

Parade Technologies, Ltd.
(the “Company”)
2019 ANNUAL GENERAL MEETING of MEMBERS
MEETING MINUTES
(Translation)

Time: June 18, 2019, 9:00 a.m., Taipei Local Time

Place: 7F., No. 236, Sec. 4, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan

Present: Members in person or by proxy (including voted via electronic transmission), representing 68,554,834 shares entitled to vote for or against each of the resolutions as set out below, accounted for 87.20% of the total 78,614,046 issued shares

Chairman: Ji Zhao, Chairman of the Board of Directors

Directors: Ji Zhao, Chairman of the Board of Directors

Ming Qu, Vice Chairman

Shen, Jen Lin, Independent Director

Attendees: Hua-Ling Liang, CPA, PricewaterhouseCoopers, Taiwan

Ying-Yi Lee, Attorney, Chen & Lin Attorneys-at-Law

Judy Wang, Chief Financial Officer, Parade Technologies, Inc.

Recorder: Yo-Ming Chang

The necessary quorum of members was present in person or by proxy and the Chairman declared the meeting duly constituted and the Company may proceed to business.

Commencement (Omitted)

Chairman Remarks (Omitted)

Report Items

1. To report the 2018 business (See Attachment I)
2. To report the 2018 review report by the Audit Committee (See Attachment II)

3. To report the implementation of the 2018-2 Share Repurchase and Incentive Plan.

Explanatory Notes:

(1) The results of the 2018-2 Share Repurchase Plan is as below:

| | |
|---|------------------------------------|
| Series | the second repurchase in year 2018 |
| Board resolution date | 10/12/2018 (Taiwan Time) |
| Purpose of repurchase | Transferring to the employees |
| The set repurchase period | Between 10/12/2018 and 12/11/2018 |
| The actual repurchase period | Between 10/17/2018 and 10/25/2018 |
| The set repurchase price range (per share) | NT\$ 282.50 to NT\$ 677.00 |
| The actual repurchase price range (per share) | NT\$ 395.00 to NT\$ 411.00 |
| Average repurchase price per share | NT\$ 406.90 |
| The set maximum repurchase shares | 500,000 common stocks |
| Accumulated number of shares already repurchased | 500,000 common stocks |
| Value spent on the repurchase | NT\$ 203,450,340 |
| Number of shares transferred and cancelled | 0 |
| Accumulated number of shares already repurchased | 500,000 common stocks |
| Accumulated percentage of repurchased shares to total number of shares issued (%) | 0.63% |

(2) Share Repurchase and Employee Incentive Plan is attached hereto as Attachment VI.

4. To report the allocation of 2018 employees' cash bonuses and the Directors' remuneration.

Explanatory Notes:

Considering the "Amended and Restated Memorandum and Articles" and the Company's 2018 annual profits before tax, the Compensation Committee has recommended to the Board of Directors the approval of distribution and payment of NT\$138,953,825 in cash as the employees' bonuses and NT\$42,755,023 in cash as Directors' remuneration, respectively, equivalent to US\$4,608,750 and US\$1,418,077, by adopting foreign exchange rate of US\$1=NT\$30.15.

5. To report the amendment of the Company's 2012 Employee Stock Option Plan.

Explanatory Notes:

- (1) Considering the practice feasibility and by referencing the plans adopted by other listing companies, certain changes to the 2012 Employee Stock Option Plan.
- (2) The comparison table of amendments to the 2012 Employee Stock Option Plan is attached hereto as Attachment XII.

Proposals

1. To ratify the 2018 Business Report (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The 2018 business report is attached hereto as Attachment I.
- (2) Please ratify the above-mentioned the 2018 Business Report.

Resolution: 68,435,331 shares were represented at the time of voting (including voted via electronic transmission); 58,568,305 voted in favor for the proposal (including voted via electronic transmission), representing 85.58% of the total votes held by the members present in the meeting, 3,010 voted against the proposal (including voted via electronic transmission), 0 voted invalid the proposal, and 9,864,016 voted abstained/no voted the proposal (including voted via electronic transmission). This proposal as proposed by the board of directors was duly passed as ordinary resolution of the Company.

2. To adopt the Company's 2018 audited consolidated financial reports (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The Company's 2018 consolidated financial statements, including Consolidated Balance Sheets, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, and Consolidated Statements of Cash Flows, have been approved by the Board of Directors, audited by independent auditors, Ms. Liang Hua-Ling and Mr. Lai Chung-Hsi, of PricewaterhouseCoopers Taiwan and reviewed by the Audit Committee, evidenced by the review report issued by the Audit Committee.
- (2) The 2018 independent accountants' audit report and above-mentioned consolidated financial statements are attached hereto as Attachment III.
- (3) Please ratify the above-mentioned 2018 audited consolidated financial statements.

Resolution: 68,435,331 shares were represented at the time of voting (including voted via electronic transmission); 58,568,305 voted in favor for the proposal (including voted via electronic transmission), representing 85.58% of the total votes held by the members present in the meeting, 3,010 voted against the proposal (including voted via electronic transmission), 0 voted invalid the proposal, and 9,864,016 voted abstained/no voted the proposal (including voted via electronic transmission). This proposal as proposed by the board of directors was duly passed as ordinary resolution of the Company.

3. To approve the 2018 profit distribution plan (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The Company's 2018 profits distribution table has been approved by the Board of Directors. The table has been reviewed and evidenced by the report issued by the Audit Committee.
- (2) The proposed profits distribution table/plan is to distribute 2018 Retained Earnings Available for Distribution, inclusive of distribution of the profits to the shareholders at the total amount of NT\$980,750,859, with cash dividends of NT\$12.41 per share, equivalent to US\$0.41161, by adopting foreign exchange rate of US\$1=NT\$30.15.
- (3) In the event the Company subsequently repurchase and retire the treasury stocks or issue new shares, issue any employee restricted stock awards and/or vesting or cancellation of any employee restricted stock awards and thus change the number of total issued and outstanding shares of the Company, it is proposed to authorize the Chairman to adjust the ultimate cash dividend per share based on the total amount of profits resolved to be distributed in the 2019 Annual General Meeting of Members and the number of total issued and outstanding shares on the record date for distribution and proceed relevant matters.
- (4) It is proposed to authorize the Board of the Directors to determine the record date of the cash dividends after this profit proposal is approved by this 2019 Annual General Meeting of Members.
- (5) The 2018 Profit Distribution Table is attached hereto as Attachment IV.
- (6) Please approve the above-mentioned 2018 Profit Distribution Proposal.

Resolution: 68,435,331 shares were represented at the time of voting (including voted via electronic transmission); 58,568,305 voted in favor for the proposal (including voted via electronic transmission), representing 85.58% of the total votes held by the members present in the meeting, 3,010 voted against the proposal (including voted via electronic transmission), 0 voted invalid the proposal, and 9,864,016 voted abstained/no voted the proposal (including voted via electronic transmission). This proposal as proposed by the board of directors was duly passed as ordinary resolution of the Company.

Discussions

1. To approve 2019 Employee Restricted Stock Awards Plan (Proposed by the Board of Directors)

Explanatory Notes:

(1) The Company has established this 2019 Employee Restricted Stock Awards Plan to attract and retain professional personnel needed by the Company, to motivate employees and enhance their centripetal force so as to jointly create the Company's and shareholders' interests. Within one year from the date of the shareholders resolution, the Company may, depending on its actual need, register with the competent authority single tranche or multiple tranche of the restricted shares for the employees. For the number of shares effectively registered, the Company may issue the shares all at once or by tranches. The Chairman is authorized to determine the actual issuance date.

(2) The material terms of 2019 Employee Restricted Stock Awards Plan (the "2019 RSA Plan") are as below:

I. Expected total number of the Restricted Stock Awards ("RSA") issuance:
750,000 ordinary shares, with par value NT\$ 10 per share.

II. The terms and conditions of issuance

i. Issue price: Each RSA will be issued without consideration.

ii. Vesting conditions:

The RSAs granted hereunder will be vested at the equal rate of 25% per year over four (4) years from the RSA vesting commencement date. Each 25% will be vested on the anniversary of the RSA vesting commencement date provided that such grantee employee continuously serves the Company or the subsidiary wholly owned by the Company to each corresponding anniversary.

The chairman shall propose and submit the respective RSA vesting commencement date to the board of directors of the Company for the approval. The RSA vesting commencement date is not required to be the date when the RSA is granted, the date when the board of directors approves such grant, or the date when the grantee employee was on board.

iii. Restrictions before RSA is vested:

①. The grantee employee shall not sell, transfer, make gift of, create other rights or encumbrances on the RSAs, or otherwise dispose of the RSAs in any other manner.

②. All the proposal rights, motion rights, speech rights, voting rights and any other shareholder rights shall be exercised by the trustee or the custodian (as applicable).

③. The restrictions (including but not limited to transfer restrictions and vesting conditions) applicable to any and all unvested RSAs (and any share derived from such RSAs for whatever reason, including share dividend, retained earning capitalization, recapitalization, reserve capitalization and any cash distributed based on such RSAs for whatever reason, including cash dividend and distribution of capital reserve in the form of cash) shall equally apply to any share derived, directly or indirectly, from and cash distributed based on such unvested RSAs for whatever reason, including share dividend, retained earning capitalization, recapitalization, reserve capitalization, cash dividend and distribution of capital reserve in the form of cash, and any interests (collectively, the "Restricted Share and Cash Distribution"). For the avoidance of doubt, for the purpose of this Plan, the unvested RSAs shall include all the corresponding Restricted Share and Cash Distribution, which are subject to the same restrictions and thus unvested.

④. In the case that the grantee employee is an ROC citizen, such employee shall, immediately after the Company issues the RSAs to such employee, trust such RSAs to the trustee designated by the Company in accordance with the Company's instruction and, unless otherwise provided hereunder, shall be continuously trusted till the full satisfaction of the vesting conditions. Any and all the Restricted Share and Cash Distribution derived from the unvested RSAs shall also be put in the trust. In the case that the grantee employee is non-ROC citizen, such employee shall put the RSA with a custodian bank for custody.

⑤. In the event the employee's employment is terminated or inheritance occurs, etc., all the rights attached to the unvested RSAs will be forfeited on the date when the termination of employment or inheritance takes effect, and the Company may redeem such unvested RSAs at no consideration, and then shall cancel such RSAs.

⑥. Other conditions of the plan please refer to Attachment V.

