall mean property that is located on the same or adjacent block which is within 500 meters, or property with similar current value published. "Similar sized" shall mean other transactions completed by non-related parties that are no less than 50 percent of the size of the property in the current transaction. "Within the last year" shall mean within one year preceding the date of the acquisition of the real property in the current transaction.

10.4.5. If the evaluation results of the acquisition of real property from a related party by the Company pursuant to Article 10.4.1 and Article 10.4.2 are both lower than the transaction price, the following steps shall be taken:

(1) The difference between the real property transaction price and evaluated costs shall be set aside as special surplus pursuant to Article 41, Paragraph 1 of the Act, and may not be used for dividend distribution or issuance of bonus shares to raise additional capital. Public companies using the equity method to account for their investment in the Company shall also set aside a special surplus pursuant to Article 41, Paragraph 1 of the Act in the amount pro rata to the number of shares held in the Company.

(2) The Supervisors of the Company shall comply with Article 218 of the Company Act.

(3) Actions taken under subparagraphs (1) and (2) herein shall be reported to the shareholders meeting, and the details of the transaction shall be disclosed in the annual report and prospectus of the Company.

Subject to FSC approval, the Company and other public companies under subparagraph (1) herein that have set aside a special reserve under the preceding paragraph may not utilize the special reserve until the assets purchased at a premium have been recognized as loss due to decline in market value, or have been disposed of, or adequate compensation has been made, or the original state has been restored, or there is evidence confirming that the transaction costs are reasonable.

- 10.4.6. If the acquisition of real property from a related party meets any of the following conditions, the Company will only be subject to Article 10.1 and provisions regarding evaluation and processing under Article 10.2; provisions governing the evaluation of whether transaction costs are reasonable under Articles 10.4.1, 10.4.2, and 10.4.3 would not apply:
- (1) The related party acquires the real property by way of succession or a gift.
 - (2) More than five years have lapsed from the time when the related party entered into a contract to acquire the real property, to the contract execution of this transaction.
 - (3) The Company acquires the real property as a result of entering into a joint construction contract with the related party, or engaging the related party to build on the Company's own land or leased land.
- 10.4.7. If the acquisition of real property by the Company from a related party indicates any transaction irregularities, it shall follow the steps provided in Article 10.4.5.

Article 11 Acquisition and Disposition of Creditor's Rights of Financial Institutions

In general, the Company does not engage in transactions involving the acquisition or disposition of creditor's rights of financial institutions. If the Company wishes to enter into such transactions in the future, the Board of Directors will adopt an evaluation and processing procedure after the proposals are submitted and approved by the Board of Directors.

Article 12 Derivatives

12.1. Principle and policy of transaction

12.1.1. Types of Transactions

- (1) Derivatives means the transaction contracts the value of which is derived from assets, interest rates, exchange rates, indices or the interests in any of the above (such as forward contracts, options contracts, futures, swap and compound contracts of a combination of the above).
- (2) Bond margin trading related issue shall comply with the relative rules of this procedure. Transaction of bond under repurchase agreement could be exempt from this procedure.

12.1.2. Operational or Hedging Strategies

Transactions in derivative products carried out by the Company are divided into transactions for hedging purpose and transactions that are not for hedging purpose (i.e., for transaction purpose). The strategy shall be to focus on the main purpose of hedging. The main selection of transaction products shall be for avoiding the risk of foreign exchange income, expense, asset or indebtedness incurred from the operation of the Company's business. In case of any change of objective environment, "non-hedging transactions" in derivative products may be engaged at appropriate timing in the market in order to increase additional

non-operational income or reduce non-operational loss. Further, to the extent possible, the selected transaction counterparties shall be financial institutions that have business dealings with the Company in order to avoid credit risk. The type of transaction shall be clearly defined as hedging transaction or financial operation in pursuit of investment return prior to the transaction as the basis for accounting.

12.1.3. Different roles and responsibility

(1) Finance Department

A. Finance officers

Execute trade in accordance with delegated authority of foreign exchange strategy.

B. Accounting officers

a. Confirm trade and execute settlement.

b. Review if the trade is executed in accordance with planned strategy and delegated authority.

c. Conduct appraisal every month and report to the Present.

d. Process accounting treatment.

e. File in declaration and announcement in accordance with administration regulation.

C. Authority delegation

a. Authority for hedging transaction

Approved by	Daily trade authorized limit
CFO	US\$ 1 Million and below
Present	US\$ 2 Million and below
Chairman	Over US\$ 2 Million

b. When a transaction involving the acquisition or disposition of assets is submitted to the Company's Board of Directors for discussion, the opinions of independent directors shall be fully considered. If any of the independent directors express dissent or reservation from the decision, their opinions shall be recorded in the meeting minutes of the Board, the opposition expressed by the Director with written record thereof taken or in writing shall be submitted to Supervisors.

(2) Auditor Department

The Company's internal audit department shall make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the finance department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, a report immediately made to the Board of Directors.

(3) Performance Evaluation

A. Hedge Trade

a. The evaluation shall be based on comparing the foreign exchange cost on the Company's book with the profit and loss from

derivatives trading.

- b. To fully contain and express the appraisal risk of transaction, the Company implement monthly appraisal method to evaluate profit and loss.
 - c. Finance department shall provide the appraisal of foreign exchange position and foreign exchange market trend and analysis to the President for management purpose and guidance.
- B. Special purpose trade limit
- The assessment shall be based on the actual profit and loss, and accounting officer shall periodically compile position into report for managers' reference.
- (4) Setting the cap for total contract value and loss
- A. Total contract value
 - a. Hedging purpose transaction amount
Hedging purpose transaction amount could not exceed the total hedged net position of the Company.
 - b. Non-Hedge Hedging purpose transaction amount
It could not exceed USD\$ 3 million.
 - B. Setting loss cap
 - a. Hedge Trade
The cut loss point for the entire exposure and individual contract is 20% of the contract amount.
 - b. Non-Hedge Trade
 - ① The cut loss point for the individual contract is not exceed USD\$ 20 thousand or 5% of the contract amount.
 - ② The cut loss point for the entire exposure contract is not exceed USD\$ 100 thousand.

If the loss amount exceeds the cut loss point, such event shall be immediately reported to the President for discussion of necessary counter measures.

12.2. Risk management

12.2.1. Credit risk management:

In consideration of the changing market, risks management in connection with the operation of derivatives transactions shall be administered in accordance with the following principles:

The transaction counterparts shall mainly be well known local or foreign financial institutions.

The commodity transacted shall be among those offered by local or foreign financial institutions.

The total uncovered transaction amount with respect to the same transaction counterpart shall not exceed 10% of the total authorized amount except as otherwise approved by the President.

12.2.2. Market risk management:

The operation shall focus on the public foreign exchange transaction

provided by banks without regard to the futures market.

12.2.3. Cash flow risk management:

In consideration of stable working capital, the Company shall basically conduct derivatives transactions by using self-owned fund and take into account the capital calls forecast for the next three months when deciding the amount to be applied to conduct derivatives transactions.

12.2.4. Operational risk management

(1) The transactions shall be conducted within the relevant authorized amount in full compliance with the procedure for operation and put under internal control to prevent operational risks.

(2) The personnel conducting derivatives must not act concurrently as the personnel responsible for making the relevant verification and delivery and vice versa.

(3) The personnel responsible for weighing, monitoring and controlling the risks and the personnel provided in the preceding subparagraph must be serving in different departments of the Company and they must report to the Board of Directors or a high-ranking managerial officer who is not in charge of the transaction or decision-making on the positions to be taken.

(4) The positions taken by derivatives transaction shall be evaluated at least once a week except hedging transactions which have been conducted to meet business needs and which shall be evaluated twice a month. The evaluation report shall be submitted to the relevant high-ranking managerial officer authorized to do so by the Board of Directors.

12.2.5. Commodities risk management

Internal trading personnel must have complete and accurate special knowledge with respect to derivatives and shall request the bank for full disclosure of risks in order to prevent the risk of utilizing inappropriate commodities.

12.2.6. Legal risk management

In consideration of prevention of possible legal risks, documents to be entered into by and between the Company and financial institutions must be examined in advance by personnel with special knowledge in foreign exchange and the legal compliance personnel or by the legal counsel.

12.3. Internal audit policy

12.3.1 Internal audit personnel must conduct periodical audit of the acceptability of the internal control with respect to derivatives transactions and, on a monthly basis, audit the compliance with the procedure for derivatives transactions by the departments responsible for the transactions and evaluate the transaction cycle, produce the relevant internal reports, and give a written notice of any material breach to the Supervisors.

12.3.2. The internal audit personnel shall, by the end of February the following

year, submit the internal audit report and the annual internal audit inspection report to the FSC and report the correction of irregularities (if any) to the FSC by the end of May the following year.

12.4. Periodical evaluation

12.4.1. The Board of Directors shall authorize high-ranking managerial officers to supervise and evaluate, on a regular basis, the compliance of the procedure for derivatives transactions and the acceptability limits on risks, as well as report to the Board of Directors upon funding of any irregularity in the market value evaluation report (e.g. a position taken having exceeded the limit of loss), and take proper measures in response.

12.4.2. The positions taken by derivatives transaction shall be evaluated at least once a week except hedging transactions which have been conducted to meet business needs and which shall be evaluated twice a month. The evaluation report shall be submitted to the relevant high-ranking managerial officer authorized by the Board of Directors. The evaluation reports shall be provide for the Chairman of the Board of Directors or the authorized managerial officers of the Chairman for management purpose and guidance.

12.5. Principles of supervision and control of derivatives transactions by the Board of Directors

12.5.1. The Board of Directors shall appoint high-ranking managerial officers to oversee and control the risks from derivatives transactions from time to time according to the following principles:

(1) Suitability of the current risk management measures and the compliance of the Company' s procedure for derivatives transactions should be evaluated on a regular basis.

(2) Necessary measures shall be taken upon funding of any irregularity with respect to the transaction and profit (loss) from the transaction. Such funding must be reported to the Board of Directors immediately and the relevant opinion expressed by the Independent Director shall be heard at the relevant meeting.

12.5.2. Performance consistency of derivatives transactions with the relevant operation policy and the acceptability limit of risks must be evaluated on a regular basis.

12.5.3. Where the relevant personnel have been authorized pursuant to the procedure for derivatives transactions to handle the transaction, the transaction shall be reported to the Board of Directors after the transaction.

12.5.4. The Company shall maintain a derivatives transactions record book in which the type, value, date of the relevant resolution adopted by the meeting of the Board of Directors, and the matters subject to evaluation provided in paragraphs 12.4.2., 12.5.1. and 12.5.2. of this Article of each transaction shall be indicated in detail for reference.

Article 13 Mergers, Spin-offs, Acquisitions, and Transfer of Shares

13.1. Evaluation and Processing

13.1.1. In conducting mergers, spinoffs, acquisitions, or transfer of shares, the Company is advised to consult with Lawyers, CPAs, or securities underwriters on the estimated timeline of the legal procedures required for the transaction, and put together a team for the project to implement the steps according to the legal procedures. Prior to convening the Board meeting, the Company shall also engage CPAs, Lawyers, or securities underwriters to render opinions on the fairness of the share exchange ratio, acquisition price, or distribution to the shareholders in cash or in kind. The proposal shall then be submitted to the Board of Directors for discussion and approval.

13.1.2. Prior to the shareholders meeting, the Company shall prepare disclosure documents to the shareholders and include important contractual terms and relevant matters of the merger, spin-off or acquisition. Such documents shall be delivered along with the expert opinion referred to in Article 13.1.1 and notice of meeting to the shareholders as reference in determining whether to approve the transaction. However, this provision does not apply to mergers, spin-offs, or acquisitions that are exempt from the requirement to convene a shareholders meeting to adopt a resolution. If any company involved in a merger, spin-off, or acquisition fails to convene a shareholders meeting or reach a resolution due to lack of quorum or voting rights or other legal restrictions, or the proposal is rejected by the shareholders meeting, such company shall immediately provide a public statement explaining the reasons why the transaction fails to be completed, follow-ups, and proposed date of the next shareholders meeting.

13.2. Other Important Information

13.2.1. Dates of the Board meeting: Unless otherwise provided by the law, or the approval of FSC has been obtained in advance due to special circumstances, any company involved in a merger, spin-off, or acquisition shall call a Board meeting and shareholders meeting on the same day as other participating companies to approve matters relevant to such merger, spin-off, or acquisition. Unless otherwise provided by the law, or the approval of FSC has been obtained in advance due to special circumstances, any company involved in a transfer of shares shall call a Board meeting on the same day as other participating companies.