III. Qualifications and conditions for employees and the numbers of shares distributable or subscribable: The eligible employees are limited to the employees of the Company or of the subsidiary wholly owned by the Company who serve as the full-time employees before the RSA are granted. The Chairman shall propose and submit the list of grantee employees and the number of RSAs to be granted to the board of directors of the Company for the approval, in the case of granting the RSA to an

employee who serves as directors and/or officers, to the compensation committee of the Company for review and recommendation and then to the board of directors of the Company for final approval. The actual employees and the number of RSA to be granted will be decided according to relevant laws and regulations and within the limitation of amount thereof, considering seniority, job level, work performance, overall contribution, special achievement, and other factors necessary for management, etc., and considering the Company's operational needs and development strategy.

- IV. The reasons why it is necessary to issue the new RSAs: To attract and retain professional personnel needed by the Company, to motivate employees and enhance their centripetal force so as to jointly create the Company's and shareholders' interests.
- V. The expected amount of expenses and the dilution effect on the Company's earnings per share and any other impact on shareholder's equity: (1) NT\$397,500,000 over four years. (2) The dilution effect on the Company's earnings per share is approximately NT\$0.236. The total numbers to be issued under this plan is approximately 0.948% of the Company's total issued and outstanding shares (79,129,936 shares as of March 31, 2019).

(3) After being approved by the shareholders' resolution, if any amendment is necessary due to any change of laws or regulations, any demand by the competent authority or any requirement of the circumstance, it is proposed to authorize the Chairman or the person designated by the Chairman to make necessary amendment and submit to the board of directors for approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors before the issuance of RSA hereunder.

(4) Please discuss and approve the above proposal.

Resolution: 68,435,331 shares were represented at the time of voting (including voted via electronic transmission); 48,599,098 voted in favor for the proposal (including voted via electronic transmission), representing 71.01% of the total votes held by the members present in the meeting, 9,962,217 voted against the proposal (including voted via electronic transmission), 0 voted invalid the proposal, and 9,874,016 voted abstained/no voted the proposal (including voted via electronic transmission). This proposal as proposed by the board of directors was duly passed as supermajority resolution of the Company.

2. To approve the amendment of the Company's Amended and Restated Articles of Association (Proposed by the Board of Directors)

Explanatory Notes:

- (1) In response to the latest amendment of the ROC Company Act, which has been incorporated into the Checklist for Protecting Shareholders of Foreign Issuer, and the requirement of Taipei Exchange, certain amendments to the Company's Amended and Restated Articles of Association are recommended.
- (2) The comparison table of the amended to the amended and restated articles is attached hereto as Attachment VII.
- (3) Please approve the above-mentioned proposal.

Resolution: 68,435,331 shares were represented at the time of voting (including voted via electronic transmission); 58,568,305 voted in favor for the proposal (including voted via electronic transmission), representing 85.58% of the total votes held by the members present in the meeting, 3,010 voted against the proposal (including voted via electronic transmission), 0 voted invalid the proposal, and 9,864,016 voted abstained/no voted the proposal (including voted via electronic transmission). This proposal as proposed by the board of directors was duly passed as special resolution of the Company.

3. To approve the amendment of the Company's procedures of acquisition or disposal of assets (Proposed by the Board of Directors)

Explanatory Notes:

- (1) In response to the latest amendments to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", certain amendments to the Company's procedures of acquisition or disposal of assets are recommended.
- (2) The comparison table of the amended articles is attached hereto as Attachment VIII.
- (3) Please approve the above-mentioned proposal.

Resolution: 68,435,331 shares were represented at the time of voting (including voted via electronic transmission); 58,376,305 voted in favor for the proposal (including voted via electronic transmission), representing 85.30% of the total votes held by the members present in the meeting, 3,010 voted against the proposal (including voted via electronic transmission), 0 voted invalid the proposal, and 10,056,016 voted abstained/no voted the proposal (including voted via electronic transmission). This proposal as proposed by the board of directors was duly passed as ordinary resolution of the Company.

4. To approve the amendment of the Company's procedures for lending funds to other parties (Proposed by the Board of Directors)

Explanatory Notes:

- (1) In response to the latest amendments to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", certain amendments to the Company's procedures for lending funds to other parties are recommended.
- (2) The comparison table of the amended articles is attached hereto as Attachment IX.
- (3) Please approve the above-mentioned proposal.

Resolution: 68,435,331 shares were represented at the time of voting (including voted via electronic transmission); 58,341,544 voted in favor for the proposal (including voted via electronic transmission), representing 85.25% of the total votes held by the members present in the meeting, 3,010 voted against the proposal (including voted via electronic transmission), 0 voted invalid the proposal, and 10,090,777 voted abstained/no voted the proposal (including voted via electronic transmission). This proposal as proposed by the board of directors was duly passed as ordinary resolution of the Company.

5. To approve the amendment of the Company's procedures for endorsement and guarantee (Proposed by the Board of Directors)

Explanatory Notes:

- (1) In response to the latest amendments to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", certain amendments to the Company's procedures for endorsement and guarantee are recommended.
- (2) The comparison table of the amended articles is attached hereto as Attachment X.
- (3) Please approve the above-mentioned proposal.

Resolution: 68,435,331 shares were represented at the time of voting (including voted via electronic transmission); 58,341,544 voted in favor for the proposal (including voted via electronic transmission), representing 85.25% of the total votes held by the members present in the meeting, 3,010 voted against the proposal (including voted via electronic transmission), 0 voted invalid the proposal, and 10,090,777 voted abstained/no voted the proposal (including voted via electronic transmission). This proposal as proposed by the board of directors was duly passed as ordinary resolution of the Company.

Election Items

To re-elect the Directors (Independent Directors inclusive) of the Company's Board of Directors

Explanatory Notes:

- (1) The term of office of the incumbent Directors (Independent Directors inclusive) will expire on October 27, 2019. The Board of Directors proposes to re-elect the successive Directors, including 3 Independent Directors, in the Company's 2019 Annual General Meeting. The successive 9 Directors will serve a three (3) years term starting from October 28, 2019 to October 27, 2022. The term of the incumbent Directors shall expire immediately before the successive Directors assume the position.
- (2) According to Article 102 of the Company Articles, the candidate nomination mechanism shall be used for the election of Independent Directors and the shareholders shall elect the Independent Directors among the candidates nominated in the list of the candidates. The list of the independent Directors candidates, including the candidate's qualification, conditions and other related information, is attached hereto as Attachment XI.
- (3) Rules for Election of Directors is attached hereto as Appendix III.
- (4) Please re-elect the Directors.

Resolution: List of Directors (Independent Directors inclusive) re-elected and votes received by each Director (Independent Directors inclusive) are as follows:

| Title | Director's name | Number of Votes Voted FOR |
|----------------------|----------------------|---------------------------|
| Director | Ji Zhao | 34,704,827 |
| Director | Ming Qu | 34,112,512 |
| Director | Cyrus Ying-Chun Tsui | 26,299,271 |
| Director | Chen, Hao | 26,111,011 |
| Director | Yang, Jung Kung | 25,670,216 |
| Director | Huang, Ta-Lun | 23,835,531 |
| Independent Director | Shen, Jen Lin | 32,807,878 |
| Independent Director | Dennis Lynn Segers | 31,416,937 |
| Independent Director | Charlie Xiaoli Huang | 31,324,267 |

Questions and Motions

There is no *ad hoc* motion after consultation with all present shareholders. The Chairman declares that the meeting is adjourned.

Ji Zhao
Chairman

Yo-Ming Chang
Recorder

**Parade Technologies, Ltd.
2018 Business Report**

Dear Shareholders,

Parade achieved the new records of both revenue and net income in 2018. The revenue and net income were US\$343.15 million or NT\$10.36 billion and US\$65.06 million or NT\$1.97 billion, respectively. During the past year, the semiconductor industry faced the headwind in many aspects, the focus on the core competencies of high-speed and advanced display helped us to maintain our leadership and win market share successfully. Our product lines of high-speed interface devices, eDP-Tcon, high-speed source drivers and TrueTouch controllers are healthy and strong. In addition, the success of development in state-of-art technologies has been further expanding our business into high-growth areas.

Parade kept the growth momentum in high-speed interface market in 2018. Our long-term investment in high-speed technologies continues generating great results. We developed many key high-speed technologies and accumulated a large high-speed product portfolio. Our high-speed solutions gained a large scale of adoption in the applications such as notebook, tablets, high-end TV, AR and VR, and high-speed dock and dongle. The market adopted the Superspeed USB Type-C (10Gbps) rapidly in the past year. Our USB Type-C high-speed technologies and products scored many Tie 1 design wins. The further speed increase (>10Gbps) requires more advanced high-speed technologies and creates the further opportunities for us. The initiative to develop sever-class PCIe Gen 4 (16Gbps) high-speed products has been making great progress. Our PCIe Gen 4 products achieved successful PCIe Gen 4 inter-op tests on multiple platforms from industry leaders. It is expected that such tests will strengthen our leadership positions and establish the base for the solid PCIe Gen 4 products.

Parade leveraged its leading position and extensive knowledge in embedded DisplayPort area to gain market share. While offering competitive eDP-Tcon solution for general market, we developed the customized eDP-Tcon products for the advanced display of the leading global brands. We also have been working with industry panel leaders to advance display technologies and products to the new highs. The successful development of world 1st PSR TED (Tcon-Embedded-Driver) again demonstrated our capability and technology leadership. TED products enable the narrow-bezel and low-power panels for notebooks and tablets. Our 1st TED products entered the mass production recently. It is glad to see OEMs and panel vendors are quickly adopting TED-enabled panels. As a result, we are developing and expanding our TED product line offers currently.

Parade's SIPI LCD driver scored many design wins in 2018. Our strategy on bundle-sale of our high-speed SIPI drivers and leading eDP-Tcon demonstrated unique value and advantages. Customers are happy with our high quality and speedy go-to-market solutions. Consequently, SIPI driver technologies and products continue gaining the market share.

Parade's TDDI technology and products are maturing. We have been heavily qualifying our solutions in many LCD panel vendors, LCM vendors and smartphone OEMs. Our TDDI is winning the customers. We have been developing multiple advanced TDDI devices to improve our market coverage and support narrow-bezel panel trend for smartphones. In addition, TureTouch products continue serving its customers in many applications while its IPs have been integrated into current and new category display products.

Parade's consolidated net income in 2018 was US\$65.06 million (NT\$1.97 billion), an increase of 2.34% from US\$63.57 million (NT\$1.93 billion) in year 2017. Earnings per diluted share in 2018 were US\$0.81 (NT\$24.66), an increase of 0% from US\$0.81 (NT\$24.55) in 2017. Gross profit margin was 41.47% as compared to 40.45% in 2017, while operating profit margin was 18.79% down from 19.03% of the prior year.