13.2.2. Confidentiality: Prior to the transaction becomes public, every person that is involved in or know of the merger, spin-off, acquisition, or share transfer plan of the Company shall sign a written confidentiality agreement to undertake that he/she will not disclose details of the plan to any other party, and will not trade, in his/her own name or in a nominee account, any shares or equity securities issued by the companies involved in the merger, spin-off, acquisition, or transfer of shares.

13.2.3. Principles of setting and adjusting share exchange ratio and acquisition

price: Prior to convening the Board meetings, each company involved in the merger, spin-off, acquisition, or transfer of shares shall engage CPAs, Lawyers, or securities underwriters to render opinions on the fairness of the exchange ratio, acquisition price, or distribution to the shareholders in cash or in kind. The proposal shall then be submitted to the shareholders meeting for approval. Generally, the share exchange ratio and acquisition price may not be arbitrarily altered unless clauses specifying conditions where adjustment is permitted are included in the contracts and have been disclosed to the public. The conditions are as follows:

- (1) Raising additional capital by way of cash, or issuance of convertible corporate bonds, bonus shares, corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity securities.
- (2) Actions involving the disposition of material assets of the Company which would have an effect on the financial operations of the Company.
- (3) An event such as major disaster or significant innovation in technology which has an effect on the shareholder interests or share price of the Company.
- (4) An adjustment made due to repurchase of their own shares under the law as treasury stocks by any of the companies involved in the merger, spin-off, acquisition, or transfer of shares.
- (5) Changes in the entities involved in the merger, spin-off, acquisition, or transfer of shares, or increase or decrease in number of the companies involved.
- (6) There are other conditions stipulated in the transaction contracts where changes are permitted which have been disclosed to the public.

13.2.4. Mandatory clauses in the transaction contracts: Except as otherwise provided in Article 317-1 of the Company Act and Article 22 of the Business Mergers and Acquisitions Act, a merger, spin-off, acquisition, or share transfer contract shall include the following:

- (1) Breach and default.
- (2) Principles of handling equity securities previously issued or bought back as treasury stocks by the dissolving company in a merger or by the spun-off company.
- (3) The number of shares participating companies are allowed to purchase as treasury stocks under the law after the record date to calculate the share exchange ratio, and the principles of handling such matters.
- (4) Manners in handling changes in entities involved in the transaction, or decrease or increase in number of entities involved.
- (5) Proposed implementation schedule and completion date.
- (6) Relevant procedures such as the proposed date to convene shareholders meeting mandated by the law if the transaction fails to be completed as scheduled.

- 13.2.5. Changes in the number of companies involved in the merger, spin-off, acquisition or transfer of shares: After the merger, spin-off, acquisition, or transfer of shares becomes public, if any participating company contemplates in entering into the merger, spin-off, acquisition, or transfer of shares with another company, all the companies involved shall redo the same procedures and legal actions that have been completed under the original transaction. Except where the number of participating company decreases, and the shareholders meetings of other remaining participating companies have adopted a resolution authorizing the Board of Directors to make any changes, in which case, no additional resolutions from the shareholders meetings will be required.
- 13.2.6. If there is any non-public company involved in a merger, spin-off, acquisition, or transfer of shares, the Company shall enter into agreements with such non-public company and comply with the provisions governing the dates of the Board meeting and shareholders meeting in Article 13.2.1, confidentiality undertaking in Article 13.2.2, and changes in number of companies involved in the merger, spin-off, acquisition, or transfer of shares in Article 13.2.5.
- 13.2.7. If the companies involved in merger, spin-off, acquisitions or transfer of shares go public or are traded in a securities market, the information stipulated (ex. basic information of personnel & dates of material events) shall be submitted in defined format through the internet information system to FSC for reference check within 2 days of the resolution being adopted by the board of directors.

Article 14 Information Disclosure

14.1. Required Filings and Standards

- 14.1.1. Acquisition or disposition of real property from or to a related party, or acquisition or disposition of assets other than real property from or to a related party where the transaction value is at least 20 percent of the paid-in capital of the Company, or 10 percent of the total assets of the Company, or NT\$ 300 million or more. However, this does not apply to purchase and sale of government bonds, bonds with repurchase or resale agreement, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.
- 14.1.2. Merger, spin-off, acquisition, or transfer of shares.
- 14.1.3. Derivatives trading losses which exceed the limit of aggregate losses or losses from individual contracts set forth in the procedures adopted by the Company.
- 14.1.4. Asset transactions other than set forth in Article 14.1.1 to Article 14.1.3, disposition of creditor's rights by financial institutions, or investments in Mainland China where the transaction value is at least 20 percent of the paid-in capital of the Company, or NT\$ 300 million or more. However, this does not apply to the following transactions:

- (1) Purchase and sale of government bonds.
- (2) Trading of securities on an overseas or domestic exchange or over-the-counter market, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics that are offered and issued in the domestic primary market as investment professionals.
- (3) Purchase and sale of bonds with repurchase or resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.
- (4) A transaction where the type of assets acquired or disposed are other fixed assets for business use, the counterparty is not a related party, and the transaction value is under NT\$ 500 million.
- (5) The subject real property is to be acquired or disposed of by the construction business division of the Company for construction use and the transaction counterpart is a non-related party and the transaction value is less than NT\$ 500 million.
- (6) The real property is acquired through an arrangement of engaging another party to build on its own land or leased land, space sharing or profit sharing under joint construction of buildings, or joint construction of buildings that are separately sold, and the amount of money the Company is prepared to invest in the transaction is less than NT\$ 500 million.

14.1.5. The transaction value shall be calculated as follows:

- (1) The amount of each transaction.
- (2) The cumulative amount of the acquisition or disposition of the same type of assets with the same counterparty within the last year.
- (3) The cumulative amount of the acquisition or disposition of real property under the same development project within the last year. The amount of acquisition and disposition of real property shall be calculated separately.
- (4) The cumulative amount of acquisition or disposition of the same securities within the last year. The amount of acquisition and disposition of securities shall be calculated separately.

“Within the last year” shall mean one year preceding the date of occurrence of the event in the transaction. Items which have been filed pursuant to the Procedures need not be counted towards the transaction value.

14.2. Time period for making public disclosure

If the acquisition or disposal of assets involves any item which should be published pursuant to paragraph 1 of this Article and the transaction value meets the public disclosure standards provided in this Article, the Company shall make a public disclosure on such acquisition or disposal of assets within two days following the date of occurrence of such transaction.

14.3. Filing Procedures

14.3.1. The Company shall cause the relevant information publicly disclosed on

the website designated by the FSC.

- 14.3.2 The Company shall on a monthly basis make a report on the derivatives transactions conducted in the month by itself and its local subsidiaries which are not public companies on the website designated by the FSC in the form and substance required by the tenth day the following month.
- 14.3.3. If the Company, at the time of filing, makes any error or omission in an item to be filed which requires correction, all the items shall be re-filed within two days of knowledge of the error or omission.
- 14.3.4. In acquiring or disposing assets, the Company shall maintain all relevant contracts, meeting minutes, logbooks, appraisal reports, and the opinions of an auditor, lawyer, or underwriter at the Company's place of business. Unless otherwise provided by the law, these records shall be kept for at least five years.
- 14.3.5. If any of the following occurs after the Company has filed the information with regard to the transaction pursuant to the preceding paragraph, the Company shall submit relevant information on the website designated by FSC within two days as of the date of occurrence of the event:
 - (1) There has been an amendment, termination, or rescission of the contracts executed in the original transaction.
 - (2) The merger, spin-off, acquisition, or transfer of shares has not been completed according to the proposed schedule as provided in the contracts.
 - (3) There has been a change in the original filing.
- 12.4. The reporting projects, reporting standard, reporting period, and reporting procedures of the Company's assets acquisition and disposition is announced in accordance with the requirements of the competent authorities.

Article 15

The Company's subsidiaries shall comply with the following rules:

- 15.1. The subsidiaries shall adopt their own Procedures for the Acquisition and Disposition of Assets according to the Procedures for the Acquisition and Disposition of Assets by Public Companies.
- 15.2. In acquiring or disposing assets, the subsidiaries shall also follow the rules set forth by the Company.
- 15.3. If the acquisition or disposition of assets by a non-public subsidiary is subject to the filing requirement stated in Article 13, the parent company shall file the information on behalf of such subsidiary.
- 15.4. For the purpose of the filing requirement of subsidiaries, "at least 20 percent of the paid-in capital or 10 percent of the total assets of the company" shall mean the paid-in capital or total assets of the Company (parent company).

The transaction restriction at 10% of total assets in the Operating Procedures shall be calculated in accordance with the amount of total capital disclosed in the latest individual financial statements prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Where shares have no par value or a par value other than NT\$10, the transaction restriction at 20% of paid-in capital in the Operating Procedures shall be calculated at 10% of the equity attributed to owners of the parent company.

Article 16 Penalty

Any employee of the Company who has handled acquisition or disposal of asset for the Company in breach of these Rules shall be subject to periodical evaluation according to the personnel administration rules and employees handbook and punished according to the degree of severity of the breach.

Article 17 Implementation and amendment

Subject to the approval by the meeting of the Board of Directors, the Board of Directors shall submit the Operating Procedures for Acquisition or Disposal of Assets and all subsequent amendment thereto to Supervisors and to the Shareholders Meeting for approval. When a transaction involving the acquisition or disposition of assets is submitted to the Company's Board of Directors for discussion, the opinions of independent directors shall be fully considered. If any of the independent directors express dissent or reservation from the decision, their opinions shall be recorded in the meeting minutes of the Board, the opposition expressed by the Director with written record thereof taken or in writing shall be submitted to Supervisors.

Article 18 Miscellaneous

All matters not specifically provided for in the Procedures shall be governed by the applicable laws.

Appendix 4

AUROTEK CORPORATION Operating Procedures of Fund Lending (Before amendment)

Amended and approved by a resolution of
the Shareholders' Meeting on June 26, 2014

Article 1:

The Company shall comply with the Operating Procedures when lending funds to other.

“Subsidiary” referred to in the Operating Procedure shall be as determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

“Net Worth” referred to in the Operating Procedure shall mean the equity attributed to owners of the parent company as stated in the balance sheet in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 2:

The Fund Lending of the Company must meet one of the following conditions:

- (1) The companies or firms having business relationship with the Company;
- (2) Companies or firms with the demand for short-term financing. The financing amount limits of loans shall not exceed 40 percent of the Company's net worth. The short-term refers to one year or one business cycle (which is longer). The financing amount refers to cumulative balance of the Company's short-term funding financing. the Company may loan to the foreign companies of which the Company directly or indirectly holds shares for 100 percent voting rights and the restriction of Subparagraph 2 of Paragraph 1 shall not be applicable, but total amount of fund lending still is not exceed of 40 percent of the Company's net worth as the latest financial statements audited or reviewed by CPA.

Article 3:

When the Company approves loans of funds to other companies or firms in demand for the loaning of fund as a result of business relationship shall the business transactions has occurred in principle, and shall not exceed the amount of transactions between the Company and the borrower during the most recent year prior to lending or the current year. The term “the amount of the transactions” as used herein means the higher of the purchase amount or sale amount of the business transactions between the Company and such borrower.

Only the companies or firms subject to the following situation is regarded as necessary for the short-term loans for financing:

- (1) The companies or firms of the Company Invests accounted for under equity method have the demand for short-term financing as a result of Repayment of bank loans, procurement on equipment or business turnaround.
- (2) The companies or firms of the Company directly or indirectly holds shares for 50 percent voting rights have the demand for short-term financing as a result of Repayment of bank loans, procurement on equipment or business

turnaround.

- (3) The companies or firms of the Company directly or indirectly holds shares for 50 percent voting rights have the demand for investment. The invested business is related to the business of the Company and is useful for the future business development of the company.

Article 4: Limits on fund lending :

The aggregate outstanding amount of lending shall not exceed 40 percent of the Company's net worth as the latest financial statements audited or reviewed by CPA. The limit on the amount of lending to the each individual borrower is as follows:

1. If there is any business transaction between the Company and other company or firm which calls for lending, the amount of lending for each individual company or firm shall not exceed the amount of transactions between the Company and the borrower during the most recent year prior to lending or the current year. The term "the amount of the transactions" as used herein means the higher of the purchase amount or sale amount of the business transactions between the Company and such borrower.
2. The maximum amount of loan which provides a single borrower, for short-term financing needs, shall not exceed 20 percent of the Company's net worth as the latest financial statements audited or reviewed by CPA.