In order to continuously grow our technology capabilities and product portfolios, we keep focusing on our employees and intellectual property. We are committed to recruiting and investing in the highest quality research & development (R&D) staff, As of December 31, 2018, Parade has a total of 458 employees, up 24 from 2017. Out of 458 employees, 289 were engaged in research, development and related engineering. We hold 228 granted patents and 50 patent applications pending at the end of year 2018.

Looking forward, we are exciting about our strategy, technologies and product portfolio to provide the advanced solutions for the markets we are serving. With our leading positions and broad adoption by global tier-1 customers, we believe Parade is well positioned to generate favorable results for our shareholders.

We appreciate the solid support from all of our shareholders!

Jack Zhao
Chairman and CEO
April 30, 2019

Audit Committee's Report

The Board of Directors has prepared the Company's 2018 Business Report, consolidated Financial Statements and proposal for allocation of profits. The CPA firm of PricewaterhouseCoopers was retained to audit Parade's consolidated Financial Statements and has issued an audit report relating to the consolidated Financial Statements. The Business Report, consolidated Financial Statements and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Parade Technologies, Ltd. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Parade Technologies, Limited.

Chairman of the Audit Committee: Norman Shen



April 30, 2019

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Parade Technologies, Ltd.

Opinion

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

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

Basis for opinion

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

Key audit matters

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

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

Goodwill impairment

Description

Refer to Note 4(13) (non-financial asset impairment), Note 5(2) (Critical accounting estimates and assumptions) and Note 6(5) (Goodwill) to the consolidated financial statements where the impairment of non-financial assets and goodwill has been discussed.

To achieve the Group's roadmap for display and touch integration solutions and to improve the operational efficiency of the industry supply chain, the Group acquired Cypress Semiconductor Corp.'s TrueTouch® Mobile touchscreen business in 2015. The balance of goodwill arising from acquisitions as at December 31, 2018 was NT\$ 1,506,873 thousand.

The Group uses 5-year cash flow forecasts to determine the recovery amount of goodwill; however, the measurement results in a large extent depend on management's assumptions, including the discount rate and the estimated growth rate used, which are subject to management's judgements with considerable uncertainty. Therefore, the goodwill impairment assessment is a key audit matter this year.

How our audit addressed the matter

Our procedures in relation to the key audit matter included:

1. Evaluated the rationality of the evaluation model using the nature of the Group.
2. Confirmed that the future cash flow used in the evaluation model is consistent with the next 5-year budget provided by the Group.
3. Assessed the appropriateness of key assumptions used, such as growth rate and discount rate.

Inventory impairment losses

Description

Refer to Note 4(10) (Inventories), Note 5(2) (Critical accounting estimates and assumptions) and Note 6(3) (Inventories) to the consolidated financial statements where the accounting policy, accounting estimates and assumptions of inventories and allowance for reduction of inventories to market values have been discussed.

Losses on inventories and allowances as at December 31, 2018 was NT\$1,259,841 thousand and NT\$160,052 thousand, respectively.

The rapid changes in the technology of the industries in which the Group is involved and the net realizable value used in the evaluation of obsolete inventories often involve subjective judgements and therefore highly uncertain estimates. Inventories are measured at the lower of cost and net realizable value. The impact of inventories and its allowance for diminution in value has a significant impact on the financial statements. Therefore, the loss on inventories and allowances assessment is a key audit matter this year.

How our audit addressed the matter

Our procedures in relation to the key audit matter included:

1. The valuation of inventory impairment losses adopted the understanding of the nature of the industry, and it is confirmed that the accounting policy is consistent with the previous period.
2. Verified the appropriateness of the system logic for evaluating the inventory aging report to confirm that the report information is consistent with the Company's policies.

Reviewed the historical information of inventories, supplemented by inspecting the amount of provision after the reference period, and then assessed the reasonableness of the loss provision.

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

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

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

Those charged with governance, including the audit committee, 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 judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

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

Liang, Hua-Ling

Lai, Chung-Hsi

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2019

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

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

PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| ASSETS | Notes | December 31, 2018 | | December 31, 2017 | | |
|---------------------------|------------------------------------|-------------------|----------------------|-------------------|----------------------|------------|
| | | Amount | % | Amount | % | |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 6,011,928 | 50 | \$ 4,763,227 | 45 |
| 1170 | Accounts receivable, net | 6(2) | 1,411,407 | 12 | 1,555,625 | 15 |
| 130X | Inventories, net | 6(3) | 1,099,789 | 9 | 1,020,015 | 9 |
| 1470 | Other current assets | | 540,247 | 4 | 288,120 | 3 |
| 11XX | Total current assets | | <u>9,063,371</u> | <u>75</u> | <u>7,626,987</u> | <u>72</u> |
| Non-current assets | | | | | | |
| 1600 | Property, plant and equipment, net | 6(4) | 326,052 | 3 | 261,470 | 3 |
| 1780 | Intangible assets | 6(5) | 2,560,397 | 21 | 2,640,450 | 25 |
| 1840 | Deferred income tax assets | 6(16) | 59,772 | 1 | 38,694 | - |
| 1900 | Other non-current assets | | 24,853 | - | 24,344 | - |
| 15XX | Total non-current assets | | <u>2,971,074</u> | <u>25</u> | <u>2,964,958</u> | <u>28</u> |
| 1XXX | TOTAL ASSETS | | <u>\$ 12,034,445</u> | <u>100</u> | <u>\$ 10,591,945</u> | <u>100</u> |

(Continued)

PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| LIABILITIES AND EQUITY | Notes | December 31, 2018 | | December 31, 2017 | |
|---|---|----------------------|------------|----------------------|------------|
| | | Amount | % | Amount | % |
| Current liabilities | | | | | |
| 2170 | Accounts payable | \$ 971,566 | 8 | \$ 767,441 | 7 |
| 2200 | Other payables | 6(6) 625,103 | 5 | 614,049 | 6 |
| 2230 | Current income tax liabilities | 6(16) 491,583 | 4 | 585,621 | 6 |
| 2300 | Other current liabilities | 224,699 | 2 | 246,422 | 2 |
| 21XX | Total current liabilities | <u>2,312,951</u> | <u>19</u> | <u>2,213,533</u> | <u>21</u> |
| 2XXX | Total liabilities | <u>2,312,951</u> | <u>19</u> | <u>2,213,533</u> | <u>21</u> |
| Equity attributable to owners of the Company | | | | | |
| Share capital | | | | | |
| | | 6(9) | | | |
| 3110 | Ordinary shares | 790,147 | 7 | 783,766 | 7 |
| Capital reserves | | | | | |
| | | 6(10) | | | |
| 3200 | Capital reserves | 2,817,047 | 23 | 2,562,661 | 24 |
| Retained earnings | | | | | |
| | | 6(11) | | | |
| 3310 | Legal reserve | 807,466 | 7 | 614,295 | 6 |
| 3320 | Special reserve | 246,657 | 2 | 8,324 | - |
| 3350 | Unappropriated earnings | 5,825,247 | 49 | 5,251,928 | 50 |
| Other equity | | | | | |
| 3400 | Other equity | (561,620) | (5) | (842,562) | (8) |
| 3500 | Treasury shares | 6(9) (203,450) | (2) | - | - |
| 31XX | Equity attributable to owners of the Company | <u>9,721,494</u> | <u>81</u> | <u>8,378,412</u> | <u>79</u> |
| 3XXX | Total equity | <u>9,721,494</u> | <u>81</u> | <u>8,378,412</u> | <u>79</u> |
| Significant contingent liabilities and unrecognized contract commitments | | | | | |
| Significant events after the balance sheet date | | | | | |
| 3X2X | TOTAL LIABILITIES AND EQUITY | <u>\$ 12,034,445</u> | <u>100</u> | <u>\$ 10,591,945</u> | <u>100</u> |

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

PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

| | Notes | 2018 | | 2017 | |
|---|-----------------|---------------------|--------------|---------------------|--------------|
| | | Amount | % | Amount | % |
| 4000 Revenue | 6(13) | \$ 10,363,888 | 100 | \$ 10,351,803 | 100 |
| 5000 Cost of goods sold | 6(3)(14)(15) | (6,065,144) | (58) | (6,164,614) | (60) |
| 5900 Gross profit | | <u>4,298,744</u> | <u>42</u> | <u>4,187,189</u> | <u>40</u> |
| Operating expenses | 6(14)(15) and 7 | | | | |
| 6100 Sales and marketing expenses | | (481,584) | (5) | (507,068) | (5) |
| 6200 General and administrative expenses | | (337,207) | (3) | (322,865) | (3) |
| 6300 Research and development expenses | | (1,528,150) | (15) | (1,388,734) | (13) |
| 6000 Total operating expenses | | <u>(2,346,941)</u> | <u>(23)</u> | <u>(2,218,667)</u> | <u>(21)</u> |
| 6900 Operating income | | <u>1,951,803</u> | <u>19</u> | <u>1,968,522</u> | <u>19</u> |
| Non-operating income and expenses | | | | | |
| 7010 Other income | | 16,227 | - | 6,569 | - |
| 7020 Other gains and losses | | (666) | - | (4,864) | - |
| 7000 Total non-operating income and expenses | | <u>15,561</u> | <u>-</u> | <u>1,705</u> | <u>-</u> |
| 7900 Income before income tax | | <u>1,967,364</u> | <u>19</u> | <u>1,970,227</u> | <u>19</u> |
| 7950 Income tax benefit (expense) | 6(16) | 1,998 | - | (38,518) | - |
| 8000 Net income for the year from continuing operations | | <u>1,969,362</u> | <u>19</u> | <u>1,931,709</u> | <u>19</u> |
| Other comprehensive income (loss) | | | | | |
| Components of other comprehensive income (loss) that will not be reclassified to profit or loss | | | | | |
| 8361 Other comprehensive income (loss), before tax, exchange differences on translation | | 280,377 | 3 | (592,223) | (6) |
| 8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss | | <u>280,377</u> | <u>3</u> | <u>(592,223)</u> | <u>(6)</u> |
| 8500 Total comprehensive income for the year | | <u>\$ 2,249,739</u> | <u>22</u> | <u>\$ 1,339,486</u> | <u>13</u> |
| Net income, attributable to: | | | | | |
| 8610 Owners of the Company | | <u>\$ 1,969,362</u> | <u>19</u> | <u>\$ 1,931,709</u> | <u>19</u> |
| Comprehensive income attributable to: | | | | | |
| 8710 Owners of the Company | | <u>\$ 2,249,739</u> | <u>22</u> | <u>\$ 1,339,486</u> | <u>13</u> |
| Earnings per share | | | | | |
| 9750 Basic earnings per share | 6(12) | <u>\$ 25.67</u> | | <u>\$ 25.49</u> | |
| 9850 Diluted earnings per share | 6(12) | <u>\$ 24.66</u> | | <u>\$ 24.55</u> | |