Article 5: Procedures for fund lending :

5.1. Handling Procedures

- 5.1.1. When lending funds or providing short-term financing to others, the Company's
- 5.1.2. The Finance Division of the Company shall set up a record book for recording matters relating to fund lending by the Company. After a lending of funds has been approved by the Board of Directors, the Finance Division shall record the details of the entity to which the lending of funds is made, amount, date of approval by the Board of Directors, drawdown date, and matters to be carefully evaluated in accordance with the Operating Procedures in the record book for further inspection.
- 5.1.3. The Company's internal auditors shall audit the procedures of lending of funds to others and the implementation thereof each quarter and prepare a written audit report accordingly. If there is any material violation of the Operating Procedures, the auditors shall promptly notify each supervisor of the Company in writing.
- 5.1.4. The Finance Division of the Company shall prepare a table listing the lending of funds made or revoked each month in order to facilitate the Company's internal control, tracking, and making of public announcement and reporting. The Finance Division of the Company shall also evaluate and reserve sufficient allowance for bad debts each quarter, and shall disclose information relating to the relevant information to the Company's external auditing CPA.

- 5.1.5. Where the recipients of the fund lending are not in compliance with the Operating Procedures or the amount of funds lent exceeds the limits set forth in the Operating Procedures as a result of change of conditions, the Finance Division of the Company shall prepare corrective plans and submit such corrective plans to each supervisor and rectify as scheduled under the corrective plans.
- 5.2. Review Procedures
 - 5.2.1. When any lending of the Company's funds, the in-charge division shall evaluate prudently and then submitted, together with the result of the evaluation made as described in the second paragraph ratified by the Chairman before being submitted to the Board of Directors for approval. In case that the company has instituted independent directors, the opinions of independent directors should be taken into account in loaning of funds to others; their agreement / opposition and reasoning shall be included in the record of the Board of Directors.
 - 5.2.2. After receiving the application for lending of funds, the Company's division in-charge shall investigate and evaluate the necessity and reasonableness of the funding, whether there are direct or indirect business relations between the funding recipient and the Company, the recipient's ability for repayment of impact of the Company's aggregate amount of funds lent on the Company's operations, financial conditions and shareholders' equity shall also be taken into consideration, and the division in charge shall then prepare a written report based on its evaluation and submit the report to the Board of Directors for review. For companies with business dealings with the Company, the Company's finance division should evaluate the propriety of the amount of loans relative to the scale of business dealings. For short-term financing needs, reasons and situation for the loans shall be specified.
 - 5.2.3. When lending funds or providing short-term financing to others, the Company shall require the borrower to provide guarantee notes in the same amount of funds lent and if necessary, shall require the borrower to provide personal property or real property as collaterals and to perfect the liens on the collaterals, and the Company shall evaluate quarterly whether the value of the collateral provided is comparable to the balance of the amount of funds lent and shall demand additional collaterals if necessary. With regards to the aforementioned collateral, if the borrower provides guarantee from individual or corporation with considerable financial capability and credit worthiness as a substitute for the collaterals, the Board of Directors may, referring to the assessment report of the division in charge, consider such guarantee and make a decision; in the case of corporate guarantee, it is required to review if the guarantor's

articles of incorporation provide that the provision of corporate guarantee is allowed.

Article 6 : The Tenor of Fund Lending and the Methods for Calculation of Interest Loans to parties conforming shall bear terms of one year in principle.

For borrowers conforming, interest rate for loans shall not be lower than the maximum interest rates on short-term loans borrowed by the company from financial institutions and are subject to flexible monthly adjustment. Interest payment shall be made once a month in principle but can be adjusted under special situation with the Board of Directors' approval.

Loan quota of the foreign companies of which the Company directly or indirectly holds shares for 100 percent voting rights cannot exceed 20 percent of the Company net worth as the latest financial statement, totally amount shall not exceed 40% of the Company net worth as the latest financial statement.

The authorized quota for loans extended by the Company or its subsidiaries to a single enterprise cannot exceed 10 percent of the loan Company net worth as the latest financial statement.

Article 7: The Follow-Up Control Measures of Fund Lending

- 7.1. After each Lending has been made, the Finance Division of the Company shall frequently monitor any changes in the borrowers' and guarantors' financial, business and related credit conditions, and any changes in the value of collaterals, and prepare written records of the monitoring results. If there is any significant change, the Finance Division of the Company shall promptly report to the President and related divisions in charge for their timely actions.
- 7.2. When the borrower repays its borrowed amount on or before the due date, the relevant guarantee notes shall not be released or relevant liens shall not be cancelled until the borrower has repaid the full amount of principal together with interest accrued.
- 7.3. If repayment cannot be made on the due date, the borrower shall apply for a deferred repayment in advance and such defer request shall be submitted to the Board of Directors for approval; otherwise the Company may take enforcement actions against the collaterals or guarantors in accordance of applicable laws for recovery.

Article 8: Public Announcement and Reporting Procedures

- 8.1. The Finance Division shall report every month the balance of lending of funds made by the Company and its Subsidiaries in the preceding month by the tenth day of the current month to the Accounting Division of the Company together with the amount of sales revenue for monthly public announcement and report within the required time period according to applicable regulations.
- 8.2. In addition to the monthly public announcement and report of the Company's balance of lending of funds, in the event that the balance of funds lent by the Company and its Subsidiaries reaches any of the following thresholds, the Finance Division of the Company shall immediately notify the Accounting

Division of the Company and provide relevant materials for the Accounting Division to make the public announcement and report within two days commencing from the date of occurrence of such event:

- 8.2.1. The balance of lending of funds lent to others by the Company and its Subsidiaries reaches 20 percent or more of the Company's net worth as stated in the Company's latest financial statements.
 - 8.2.2. The balance of funds lent by the Company and its Subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in the Company's latest financial statements.
 - 8.2.3. Amount of funds newly lent by the Company or its Subsidiaries exceeds NT\$10 million and reaches 2 percent or more of the Company's net worth as stated in the Company's latest financial statements.
- 8.3. The company shall undertake the aforementioned posting of information for its subsidiaries which are not domestic companies with public offering if the subsidiaries reach the standards of Item 8.2.3.
- 8.4. "Date of occurrence" referred to herein shall mean the date of contract signing, date of payment, date of resolution by the Board of Directors, or other date that can determine the counterparty and transaction amount of the transaction, whichever date is earlier.