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

PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | | Equity attributable to owners of the parent | | | | | | | | | | | |
|------------------|-----------------|--|---|--|--------------------------|-------------------|-------------------|-------------------------|--|-----------------------|----------------------|----------------------|---------------------|
| | | Capital Reserves | | | | Retained Earnings | | | Other Equity | | | | |
| Notes | Ordinary shares | Paid-in capital in excess of ordinary shares | Capital reserve from employee stock options | Capital reserve from restricted stocks | Capital reserve - others | Legal reserve | Special reserve | Unappropriated earnings | Currency translation differences of foreign operations | Unearned compensation | Treasury shares | Total | |
| Year 2017 | | | | | | | | | | | | | |
| | | \$ 773,049 | \$ 1,339,185 | \$ 150,797 | \$ 633,144 | \$ 36,423 | \$ 478,681 | \$ 8,324 | \$ 4,151,202 | \$ 345,567 | (\$ 414,540) | \$ - | \$ 7,501,832 |
| | | - | - | - | - | - | - | - | 1,931,709 | - | - | - | 1,931,709 |
| | | - | - | - | - | - | - | - | (592,223) | - | - | (592,223) | - |
| | | - | - | - | - | - | - | - | 1,931,709 | (592,223) | - | - | 1,339,486 |
| | 6(8) | - | - | - | - | - | - | - | - | - | 200,144 | - | 200,144 |
| | 6(8)(9) | 1,995 | 53,962 | (23,634) | - | - | - | - | - | - | - | - | 32,323 |
| | | 9,109 | - | - | 390,595 | - | - | - | - | - | (399,704) | - | - |
| | 6(8) | (387) | - | - | (17,811) | - | - | - | 375 | - | 18,194 | - | 371 |
| | 6(9) | - | - | - | - | - | - | - | - | - | - | (60,844) | (60,844) |
| | 6(9) | - | - | - | - | - | - | - | - | - | 60,844 | - | 60,844 |
| | 6(11) | - | - | - | - | - | - | - | - | - | - | - | - |
| | | - | - | - | - | 135,614 | - | (135,614) | - | - | - | - | - |
| | | - | - | - | - | - | - | (695,744) | - | - | - | - | (695,744) |
| | | <u>\$ 783,766</u> | <u>\$ 1,393,147</u> | <u>\$ 127,163</u> | <u>\$ 1,005,928</u> | <u>\$ 36,423</u> | <u>\$ 614,295</u> | <u>\$ 8,324</u> | <u>\$ 5,251,928</u> | <u>(\$ 246,656)</u> | <u>(\$ 595,906)</u> | <u>\$ -</u> | <u>\$ 8,378,412</u> |
| Year 2018 | | | | | | | | | | | | | |
| | | \$ 783,766 | \$ 1,393,147 | \$ 127,163 | \$ 1,005,928 | \$ 36,423 | \$ 614,295 | \$ 8,324 | \$ 5,251,928 | (\$ 246,656) | (\$ 595,906) | \$ - | \$ 8,378,412 |
| | | - | - | - | - | - | - | - | 1,969,362 | - | - | - | 1,969,362 |
| | | - | - | - | - | - | - | - | - | 280,377 | - | - | 280,377 |
| | | - | - | - | - | - | - | - | 1,969,362 | 280,377 | - | - | 2,249,739 |
| | 6(8) | - | - | - | - | - | - | - | - | - | 246,603 | - | 246,603 |
| | 6(8)(9) | 1,354 | 16,524 | (3,149) | - | - | - | - | - | - | - | - | 14,729 |
| | | 5,828 | - | - | 269,889 | - | - | - | - | - | (275,717) | - | - |
| | | - | 527,591 | - | (527,591) | - | - | - | - | - | - | - | - |
| | 6(8) | (801) | - | - | (28,878) | - | - | - | 1,060 | - | 29,679 | - | 1,060 |
| | 6(9) | - | - | - | - | - | - | - | - | - | - | (284,138) | (284,138) |
| | 6(9) | - | - | - | - | - | - | - | - | - | 80,688 | - | 80,688 |
| | 6(11) | - | - | - | - | - | - | - | - | - | - | - | - |
| | | - | - | - | - | 193,171 | - | (193,171) | - | - | - | - | - |
| | | - | - | - | - | - | 238,333 | (238,333) | - | - | - | - | - |
| | | - | - | - | - | - | - | (965,599) | - | - | - | - | (965,599) |
| | | <u>\$ 790,147</u> | <u>\$ 1,937,262</u> | <u>\$ 124,014</u> | <u>\$ 719,348</u> | <u>\$ 36,423</u> | <u>\$ 807,466</u> | <u>\$ 246,657</u> | <u>\$ 5,825,247</u> | <u>\$ 33,721</u> | <u>(\$ 595,341)</u> | <u>(\$ 203,450)</u> | <u>\$ 9,721,494</u> |

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

PARADE TECHNOLOGIES, LTD. 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> | | | |
| Income before income tax for the year | | \$ 1,967,364 | \$ 1,970,227 |
| Adjustments | | | |
| Adjustments to reconcile profit or loss | | | |
| Depreciation | 6(4)(14) | 98,392 | 72,405 |
| Amortization | 6(5)(14) | 249,138 | 227,804 |
| Loss on disposal of equipment | 6(4) | - | 961 |
| Share-based compensation cost | 6(8)(15) | 246,603 | 200,144 |
| Interest income | | (8,277) | (1,844) |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Accounts receivable | | 194,400 | (140,294) |
| Inventories | | (46,871) | (236,455) |
| Other current assets | | (185,878) | (16,221) |
| Changes in operating liabilities | | | |
| Accounts payable | | 179,368 | (126,119) |
| Other payables | | (8,755) | 111,259 |
| Other current liabilities | | (29,672) | (42,621) |
| Cash inflow provided by operations | | 2,655,812 | 2,019,246 |
| Interest received | | 8,356 | 1,661 |
| Income tax paid | | (182,618) | (107,835) |
| Income tax received | | - | 156,380 |
| Net cash flows from operating activities | | 2,481,550 | 2,069,452 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Acquisition of equipment | 6(4) | (157,413) | (201,126) |
| Acquisition of intangible assets | 6(5) | (87,010) | (116,335) |
| Decrease in refundable deposits | | 276 | 800 |
| Net cash flows used in investing activities | | (244,147) | (316,661) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Proceeds from exercise of employee stock options | | 14,729 | 32,323 |
| Purchase of treasury shares | 6(9) | (284,138) | (60,844) |
| Treasury shares reissued to employees | 6(9) | 80,688 | 60,844 |
| Cash dividends paid | 6(11) | (965,599) | (695,744) |
| Cash dividend recovered from cancellation of share-based compensation | | 1,060 | 371 |
| Net cash flows used in financing activities | | (1,153,260) | (663,050) |
| Effect of exchange rate changes on cash and cash equivalents | | 164,558 | (357,353) |
| Increase in cash and cash equivalents | | 1,248,701 | 732,388 |
| Cash and cash equivalents at beginning of year | | 4,763,227 | 4,030,839 |
| Cash and cash equivalents at end of year | | \$ 6,011,928 | \$ 4,763,227 |

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



Attachment IV

Parade Technologies., Ltd.
 盈餘分配表 (Proposal of Profit Distribution)
 民國一百零七年十二月三十一日 (December 31, 2018)

| 項目 (Description) | | NT\$ | | US\$ | |
|-----------------------|---|---------------|---------------|---------------|-------------|
| | | 小計 (Subtotal) | 合計 (Total) | 小計 (Subtotal) | 合計 (Total) |
| 民國一百零七年度稅後淨利(註) | FY 2018 Net Income (Note) | 1,969,361,563 | 1,969,361,563 | 65,058,100 | 65,058,100 |
| 減: | subtract: | | | | |
| 提列10%法定盈餘公積 | 10% legal reserve | - | - | - | - |
| 提列特別盈餘公積 | Special reserve | (238,333,261) | | (8,255,092) | |
| 民國一百零七年度可供分配盈餘 | Retained Earnings in 2018 Available for Distribution | | 2,207,694,824 | | 73,313,192 |
| 加: | Plus: | | | | |
| 以前年度未分配盈餘 | Unappropriated Retained Earnings of Previous Years | 3,853,749,463 | | 123,596,907 | |
| 至民國一百零七年底可分配盈餘 | Retained Earnings Available for Distribution as of 12/31/2018 | | 6,061,444,287 | | 196,910,099 |
| 分配項目: | Distribution Items: | | | | |
| 普通股股東紅利-現金(每股 12.41元) | - Cash dividends to ordinary shareholders (NT\$12.41 per share) | 980,750,859 | | 32,529,050 | |
| 普通股股東紅利-股票(每股 0元) | - Stock dividends to ordinary shareholders (NT\$0 per share) | - | | - | |
| 分配項目合計 | Subtotal | 980,750,859 | | 32,529,050 | |
| 期末未分配盈餘 | Unappropriated Retained Earnings | | 5,080,693,428 | | 164,381,049 |

Chairman: Ji Zhao



CEO: Ji Zhao



Sr. VP of Finance: Judy Wang



Parade Technologies, Ltd.
2019 Employee Restricted Stock Awards Plan
(English Version is for reference only)

I. Purpose

To attract and retain professional personnel needed by the Company, to motivate employees and enhance their centripetal force so as to jointly create the Company's and shareholders' interests, the Company hereby establishes this Employee Restricted Stock Awards Plan (this "Plan").

II. Issuance Period

Within one year from the date of the shareholders resolution, the Company may, depending on its actual need, register with the competent authority single tranche or multiple tranche of the restricted shares for the employees. For the number of shares effectively registered, within one year starting from the date when the effective notice issued by the competent authority is received, the Company may issue the shares all at once or by tranches. The chairman is authorized to determine the actual issuance date.