Article 9: Procedures for Controlling Fund Lending Made by Subsidiaries

- 9.1. The subsidiary of the Company shall duly enact the Operating Procedures of Fund Lending in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" by FSC. The Operating Procedures submit them to approval of the subsidiary's boards of directors, the supervisors and the shareholders' meeting for discussion. Any amendment hereto is subject to the same procedures.
- 9.2. When a Subsidiary lends funds to others, the Subsidiary shall act in accordance with its own "Internal Control Rules" and "Operating Procedures of Fund Lending". The Subsidiary shall also submit to the Company a written report every month summarizing the balance of funds lent, recipients of funds lent, and the term of funds lent in the preceding month by the fifth day of the current month. The internal auditors of the Company shall include the operating specifics of the lending of funds by the Subsidiaries as one of the items to be audited quarterly. The audit report shall report to the boards of directors and the supervisors.
- 9.3. If the Subsidiary is not a public company but in the event its amount of funds lent reaches any of the thresholds of public announcement and reporting as set forth in the paragraph 2 of Article 8, it shall notify the Company on the date of occurrence of the event. The Company shall make the public announcement and reporting accordingly in the designated website in accordance with applicable regulations after being notified of such event.

Article 10 Penalties

- 10.1. In the event that Company personnel handling matters relating to

endorsements and guarantees violate “Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies” issued by the FSC or provisions set out in the Operating Procedures, proper penalties should be imposed depending on the severity of the violation and as following. The record of violation should be included in annual appraisals of personal performance.

- 10.1.1. The violation of the approval authorization: penalties may include verbal reprimand, written warning, mandated participation in internal control training courses, and recurring violators and serious offenders should be reassigned other duties.
- 10.1.2. The violation of the review operating procedures: penalties may include verbal reprimand, written warning, mandated participation in internal control training courses, and recurring violators and serious offenders should be reassigned other duties.
- 10.1.3. The violation of the public announcement and reporting procedures: penalties may include verbal reprimand, written warning, mandated participation in internal control training courses, and recurring violators and serious offenders should be reassigned other duties.
- 10.1.4. 11.1.4. The violation of the superiors who violate the regulations shall also be punished, unless those who can reasonably explain that they have not been prevented beforehand.
- 10.1.5. If the board of directors or the directors violates the relevant regulations and the resolutions of the shareholders’ meeting, the supervisor shall notify the board of directors or the directors to stop their actions in accordance with Article 218-2 of the Company Act.

Article 11 :

The Operating Procedures shall be implemented upon approval of the Board of Directors, all supervisors and the shareholders’ meeting. If any director expresses objection on the record or in a written statement, the Company shall submit the objection to the supervisors and the shareholders’ meeting for discussion. Any amendment hereto is subject to the same procedures.

If the Company has established independent directors, when submitting the Operating Procedures to the Board of Directors for discussion pursuant to the preceding paragraph, it shall consider the dissenting opinions from all independent directors fully and list the consenting and objecting opinions and their reasons in the meeting minutes of the Board of Directors.

Appendix 5

AUROTEK CORPORATION

Operating Procedures of Endorsement and Guarantee (Before amendment)

Amended and approved by a resolution of
the Shareholders' Meeting on June 12, 2015

Article 1 Objective

- 1.1. The Operating Procedure is established in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies” promulgated by the Financial Supervisory Commission (Hereinafter referred to as FSC) for the purpose of strengthening Financial management of endorsements and guarantees, and reducing operational risks of the Company.
- 1.2. “Subsidiary” referred to in the Operating Procedure shall be as determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
“Net Worth” referred to in the Operating Procedure shall mean the equity attributed to owners of the parent company as stated in the balance sheet in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 2 Scope

“Endorsements and Guarantees” referred to in the Operating Procedure shall mean:

- 2.1. Financing endorsements/guarantees, including:
 - 2.1.1. Bill discount financing.
 - 2.1.2. Endorsements or guarantees made to meet the financing needs of another company.
 - 2.1.3. Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.
- 2.2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.
- 2.3. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.

The Operating Procedure shall also apply to a pledge or mortgage on the Company's chattel or real property as security for the loans of another company.

Article 3 Recipients of Endorsements and Guarantees

The Company may offer endorsements/guarantees for the following companies:

- 3.1. Companies having business with this Company.
- 3.2. Companies of which this Company holds, directly or indirectly, more than 50 percent of voting shares.
- 3.3. Companies which hold, directly and indirectly, more than 50 percent of the voting shares of this Company.

The Company and companies of which the Company holds, directly or indirectly, more than 90% of voting shares may offer endorsements/guarantees to each other, and the endorsement/guarantee amount shall not exceed 10% of the Company's net worth; except for endorsements/guarantees between the Company and directly or indirectly wholly-owned companies of the Company.

The foregoing two paragraphs do not apply to the mutual guarantee made under contractual obligations for the need of contract undertaking between the Company and associates or co-builders; or endorsements/guarantees made by all capital contributing shareholders for the invested company in proportion to the shares held by the Company in a joint investment project.

"Capital Contribution" referred to in the foregoing paragraph shall mean capital directly contributed by the Company or through a company of which the Company holds 100% of the voting shares.

Article 4 Limits of Endorsements and Guarantees

- 4.1 The total amount of the endorsements and guarantees made by the Company shall not exceed 50 percent of the Company's net worth as stated in the Company's latest financial statements; and the total amount of endorsements and guarantees made to a single enterprise shall not exceed 20 percent of the Company's net worth as stated in the Company's latest financial statements. The total amount of the endorsements and guarantees made by the Company and its subsidiary as a whole shall not exceed 50 percent of the Company's net worth as stated in the Company's latest financial statements; and the total amount of endorsements and guarantees made to a single enterprise shall not exceed 30 percent of the Company's net worth as stated in the Company's latest financial statements.
- 4.2 In addition to the limits set forth in the preceding paragraph, the total of endorsements and guarantees made by the Company for a single enterprise with which the Company has business relations shall be comparable to the purchase amount or sales revenue with that enterprise in the previous year or current year as of the time the endorsements and guarantees are made, whichever amount is higher.

Article 5 Operating Procedure for Making Endorsements and Guarantees

- 5.1 The Finance Division of the Company shall review the qualification and limits of endorsement and guarantee based on the application by the entity for which the endorsement and guarantee is to be made item by item, and determine whether the amount of the endorsement and guarantee to be made is in compliance with the requirements of the Operating Procedures, and check whether the amount of the endorsement and guarantee to be made is subject to the public announcement and reporting regulation. The Finance Division shall submit the review and assessment report prepared in accordance with Article 6 of the Operating Procedures for the Chairman of the Board's approval and then for discussion and consent by the Board of Directors. If the amount to be made is within the authorized amount, the Chairman of the Board may approve the

endorsement and guarantee based on the recipient's credit worthiness and financial condition at his discretion and then to the next meeting of the Board of Directors for recognition.