III. The eligibility of employees

1. The eligible employees are limited to the employees of the Company or of the subsidiary wholly owned by the Company who serve as the full-time employees before the restricted stocks awards for the employee (the "RSA") are granted. For the purpose of this plan, grant means granting without consideration.
2. The chairman shall propose and submit the list of grantee employees and the number of RSAs to be granted to the board of directors of the Company for the approval, in the case of granting the RSA to an employee who serves as directors and/or officers, to the compensation committee of the Company for review and recommendation and then to the board of directors of the Company for final approval. The actual employees and the number of RSA to be granted will be decided according to relevant laws and regulations and within the limitation of amount thereof, considering seniority, job level, work performance, overall contribution, special achievement, and other factors necessary for management, etc., and considering the Company's operational needs and development strategy.
3. When the Company issues employee stock options under Article 56-1, paragraph 1 of "Regulations Governing the Offering and Issuance Securities by Securities Issuers" (the "Regulations"), which applies

mutatis mutandis to the Company in accordance with Article 60 of Regulations Governing the Offering and Issuance of Securities by Foreign Issuers, the cumulative number of shares subscribable by a single employee of the employee stock option, in combination with the cumulative number of RSAs obtained by such employee, may not exceed 0.3 percent of the Company's total issued shares. And the above in combination with the cumulative number of shares subscribable by such employee of employee stock options issued by the Company under Article 56, paragraph 1 of the Regulations, may not exceed 1 percent of the Company's total issued shares.

IV. Total number of RSAs

The total number of restricted shares to be issued under this Plan is 750,000 ordinary shares, at the par value of NT\$10.

V. Terms and conditions of the issuance

1. Issue price

Each RSA will be issued without consideration.

2. Vesting conditions

The RAs granted hereunder will be vested at the equal rate of 25% per year over four (4) years from the RSA vesting commencement date. Each 25% will be vested on the anniversary of the RSA vesting commencement date provided that such grantee employee continuously serves the Company or the subsidiary wholly owned by the Company to each corresponding anniversary.

The chairman shall propose and submit the respective RSA vesting commencement date to the board of directors of the Company for the approval. The RSA vesting commencement date is not required to be the date when the RSA is granted, the date when the board of directors approves such grant, or the date when the grantee employee was on board.

3. The class of shares to be issued:

The Company's ordinary share. Except for restrictions provided under Section 4 hereof, other rights and obligations of the RSAs shall be the same as the issued and outstanding ordinary shares of the Company.

4. Restrictions before the vesting conditions are fully satisfied
 - (1) The grantee employee shall not sell, transfer, make gift of, create other rights or encumbrances on the RSAs, or otherwise dispose of the RSAs in any other manner.
 - (2) All the proposal rights, motion rights, speech rights, voting rights and any other shareholder rights shall be exercised by the trustee or the custodian (as applicable).
 - (3) The restrictions (including but not limited to transfer restrictions and vesting conditions) applicable to any and all unvested RSAs (and any share derived from such RSAs for whatever reason, including share dividend, retained earning capitalization, recapitalization, reserve capitalization and any cash distributed based on such RSAs for whatever reason, including cash dividend and distribution of capital reserve in the form of cash) shall equally apply to any share derived, directly or indirectly, from and cash distributed based on such unvested RSAs for whatever reason , including share dividend, retained earning capitalization, recapitalization, reserve capitalization, cash dividend and distribution of capital reserve in the form of cash, and any interests (collectively, the “**Restricted Share and Cash Distribution**”). For the avoidance of doubt, for the purpose of this Plan, the unvested RSAs shall include all the corresponding Restricted Share and Cash Distribution, which are subject to the same restrictions and thus unvested.
 - (4) The other rights and obligations of the RSAs shall be the same as the issued and outstanding ordinary shares of the Company.
5. Effect in the event of any non-satisfaction of vesting conditions, early termination of the employment, or inheritance, etc.
 - (1) Unless otherwise provided under clause (2) hereunder, if the vesting conditions are not fully satisfied, as to the RSAs that would have been vested were the conditions fully satisfied, the Company may redeem such RSAs at no consideration, and then shall cancel such RSAs.
 - (2) In the event the employee’s employment is terminated or inheritance occurs, etc., all the rights attached to the unvested RSAs will be forfeited on the date when the termination of employment or inheritance takes effect, and the Company may redeem such unvested RSAs at no consideration, and then shall cancel such RSAs.

- (a) Retirement or job-leaving (including voluntary resignation, lay off or fire for any reason)

All the rights attached to the unvested RSAs will be forfeited on the date when the retirement or termination of employment (including voluntary resignation, laid off or fire for any reason) takes effect, and the Company may redeem all such RSAs at no consideration, and then shall cancel such RSAs.

- (b) Death

All the rights attached to the unvested RSAs will be forfeited upon the date when the employee deceases, and the Company may redeem all such RSAs at no consideration, and then shall cancel such RSAs.

- (c) Occupational accidents

- (i) If the grantee employee cannot continue his/her employment with the Company as a result of occupational accidents, all the RSAs that have been granted will be vested on the date when the termination of employment takes effect, unless otherwise provided by laws or regulations.
- (ii) If the grantee employee passes away as a result of occupational accidents, all the RSAs that have been granted will be vested to his/her inheritor(s), unless otherwise provided by laws or regulations.

- (d) Job transfer

If any grantee employee applies for transfer to the Company's affiliated enterprises or other companies, clause (a) hereunder will apply to the unvested RSAs. However, if any grantee employee is transferred to the Company's affiliated enterprises or other companies due to the Company's operational needs, the RSAs that have been granted to him/her will not be affected by the job transfer.

- (e) Leave of absence without pay

If any grantee employee takes leave of absence without pay under the approval of the Company, the rights attached to the unvested RSAs will resume on the date of his/her reinstatement. However, the time period set forth in the vesting conditions of paragraph 2 shall defer for a period corresponding to the time period of the leave of absence.

(f) Termination of employment due to other causes

In the event of termination or adjustment of employment not set forth above, the chairman or the board of directors may, to the extent permitted by applicable laws and regulation, determine to change or revoke the granted rights.

VI. Procedure of Granting

The chairman is authorized to determine the record date for granting and the record date for share issue for each tranche of issuance.

VII. Acceleration of vesting

If the shareholders' meeting of the Company resolves to have the Company dissolved, merged into other company or become one hundred percent subsidiary of other company by means of share exchange (or other merger and acquisition methods), whether the vesting conditions are fully satisfied or not, one hundred percent of the RSAs granted to the employee shall become vested from the date when the resolution has been made by the shareholders' meeting.

VIII. Confidentiality and effect of breaching

1. After the employee has been granted the restricted shares, the employee shall comply with the confidentiality clause and shall not inquire about or disclose the relevant information to other people (including but not limited to the number of the RSAs granted to such employees and the relevant rights); in the event of any breach thereof, and the Company may redeem all or portion such RSAs at no consideration, and then shall cancel such RSAs.
2. After the RSAs are granted to the employee, if the employee materially breaches the labor contract, employment agreement, work rules or employee handbook, or other the Company's or the subsidiary's rules announced after this Plan has been effective, etc., and the Company may redeem all or portion such RSAs at no consideration and then shall cancel such RSAs.

IX. Miscellaneous

1. In the case that the grantee employee is an ROC citizen, such employee shall, immediately after the Company issues the RSAs to such employee, trust such RSAs to the trustee designated by the Company in accordance with the Company's instruction and, unless otherwise provided hereunder, shall be continuously trusted till the full satisfaction of the vesting conditions. Any and all the Restricted

Share and Cash Distribution derived from the unvested RSAs shall also be put in the trust. In the case that the grantee employee is non-ROC citizen, such employee shall put the RSA with a custodian bank for custody.

2. This plan shall be approved by the board of directors and then submitted to the shareholders' meeting for approval and shall become effective after registration with the competent authority. If any amendment is necessary due to any change of laws or regulations, any demand by the competent authority or any requirement of the circumstance, the chairman is authorized to make necessary amendment and submit to the board of directors for approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors before the issuance of RSA hereunder; provided, however, that any amendment to the total number of RSAs, the substantial change in the terms and conditions of the issuance, such amendment shall be submitted to the shareholders' meeting.
3. Any other matters not set forth in this Plan shall be dealt with in accordance with the applicable laws and regulations.

Parade Technologies, Ltd.

Share Repurchase and Employee Incentive Plan

Date: October 12, 2018

Article 1. In order to motivate employees and enhance their centripetal force, the Company hereby establishes this Share Repurchase and Employee Incentive Plan (this “**Plan**”) pursuant to subparagraph 1 of paragraph 1 of Article 28-2 of Securities and Exchange Act, Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies by Financial Supervisory Commission and other related statutes, regulations and orders. Unless otherwise provided in the applicable laws, the repurchase of the shares and the subsequent transfer thereof to the employees shall be conducted pursuant to this Plan.

(Class, Substance and Limitation of Rights of Shares)

Article 2. The shares (the “**Shares**”) to be transferred to the employees are ordinary shares. Unless provided otherwise in the Applicable Laws or this Plan, Shares bear the same rights and obligations as other Company’s outstanding ordinary shares.

(Transfer Period)

Article 3. The Company may transfer the Shares, in whole or in tranches, to the employees within 3 years commencing from the date of repurchase in accordance with this Plan.

(Qualifications of the Transferee)

Article 4. The full-time employees (i) (x) of the Company or (y) of any domestic or foreign company in which the Company’s more than 50% of its total number of voting shares are directly or indirectly held by the Company or any subsidiary as defined and permitted under the Financial Supervisory Commission letter, Ref. Jin-Guan-Zheng-Fa-Zi No. 1070321630 and (ii) (x) are employed more than one year from the record date of subscription, or (y) have special achievements and are

approved by the Board of Directors (individually and collectively referred to as the “**Qualified Employees**”) are eligible to subscribe the Shares up to the number provided in Article 5 of this Plan.

(Procedure for Transfer)

Article 5. Number of shares to be subscribed by Qualified Employees (*Note: The Board of Directors shall decide the number of Shares to be subscribed by considering factors, such as the Qualified Employees’ title, seniority or special achievements to the Company, together with the number of treasury shares held by the Company as of the record date of subscription and the maximum number of Shares subscribable that can be subscribed by an individual employee, etc*):

Article 6. Procedure for Transfer:

- (1) The Company shall make announcement and report and repurchase the Shares within the execution period in accordance with the resolution of Board of Directors,
- (2) According to this Plan, the Board of Directors shall decide and announce the record date of subscription, the criteria for determining the number of Shares to be subscribed, the subscription and payment period, the rights and limitations of Shares, etc..
- (3) The Company shall calculate the number of Shares actually subscribed and paid for. Then the Company shall transfer those Shares and register such transfer.

(Transfer Price per Share)

Article 7. The transfer price of the Shares equals to the average of the actual share repurchase price. If the number of the Company's issued ordinary shares increases or decreases prior to transfer, that transfer price shall be adjusted proportionately. (*Note: If, according to the Company’s charter, the transfer price is lower than the*

average actual share repurchase price, the transfer price shall be approved, prior to transfer, by a resolution of a shareholder meeting adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares. The notice to convene that shareholder meeting of shareholders should itemize the matters listed in section 10-1 of the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies.)

Adjustment formula of the transfer price:

adjusted Exercise Price = (Exercise Price before adjustment × number of issued and outstanding Shares + subscription price per new Share × number of new Shares) / (number of issued and outstanding Shares + number of new Shares)

(Rights and Obligations of Shares after Transfer)

Article 8. After Shares have been transferred to Qualified Employees and such transfer has been registered, unless provided otherwise, the rights and obligations shall be identical with those originally attached to those shares.

(Other Matters With Respect To the Rights and Obligations Between The Company
And Qualified Employees)

Article 9. *(Note: Subject to Securities and Exchange Act, Company Act and other Applicable Laws, the Company may consider to reach an agreement for matters with respect to the rights and obligations between the Company and Qualified Employee)*

(Miscellaneous)

Article 10. This Plan shall take effect after being affirmatively resolved by the Board of Directors and may be amended by a resolution of the Board of Directors.

Article 11. The enactment and any amendment of this Plan shall be reported to the shareholder meeting.

**Comparison Table of Amendments to
The Amended and Restated Articles of Association**

| Proposed Amendments | Current Provisions | Reason of Amendment |
|--|---|--|
| 2. The business of the Company may be commenced as soon after incorporation of the Company as the Board shall see fit, notwithstanding that part only of the shares may have been allotted. <u>In the course of conducting its business, the Company shall comply with the Applicable Public Company Rules and business ethics and may take corporate actions to promote public interests in order to fulfill its social responsibilities.</u> | 2. The business of the Company may be commenced as soon after incorporation of the Company as the Board shall see fit, notwithstanding that part only of the shares may have been allotted. | Amendment made in response to the latest amendment of the ROC Company Act, which has been incorporated into the Checklist for Protecting Shareholders of Foreign Issuer, and the requirement of Taipei Exchange. |
| <u>28-1. To the extent permitted under and subject to the Applicable Public Company Rules and the Statute, any one or more Members holding in aggregate more than fifty percentage (50%) of the total number of the issued Shares of the Company for at least three (3) consecutive months may convene an extraordinary general meeting. The period during which a Member holds the Shares and the number of Shares held by a Member shall be determined based on the Register of Members as of the book close date of the relevant extraordinary general meeting.</u> | (Newly Added) | Amendment made in response to the latest amendment of the ROC Company Act, which has been incorporated into the Checklist for Protecting Shareholders of Foreign Issuer, and the requirement of Taipei Exchange. |
| <u>28-2. If the board of Directors does not or is unable or if it is in the interest of the Company to convene</u> | (Newly Added) | Amendment made in response to the latest amendment of the ROC |

| Proposed Amendments | Current Provisions | Reason of Amendment |
|--|---|---|
| <p><u>a general meeting, the Independent Director of the Audit Committee may convene a general meeting when necessary.</u></p> | | <p>Company Act, which has been incorporated into the Checklist for Protecting Shareholders of Foreign Issuer, and the requirement of Taipei Exchange.</p> |
| <p>34. The following matters shall be stated in the notice of general meetings, with a summary of the material content to be discussed, and shall not be brought up as an ad hoc motion. <u>The Company may post such material contents on the website designated by FSC or the Company and state the website address in the notice of general meeting:</u></p> <ul style="list-style-type: none"> (a) election or discharge of Directors, (b) alteration of the Articles, (c) (i) dissolution, merger or spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the Company's business or assets, in whole or in any essential part, (iv) acquisition or assumption of the whole business or assets of another person, which has a material effect on the Company's operation, (d) ratification of an action by Director(s) who engage(s) in business for him/herself or on | <p>34. The following matters shall be stated in the notice of general meetings, with a summary of the material content to be discussed, and shall not be brought up as an ad hoc motion:</p> <ul style="list-style-type: none"> (a) election or discharge of Directors, (b) alteration of the Articles, (c) (i) dissolution, merger or spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the Company's business or assets, in whole or in any essential part, (iv) acquisition or assumption of the whole business or assets of another person, which has a material effect on the Company's operation, (d) ratification of an action by Director(s) who engage(s) in business for him/herself or on | <p>Amendment made in response to the latest amendment of the ROC Company Act, which has been incorporated into the Checklist for Protecting Shareholders of Foreign Issuer, and the requirement of Taipei Exchange.</p> |

| Proposed Amendments | Current Provisions | Reason of Amendment |
|--|--|---|
| <p>behalf of another person, other than Subsidiary(ies), that is within the scope of the Company's business,</p> <p>(e) distribution of the whole or part of the profit of the Company in the form of new Shares, distribution of Capital Reserve or statutory reserve in the form of cash, capitalization of Capital Reserve and any other amount in accordance with Article 121;</p> <p>(f) private placement of any equity-type securities issued by the Company;</p> <p>(g) transfer of Treasury Shares to any employee of the Company and its Subsidiaries at a price below the average repurchase price paid by the Company;</p> <p>(h) <u>reduction of capital; and</u></p> <p>(i) <u>application for de-registration as a public company in ROC.</u></p> | <p>behalf of another person, other than Subsidiary(ies), that is within the scope of the Company's business,</p> <p>(e) distribution of the whole or part of the profit of the Company in the form of new Shares, distribution of Capital Reserve or statutory reserve in the form of cash, capitalization of Capital Reserve and any other amount in accordance with Article 121;</p> <p>(f) private placement of any equity-type securities issued by the Company;</p> <p>(g) transfer of Treasury Shares to any employee of the Company and its Subsidiaries at a price below the average repurchase price paid by the Company.</p> | |
| <p>35. The Board shall cause these Articles, minutes of general meetings, financial statements, the Register of Members, and the counterfoil of any corporate bonds issued by the Company to be placed at the Company's stock affairs agent located in the ROC. Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents. <u>The Company</u></p> | <p>35. The Board shall cause these Articles, minutes of general meetings, financial statements, the Register of Members, and the counterfoil of any corporate bonds issued by the Company to be placed at the Company's stock affairs agent located in the ROC. Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect,</p> | <p>Amendment made in response to the latest amendment of the ROC Company Act, which has been incorporated into the Checklist for Protecting Shareholders of Foreign Issuer, and the requirement of Taipei Exchange.</p> |

| Proposed Amendments | Current Provisions | Reason of Amendment |
|--|---|---|
| <p><u>shall procure such agent to furnish the documents as requested. The Board or any person who is entitled to convene the general meeting in accordance with these Articles may require the Company or its stock affairs agent to furnish the Register of Members.</u></p> | <p>review or make copies of the foregoing documents.</p> | |
| <p>46. Member(s) holding 1% or more of the total outstanding Shares immediately prior to the relevant book close period, during which the Company closed its Register of Members, may propose to the Company a proposal for discussion at an annual general meeting in writing <u>or by way of electronic transmission</u>. Proposals shall be included in the agenda of the annual general meeting <u>unless</u> (a) the proposing Member(s) holds less than 1% of the total number of outstanding Shares, (b) the matter of such proposal may not be resolved by a general meeting; (c) the proposing Member(s) has proposed more than one proposal; <u>(d) the Board does not receive the proposal during the proposal period announced by the Company; or (e) the proposal contains more than three hundred (300) words.</u> For any shareholder proposal which purpose is to <u>urge the Company to promote public interests or to fulfill its social responsibility, the Board may, at its discretion, accept such proposal to be included in the agenda to be discussed at a general meeting.</u></p> | <p>46. Member(s) holding 1% or more of the total outstanding Shares immediately prior to the relevant book close period, during which the Company closed its Register of Members, may propose to the Company a proposal for discussion at an annual general meeting in writing. Proposals shall not be included in the agenda of the annual general meeting where (a) the proposing Member(s) holds less than 1% of the total number of outstanding Shares, (b) the matter of such proposal may not be resolved by a general meeting; or (c) the proposing Member(s) has proposed more than one proposal.</p> | <p>Amendment made in response to the latest amendment of the ROC Company Act, which has been incorporated into the Checklist for Protecting Shareholders of Foreign Issuer, and the requirement of Taipei Exchange.</p> |

| Proposed Amendments | Current Provisions | Reason of Amendment |
|---|---|---|
| <p>81. A Director or alternate Director who is a member, director, officer or employee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall declare and disclose the nature of such interest to the Company as required by the Applicable Laws, and abstain from voting in respect of any contract or transaction in which he is so interested as aforesaid. <u>Where the spouse, a blood relative within the second degree of kinship of a director, or any company which controls or is under control by a director has interests in the matters under discussion at the meeting of the Board, such director shall be deemed to have a personal interest in the matter.</u> Notwithstanding the foregoing, no person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit</p> | <p>81. A Director or alternate Director who is a member, director, officer or employee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall declare and disclose the nature of such interest to the Company as required by the Applicable Laws, and abstain from voting in respect of any contract or transaction in which he is so interested as aforesaid. Notwithstanding the foregoing, no person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or transaction by reason of such Director holding office or of the fiduciary relation thereby established.</p> | <p>Amendment made in response to the latest amendment of the ROC Company Act, which has been incorporated into the Checklist for Protecting Shareholders of Foreign Issuer, and the requirement of Taipei Exchange.</p> |

| Proposed Amendments | Current Provisions | Reason of Amendment |
|--|--|---|
| <p>realized by any such contract or transaction by reason of such Director holding office or of the fiduciary relation thereby established.</p> | | |
| <p>107. The office of a Director shall be vacated if the Director:</p> <ul style="list-style-type: none"> (a) is removed from office pursuant to these Articles; (b) gives notice in writing to the Company that he resigns the office of Director; (c) dies, becomes bankrupt <u>or under the liquidation process as adjudicated by a court and having not been reinstated to his rights and privileges</u>, or makes any arrangement or composition with his creditors generally; (d) an order is made by any competent court or official on the grounds that he is or will be suffering from mental disorder or is otherwise incapable of managing his affairs, or his legal capacity is restricted according to the Applicable Laws; (e) has committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently adjudicated guilty by a final judgment, <u>and (i) has not commenced to serve the term of</u> | <p>107. The office of a Director shall be vacated if the Director:</p> <ul style="list-style-type: none"> (a) is removed from office pursuant to these Articles; (b) gives notice in writing to the Company that he resigns the office of Director; (c) dies, becomes bankrupt or makes any arrangement or composition with his creditors generally; (d) an order is made by any competent court or official on the grounds that he is or will be suffering from mental disorder or is otherwise incapable of managing his affairs, or his legal capacity is restricted according to the Applicable Laws; (e) having committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently adjudicated guilty by a final judgment, <u>and the time elapsed after he has served the full term of such sentence is</u> | <p>Amendment made in response to the latest amendment of the ROC Company Act, which has been incorporated into the Checklist for Protecting Shareholders of Foreign Issuer, and the requirement of Taipei Exchange.</p> |