- 5.2 The Finance Division of the Company shall set up a record book for recording matters relating to making endorsements and guarantees by the Company. The Finance Division shall apply for stamping by the Company seal in accordance with applicable internal rules of the Company, and shall also record the entity for which the endorsement and guarantee is made, amount, date of approval by date of approval by the Board of Directors or of authorization by the Chairman, endorsement and guarantee date, and matters to be carefully evaluated in accordance with Article 6 of the Operating Procedures. Relevant Guaranteed notes and appointments shall also be copying and archiving.
- 5.3 The Company's internal auditors shall audit the procedures of making endorsements and guarantees and the implementation thereof each quarter and prepare a written audit report accordingly. If there is any material violation of the Operating Procedures, the auditors shall notify each supervisor of the Company in writing.
- 5.4 The Finance Division of the Company shall prepare a table listing endorsements and guarantees made or revoked each month in order to facilitate the Company's internal control, tracking, and making public announcement and reporting. The Finance Division of the Company shall also evaluate and record the contingent loss for endorsements and guarantees made, and shall disclose information relating to endorsements and guarantees made by the Company in the Company's financial statements and shall provide relevant information to the Company's auditing CPA.
- 5.5 If the qualification of the entity for which an endorsement and guarantee is made no longer meets the requirements set forth in the Operating Procedures, or the amount of endorsements and guarantees made exceeds the limits set forth in the Operating Procedures as a result of changes of the basis of calculating the limits, the Finance Division of the Company shall prepare corrective plans for the endorsement and guarantee made to the entity which is no longer qualified or the amount in excess of the limits for the Chairman's approval and to correct all such issues within a specified period. The Finance Division of the Company shall also submit such corrective plans to each supervisor and rectify as scheduled under the corrective plans.
- 5.6 Before the end of the endorsement date, the financial unit shall take the initiative to notify the guaranteed enterprise to take back the guarantee notes of the bank or creditor institution, and cancel the endorsement to guarantee.

Article 6 Detailed Review Operating Procedures

When making endorsements and guarantees, the Finance Division of the Company shall review and assess the following matters and prepare an assessment report accordingly:

- 6.1 To evaluate the necessity and reasonableness based on the understanding of relations between the entity for which the endorsement or guarantee is to be made and the Company, the purposes and usages of the money borrowed by such entity, the connection of such entity with the Company's business or the importance of such entity's operations to the Company, together with Company's limits of endorsements or guarantees and current balance of the limits.
- 6.2 To assess potential risks that might occur by obtaining the annual report, financial statements, and other relevant information of the entity for which the endorsement or guarantee is to be made, and analyzing the operations, financial condition, and worthiness of such entity and the source of repayment of its debts.
- 6.3 To evaluate the risk on operations, and impact on the financial condition and shareholders' equity of the Company by analyzing the ratio of current balance of endorsements or guarantees to the net worth of the Company, the liquidity and cash flow of the Company, together with the review results under the preceding two paragraphs.
- 6.4 To determine whether it is necessary for the entity for which the endorsement or guarantee is to be made to provide collateral based on the assessment results under the preceding three paragraphs, evaluate each quarter whether the value of the collateral provided is comparable to the balance of the amount of endorsements and guarantees made and demand additional collaterals if necessary.

Article 7 Operating Procedure for Controlling Endorsements or Guarantees Made by Subsidiaries

- 7.1 When a subsidiary of the Company provides endorsements and guarantees to other entity, the subsidiary shall comply with "Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies" stipulated by regulators and the related procedures. The Operating Procedures shall be implemented upon approval of the Board of Directors, all supervisors and the shareholders' meeting. Revision of the procedures shall follow the similar process.
- 7.2 When a subsidiary of the Company wishes to provide endorsements and guarantees to other entity, the subsidiary shall act in accordance with its own "Internal Control Rules" and "Operating Procedure of Endorsement and Guarantee". The subsidiary shall also submit to the Company a written report summarizing the balance of endorsements and guarantees made, entities for which the endorsements and guarantees are made, and the term of the endorsements and guarantees made in the preceding month by the fifth day of the following month. The Audit Division of the Company shall include the operating specifics of the endorsements and guarantees made by the subsidiaries as one of the items to be audited quarterly. If there is any material violation of the Internal Control Rules and/or the Operating Procedures of Fund Lending, the internal auditors of the Company shall promptly notify the Board of Directors.
- 7.3 If a subsidiary of the Company is not a public company but its amount of

endorsements and guarantees made meets the requirement of public announcement and reporting as set forth in Article 10, paragraph 2 of the Operating Procedure, it shall notify the Company on the date of occurrence of the event. The Company shall make the public announcement and reporting accordingly in the designated website in accordance with applicable regulations after being notified of such event.

- 7.4 In case of the Company conducts endorsements and guarantees for subsidiaries with less than 50% of the paid-in capital, other than fulfilling the above-stated rules, the auditors should audit the procedures of such endorsement/ guarantee and the execution status at least once every quarter in a written form. Any discovery of major violation against rules should be notified to each supervisor in a written notice.
- 7.5 In case of a subsidiary the share certificates of which show no face amount or show face amount not NT\$10 par value, the paid-in capital mentioned in the two preceding paragraphs shall be the aggregate total of the share capital added with capital reserve - Share premium account.

Article 8 Decision-making and Authorization

- 8.1. When the Company makes endorsements and guarantees shall be approved in according with paragraph 5 of the Operating Procedure, and then be approved by the Board of Directors; however, if there is timely need for endorsements and guarantees not exceeding NT\$20 million and not exceed the limit of a single enterprise, the Chairman is granted by the Board of Directors the immediate right of approval, and details shall be subsequently reported at the next Board meeting. The opinions of independent directors should be taken into account by the Board of Directors when discussing the cases, and their agreement / opposition and reasoning, shall be included in the record of the Board of Directors.
- 8.2. The Board of Directors' approval is necessary for the Company to overcome the limitations set by the procedures in providing endorsement and guarantee for cases arising from business needs and meeting the conditions set by the procedures, with half of the Board of Directors agreeing to provide personal guarantee for the possible loss from the exceptional treatment. The Board of Directors shall also revise the procedures before sending the revision to Shareholders' Meeting for affirmation. If the Shareholders' Meeting disapproves such cases, the Company shall formulate plans to eradicate the excessive portion by a specific deadline. The opinions of independent directors should be taken into account by the Board of Directors when discussing the cases, and their agreement / opposition and reasoning, shall be included in the record of the Board of Directors.
- 8.3 Approval of the company's Board of Directors is necessary for the extension of endorsement and guarantee by subsidiaries, in which the company owns, directly and indirectly, more than 90% of shares with voting right. The requirement, however, is not applicable to the extension of endorsement and

guarantee among subsidiaries in which the company owns 100% of shares with voting right, directly and indirectly.

Article 9 Operating Procedure for Use Custody of Corporate Seal

- 9.1 According to applicable regulations promulgated by the competent authority in charge of securities matters, the Company shall use the corporate seal registered with the Ministry of Economic Affairs as the dedicated stamp for endorsements and guarantees. The dedicated stamp for endorsements and guarantees shall be kept under the custody of a designated custodian approved by the Board of Directors. If there is any change of the custodian, the Board of Directors shall approve such change, and the dedicated stamp shall be transferred to the custody of the successor custodian.
- 9.2 The endorsement and guarantee which be Approved of the Board of Directors or authorized of the Chairman, for which financial unit shall submit guarantee application, along with Approved record and endorsement guarantee contract or guarantee note , to the financial officer for Approval, and stamping of seal or issuance of the guarantee note.
- 9.3 When the seal custodian stamps of seal , he/she should inspect whether there is an approval record, the guarantee application of approval by the financial officer and the application for the documents is consistent.
- 9.4 When the Company makes a guarantee for a foreign company, the Company shall have the guarantee letter signed by the Chairman or the President authorized by the Board of Directors.

Article 10 Public Announcement and Reporting Procedures

- 10.1 The Finance Division shall report the balance of endorsements and guarantees made by the Company and its subsidiaries in the previous month by the tenth day of the following month to the Accounting Division of the Company together with the amount of sales revenue for the monthly public announcement and reporting within the required time period according to applicable regulations.
- 10.2 In addition to the monthly public announcement and reporting of the Company's balance of endorsements and guarantees, when the amount of endorsements and guarantees made by the Company and its subsidiaries reaches any of the following thresholds, the Finance Division of the Company shall immediately notify the Accounting Division of the Company and provide relevant materials for the Accounting Division to make the public announcement and reporting within two days commencing from the date of occurrence of such event:
 - 10.2.1 The balance of endorsements and guarantees made by the Company and its Subsidiary reaches 50 percent or more of the Company's net worth as stated in the Company's latest financial statements.
 - 10.2.2 The balance of endorsements and guarantees made by the Company and its Subsidiary to a single enterprise reaches 20 percent or more of the Company's net worth as stated in the Company's latest financial

statements.

- 10.2.3 The balance of endorsements and guarantees made by the Company and its Subsidiary to a single enterprise reaches NT\$10 million or more and the aggregate amount of endorsements and guarantees for, investment of a long-term nature in, and the balance of loans to such enterprise reaches 30 percent or more of the Company's net worth as stated in the Company's latest financial statements.
- 10.2.4 The amount of endorsements and guarantees newly made by the Company or its Subsidiary exceeds NT\$30 million and reaches 5 percent or more of the Company's net worth as stated in the Company's latest financial statements.

The Company shall announce and report on behalf of any of its subsidiaries that are not a domestic public company any matters that such subsidiary is required to announce and report in Market Observation Post System pursuant to the subparagraph 4 of the preceding paragraph.

Article 11 Penalties

- 11.1. In the event that Company personnel handling matters relating to endorsements and guarantees violate "Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies" issued by the FSC or provisions set out in the Operating Procedures, proper penalties should be imposed depending on the severity of the violation and as following. The record of violation should be included in annual appraisals of personal performance.
 - 11.1.1. The violation of the approval authorization: penalties may include verbal reprimand, written warning, mandated participation in internal control training courses, and recurring violators and serious offenders should be reassigned other duties.
 - 11.1.2. The violation of the review operating procedures: penalties may include verbal reprimand, written warning, mandated participation in internal control training courses, and recurring violators and serious offenders should be reassigned other duties.
 - 11.1.3. The violation of the public announcement and reporting procedures: penalties may include verbal reprimand, written warning, mandated participation in internal control training courses, and recurring violators and serious offenders should be reassigned other duties.
 - 11.1.4. The violation of the superiors who violate the regulations shall also be punished, unless those who can reasonably explain that they have not been prevented beforehand.
 - 11.1.5. If the board of directors or the directors violates the relevant regulations and the resolutions of the shareholders' meeting, the supervisor shall notify the board of directors or the directors to stop their actions in accordance with Article 218 of the Company Act.

Article 12 Other Matters

The Operating Procedures shall be implemented upon approval of the Board of Directors, all supervisors and the shareholders' meeting. If any director expresses objection on the record or in a written statement, the Company shall submit the objection to the supervisors and the shareholders' meeting for discussion. Any amendment hereto is subject to the same procedures.

If the Company has established independent directors, when submitting the Operating Procedures to the Board of Directors for discussion pursuant to the preceding paragraph, it shall consider the dissenting opinions from all independent directors fully and list the consenting and objecting opinions and their reasons in the meeting minutes of the Board of Directors.

Appendix 6

AUROTEK CORPORATION
Shareholdings of All Directors and Supervisors

Title	Name	Current shareholdings	%
Chairman	Auro Marketing Consultants Co., Ltd. Representative : CHANG, YUNG-CHUNG	14,203,423	17.16%
Independent Director	HSU, MING-JEN	56,232	0.07%
Independent Director	HUANG, CHENG-TSUNG	0	0%
Director	LI, CHENG-MO	1,056,271	1.28%
Director	CHENG, TIEN-TSUNG	35,000	0.04%
Subtotal		15,350,926	18.54%
Supervisor	CHEN, MING-TSUN	618,518	0.75%
Supervisor	CHOU, TA-JEN	46,000	0.06%
Supervisor	HSU, SHEN-GHAO	0	0%
Subtotal		664,518	0.80%
Total	All directors and supervisors	16,015,444	19.34%

1. In accordance with “Regulations Governing Content and Compliance Requirements for Shareholders” Meeting Agenda Handbooks of Public Companies” , As of the book closure date, the shareholder of directors and supervisors recorded in the shareholder register is as above.
2. As of the book closure date, the number of issued shares of the Company is 82,789,693 shares in total and share capital is NT\$827,896,930. Based on Article 2 of “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”, the minimum number of shares held by all directors and supervisors other than independent directors of the Company shall be 6,623,175 (8%) and 662,317 (0.8%) .

Appendix 7

Effect of Issuance of Bonus Shares to be Resolved at This Shareholders' Meeting on Operating Performance and Earnings Per Share : Not applicable.