| Proposed Amendments | Current Provisions | Reason of Amendment |
|--|--|---------------------|
| <p><u>sentence, (ii) has commenced to serve the term of sentence but not served the full term, or (iii) less than five (5) years have elapsed from the date of completion of the full sentence, the date of expiry of the probation period or the date on which he has been pardoned;</u></p> <p>(f) has committed an offence involving fraud, breach of trust or misappropriation and subsequently sentenced to imprisonment of a term of more than one (1) year <u>by a final judgment, and (i) has not commenced to serve the term of sentence, (ii) has commenced to serve the term of sentence but not served the full term, or (iii) less than two (2) years have elapsed from the date of completion of the full sentence, the date of expiry of the probation period or the date on which he has been pardoned;</u></p> <p>(g) has <u>committed an offense as specified in the Anti-Corruption Act and subsequently adjudicated guilty by a final judgment, and (i) has not commenced to serve the term of sentence, (ii) has commenced to serve the term of sentence but not served the full term, or (iii) less than two (2) years have elapsed from the date of completion of the</u></p> | <p>less than five (5) years;</p> <p>(f) having committed an offence involving fraud, breach of trust or misappropriation and subsequently sentenced to imprisonment of a term of more than one (1) year, <u>and the time elapsed after he has served the full term of such sentence is less than two (2) years;</u></p> <p>(g) <u>having been adjudicated guilty by a final judgment for misappropriating public funds during the time of his public service, and the time elapsed after he has served the full term of such sentence is less than two (2) years; or</u></p> | |

| Proposed Amendments | Current Provisions | Reason of Amendment |
|--|---|---|
| <p><u>full sentence, the date of expiry of the probation period or the date on which he has been pardoned;</u></p> <p>(h) has been dishonored for use of negotiable instruments, and the term of such sanction has not yet expired; <u>or</u></p> <p>(i) <u>has been adjudicated of the commencement of assistantship (as defined in the Civil Code of the ROC) and such assistantship or similar declaration having not been revoked.</u></p> <p>In the event that any of the foregoing events described in clauses (c), (d), (e), (f), (g), (h) <u>and (i)</u> has occurred to a candidate for Directorship, such person shall be disqualified from being elected as a Director.</p> | <p>(h) having been dishonored for use of negotiable instruments, and the term of such sanction has not yet expired.</p> <p>In the event that any of the foregoing events described in clauses (c), (d), (e), (f), (g), and (h) has occurred to a candidate for Directorship, such person shall be disqualified from being elected as a Director.</p> | |
| <p>108-1 Without limiting the availability of applicable remedies under Cayman Islands law, and only to the extent ROC law permits, in case a Director has, in the course of performing his/her duties, committed any act resulting in material damages to the Company or in serious violation of Applicable Laws and regulations and/or Articles, the Member(s) who has been individually, or have been collectively, continuously holding <u>1%</u> or more of the total number of the issued shares of the Company over <u>six (6) months</u> may, in his/her/its</p> | <p>108-1 Without limiting the availability of applicable remedies under Cayman Islands law, and only to the extent ROC law permits, in case a Director has, in the course of performing his/her duties, committed any act resulting in material damages to the Company or in serious violation of Applicable Laws and regulations and/or Articles, the Member(s) who has been individually, or have been collectively, continuously holding <u>3%</u> or more of the total number of the issued shares of the</p> | <p>Amendment made in response to the latest amendment of the ROC Security and Exchange Act, which has been incorporated into the Checklist for Protecting Shareholders of Foreign Issuer, and the requirement of Taipei Exchange.</p> |

| Proposed Amendments | Current Provisions | Reason of Amendment |
|---|--|---|
| <p>name, launch a litigation against such Director and the Taipei District Court shall have the exclusive jurisdiction on such litigation.</p> | <p>Company over one year may, in his/her/its name, launch a litigation against such Director and the Taipei District Court shall have the exclusive jurisdiction on such litigation.</p> | |
| <p>108-2 For so long as the Shares are listed on the GTSM or the TSE, subject to the Applicable Public Company Rules (and the interpretation thereof), any Director (<u>excluding Independent Director</u>) who, during his/her term and in one or more transactions, accumulatively transfers more than fifty percent (50%) of the total Shares held by such Director at the time he/she is elected at a general meeting (the "Election Time"), shall be discharged or vacated from the office of Director automatically and no shareholders' approval shall be required. For so long as the Shares are listed on the GTSM or the TSE, subject to the Applicable Public Company Rules (and the interpretation thereof), if any person transfers, in one or more transactions, more than fifty percent (50%) of the Shares held by him/her at the Election Time either (i) during the period from the Election Time to the commencement date of his/her office as Director, or (ii) during the period when the Register of Member is closed for transfer of Shares prior to the general</p> | <p>108-2 For so long as the Shares are listed on the GTSM or the TSE, subject to the Applicable Public Company Rules (and the interpretation thereof), any Director who, during his/her term and in one or more transactions, accumulatively transfers more than fifty percent (50%) of the total Shares held by such Director at the time he/she is elected at a general meeting (the "Election Time"), shall be discharged or vacated from the office of Director automatically and no shareholders' approval shall be required. For so long as the Shares are listed on the GTSM or the TSE, subject to the Applicable Public Company Rules (and the interpretation thereof), if any person transfers, in one or more transactions, more than fifty percent (50%) of the Shares held by him/her at the Election Time either (i) during the period from the Election Time to the commencement date of his/her office as Director, or (ii) during the period when the Register of Member is closed for transfer of Shares prior to the general meeting at which such person is elected as a Director, his/her</p> | <p>Amendment made in response to the latest amendment of the ROC Security and Exchange Act, which has been incorporated into the Checklist for Protecting Shareholders of Foreign Issuer, and the requirement of Taipei Exchange.</p> |

| Proposed Amendments | Current Provisions | Reason of Amendment |
|--|---|---|
| <p>meeting at which such person is elected as a Director (<u>excluding Independent Director</u>), his/her appointment or election as Director shall be null and void. For the purpose of calculation of the aggregate number of Shares transferred by the Director, any transfer of Shares by the Director prior to the adoption of this Article 108-2 shall be counted in. Notwithstanding the foregoing, this Article 108-2 shall not apply retroactively and thus the Director who has transferred more than fifty percent (50%) of the total Shares held by such Director at the Election Time prior to the adoption of this Article 108-2 shall not be discharged or vacated from the office upon the adoption of this Article 108-2 and for the avoidance of doubt, any transfer of Shares by such Director after the adoption of this Article 108-2 shall be subject to this Article 108-2 and shall be aggregated with the Shares transferred prior to the adoption of this Article 108-2.</p> | <p>appointment or election as Director shall be null and void. For the purpose of calculation of the aggregate number of Shares transferred by the Director, any transfer of Shares by the Director prior to the adoption of this Article 108-2 shall be counted in. Notwithstanding the foregoing, this Article 108-2 shall not apply retroactively and thus the Director who has transferred more than fifty percent (50%) of the total Shares held by such Director at the Election Time prior to the adoption of this Article 108-2 shall not be discharged or vacated from the office upon the adoption of this Article 108-2 and for the avoidance of doubt, any transfer of Shares by such Director after the adoption of this Article 108-2 shall be subject to this Article 108-2 and shall be aggregated with the Shares transferred prior to the adoption of this Article 108-2.</p> | |
| <p>113-1. <u>At the close of each of the first three (3) fiscal quarters, the Board may resolve to distribute profits or allocate losses; provided, however, that any distribution of profits by way of capitalization of distributable dividends shall</u></p> | <p>(Newly Added)</p> | <p>Amendment made in response to the latest amendment of the ROC Company Act, which has been incorporated into the Checklist for Protecting Shareholders of Foreign</p> |

| Proposed Amendments | Current Provisions | Reason of Amendment |
|---|--------------------|--|
| <p><u>be subject to the Supermajority Resolution. The foregoing proposal, together with the business report and the financial statements, which shall be audited or reviewed by the certified public accountant, shall be submitted to the Audit Committee for audit first and afterwards be submitted to the Board for approval. In the case of profits distribution under this Article 113-1, the Company shall estimate and reserve the taxes and dues to be paid, the losses to be covered and the statutory reserve to be set aside; provided, however, that if the statutory reserve has amounted to the total paid-in capitals, this requirement does not apply.</u></p> | | <p>Issuer, and the requirement of Taipei Exchange.</p> |

Comparison Table of Amendments to Procedures for Acquisition or Disposal of Assets

| Proposed Amendments | Current Provisions | Reason of Amendment |
|--|--|--|
| Chapter 1 General Principles | Chapter 1 General Principles | |
| <p>Article 2</p> <p>The term "assets" as used in these Procedures shall mean:</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, building and structure, investment property, inventories of construction enterprises) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. <u>Right-of-use assets.</u> 6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 7. Derivatives. 8. Assets acquired or disposed of via mergers, | <p>Article 2</p> <p>The term "assets" as used in these Procedures shall mean:</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, building and structure, investment property, <u>right to use land</u>, inventories of construction enterprises) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 6. Derivatives. 7. Assets acquired or disposed of via mergers, | <p>Amendment made in response to the latest amendment of the ROC Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> |

| Proposed Amendments | Current Provisions | Reason of Amendment |
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| <p>spin-off, acquisitions, or transfer of shares by operation of law.</p> <p>9. Other material assets.</p> | <p>spin-off, acquisitions, or transfer of shares by operation of law.</p> <p>8. Other material assets.</p> | |
| <p>Article 3</p> <p>The following terms used in these Procedures shall have the following meanings:</p> <p>1. "Derivatives": means forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, whose value is derived from <u>a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</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) <u>contracts.</u></p> <p>2. "Assets acquired or disposed via mergers, spin-off, acquisitions, or transfer of shares in accordance with acts of law": means to assets acquired or disposed through mergers, spin-off, or acquisitions conducted under the Taiwan Business Mergers and Acquisitions Act, Taiwan Financial Holding Company Act, Taiwan</p> | <p>Article 3</p> <p>The following terms used in these Procedures shall have the following meanings:</p> <p>1. "Derivatives": means forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, <u>and compound contracts combining the above products,</u> whose value is derived from <u>assets,</u> interest rates, foreign exchange rates, indexes <u>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) <u>agreements.</u></p> <p>2. "Assets acquired or disposed via mergers, spin-off, acquisitions, or transfer of shares in accordance with acts of law": means to assets acquired or disposed through mergers, spin-off, or acquisitions conducted under the Taiwan Business Mergers and Acquisitions Act, Taiwan Financial Holding Company Act, Taiwan</p> | <p>Amendment made in response to the latest amendment of the ROC Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> |

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| <p>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 therefore (hereinafter "transfer of shares") under Article 156-3 of the Taiwan Company Act.</p> <p>3. "Related party" as referred to in these Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China (for issuer who adopted the International Financial Reporting Standard published by International Accounting Standards Board).</p> <p>4. "Subsidiary" as referred to in these Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China (for issuer who adopted the International Financial Reporting Standard published by International Accounting Standards Board).</p> <p>5. "Professional appraiser": means a real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real property or other fixed assets.</p> <p>6. "Date of occurrence": Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of</p> | <p>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 therefore (hereinafter "transfer of shares") under Article 156, <u>paragraph 8</u> of the Taiwan Company Act.</p> <p>3. "Related party" as referred to in these Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China (for issuer who adopted the International Financial Reporting Standard published by International Accounting Standards Board).</p> <p>4. "Subsidiary" as referred to in these Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China (for issuer who adopted the International Financial Reporting Standard published by International Accounting Standards Board).</p> <p>5. "Professional appraiser": means a real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real property or other fixed assets.</p> <p>6. "Date of occurrence": Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of</p> | |

| Proposed Amendments | Current Provisions | Reason of Amendment |
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| <p>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.</p> <p>7. <u>Investment Professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.</u></p> <p>8. <u>Securities Exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u></p> | <p>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.</p> | |

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| <p>9. <u>Over-the-Counter Venue ("OTC venue", "OTC")</u>: "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</p> <p>10. To calculate 10% of total assets as required in these Procedures, the standard of calculation shall be the "total assets" shown in the latest stand-alone financial statements of the Company as provided under the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China.</p> | <p>7. To calculate 10% of total assets as required in these Procedures, the standard of calculation shall be the "total assets" shown in the latest stand-alone financial statements of the Company as provided under the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China.</p> | |
| <p>Article 5</p> <p><u>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</u></p> <p>1. <u>May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the ROC Securities and Exchange Act, the Company Act,</u></p> | <p>Article 5</p> <p><u>The Company shall not refer any appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions from any Professional appraisers, their officers or employees who conduct the appraisal, certified public accounts, attorneys, or securities underwriters who is a related party of any party to the transaction involved.</u></p> | <p>Amendment made in response to the latest amendment of the ROC Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> |

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| <p><u>the Banking Act, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p>2. <u>May not be a related party or <i>de facto</i> related party of any party to the transaction.</u></p> <p>3. <u>If the company is required to obtain appraisal reports from two or more Professional appraisers, the different Professional appraisers or appraisal officers may not be related parties or <i>de facto</i> related parties of each other.</u></p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <p>1. <u>Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p>2. <u>When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data</u></p> | | |

| Proposed Amendments | Current Provisions | Reason of Amendment |
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| <p><u>collected, and conclusion shall be fully and accurately specified in the case working papers.</u></p> <p>3. <u>They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></p> <p>4. <u>They shall issue a statement attesting to the professional competence and independence of the personnel who prepares the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p> | | |
| <p>Article 7</p> <p><u>Total amounts of real property and right-of-use assets thereof or securities acquired by the Company and each subsidiary for non-operating business use, and limits of individual securities:</u></p> <p>1. <u>Total amounts of real property and right-of-use assets thereof acquired by the Company for non-operating use shall not exceed 20% of the Company's net worth.</u></p> <p>2. <u>The total investment amount of any individual security acquired by the Company shall not exceed the Company's net worth.</u></p> <p>3. <u>The total investment amount of all securities</u></p> | <p>Article 7</p> <p>1. Total amounts of real property acquired by the Company for non-operating use shall not exceed 20% of the Company's net worth.</p> <p>2. The total investment amount of any individual security acquired by the Company shall not exceed the Company's net worth.</p> <p>3. The total investment amount of all securities</p> | <p>Amendment made in response to the latest amendment of the ROC Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> |

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| <p>acquired by the Company shall not exceed 150% of the Company's net worth.</p> <p>4. In terms of the Company's Subsidiaries which are not taking investment as its main business item, the total amounts of real property <u>and right-of-use assets thereof</u> and securities, both any specific security and all securities, are subject to the same limitation provided in the preceding paragraphs.</p> <p>5. In terms of the Company's Subsidiaries which are taking investment as its main business item, the total amounts of real property <u>and right-of-use assets thereof</u> and securities, both any specific security and all securities, shall not exceed the capital of the said Subsidiary.</p> | <p>acquired by the Company shall not exceed 150% of the Company's net worth.</p> <p>4. In terms of the Company's Subsidiaries which are not taking investment as its main business item, the total amounts of real property and securities, both any specific security and all securities, are subject to the same limitation provided in the preceding paragraphs.</p> <p>5. In terms of the Company's Subsidiaries which are taking investment as its main business item, the total amounts of real property and securities, both any specific security and all securities, shall not exceed the capital of the said Subsidiary.</p> | |
| <p>Chapter 2 Acquire or dispose of real property, equipment, or right-of-use assets thereof</p> | <p>Chapter 2 Acquire or dispose real property or other equipment</p> | |
| <p>Article 8</p> <p><u>Procedures for acquisition or disposal of real property, equipment, or right-of-use assets thereof</u></p> <p>1. Appraisal procedures:</p> <p>1.1 The means of price determination The responsible division shall ask for price quotation, compare and negotiate the price, and prepare the analysis report and present to the chairman to make the decision.</p> | <p>Article 8</p> <p>1. Appraisal procedures:</p> <p>1.1 The means of price determination The responsible division shall ask for price quotation, compare and negotiate the price, and prepare the analysis report and present to the chairman to make the decision.</p> | <p>Amendment made in response to the latest amendment of the ROC Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> |

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| <p>1.2 Supporting reference material The Company shall refer to the publicly announced value, evaluated value, the actual trading price of near real property, <u>or right-of-use assets thereof</u>, and the appraisal report issued pursuant to paragraph 3 of Article 8, if applicable.</p> <p>2. Operating procedures:</p> <p>2.1 Degree of authority delegated, the levels to which authority is delegated: The responsible division shall prepare budget and submit to the board of directors for approval. Within the ceiling of the approved budget, the chairman is authorized to make decision and handle all the related affairs. In terms of acquisition or disposal to meet the provisional need and beyond the approved budget, for any acquisition or disposal of the assets involving the amount no more than NT\$30 millions, it shall be approved and authorized by the chairman, and for the amount in excess of NT\$ 30 millions, it should be resolved by the board of directors.</p> <p>2.2 the division responsible for implementation The division responsible for implementation of real property, <u>equipment, or right-of-use assets thereof</u> are the users and related authorized and responsible units.</p> <p>2.3 Transaction procedures</p> | <p>1.2 Supporting reference material The Company shall refer to the publicly announced value, evaluated value, the actual trading price of near real property, and the appraisal report issued pursuant to paragraph 3 of Article 8, if applicable.</p> <p>2. Operating procedures:</p> <p>2.1 Degree of authority delegated, the levels to which authority is delegated: The responsible division shall prepare budget and submit to the board of directors for approval. Within the ceiling of the approved budget, the chairman is authorized to make decision and handle all the related affairs. In terms of acquisition or disposal to meet the provisional need and beyond the approved budget, for any acquisition or disposal of the assets involving the amount no more than NT\$30 millions, it shall be approved and authorized by the chairman, and for the amount in excess of NT\$ 30 millions, it should be resolved by the board of directors.</p> <p>2.2 the division responsible for implementation The division responsible for implementation of real property and equipment are the users and related authorized and responsible units.</p> <p>2.3 Transaction procedures</p> | |

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| <p>2-3-1 The acquisition of assets: the responsible division shall prepare the capital expenditure proposal in advance, and evaluate the feasibility, then forward to the finance division to arrange the capital expenditure budget and execution and control afterward.</p> <p>2-3-2 The disposal of assets: the user shall make application, stating the reason and method of disposition, and implement after getting approval.</p> <p>3. Appraisal report.</p> <p>3. In acquiring or disposing <u>of</u> real property, <u>equipment, or right-of-use assets thereof</u> where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency <u>of the Republic of China</u>, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment <u>or right-of-use assets thereof held for business use</u>, shall obtain an appraisal report prior to the date of occurrence of the event from a Professional appraiser and shall further comply with the following provisions:</p> <p>3.1 Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the</p> | <p>2-3-1 The acquisition of assets: the responsible division shall prepare the capital expenditure proposal in advance, and evaluate the feasibility, then forward to the finance division to arrange the capital expenditure budget and execution and control afterward.</p> <p>2-3-2 The disposal of assets: the user shall make application, stating the reason and method of disposition, and implement after getting approval.</p> <p>3. Appraisal report.</p> <p>3. In acquiring or disposing real property or equipment where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of <u>business</u> equipment <u>for operation purpose</u>, shall obtain an appraisal report prior to the date of occurrence of the event from a Professional appraiser and shall further comply with the following provisions:</p> <p>3.1 Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the</p> | |

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| <p>transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall <u>also</u> be followed <u>whenever there is any subsequent changes to the terms and conditions of the transaction.</u></p> <p>3.2 Where the transaction amount is NT\$1 billion or more, appraisals from two or more Professional appraisers shall be obtained.</p> <p>3.3 Where any one of the following circumstances applies with respect to the Professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>3-3-1 The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> | <p>transaction price, the transaction shall be submitted for approval in advance by the board of directors, <u>and</u> the same procedure shall be followed <u>for any future changes to the terms and conditions of the transaction.</u></p> <p>3.2 Where the transaction amount is NT\$1 billion or more, appraisals from two or more Professional appraisers shall be obtained.</p> <p>3.3 Where any one of the following circumstances applies with respect to the Professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>3-3-1 The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> | |

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| <p>3-3-2 The discrepancy between the appraisal results of two or more Professional appraisers is 10 percent or more of the transaction amount.</p> <p>3.4 No more than three months may pass between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced value for the same period is the same and not more than six months have elapsed, an opinion may still be issued by the original Professional appraiser.</p> | <p>3-3-2 The discrepancy between the appraisal results of two or more Professional appraisers is 10 percent or more of the transaction amount.</p> <p>3.4 No more than three months may pass between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced value for the same period is the same and not more than six months have elapsed, an opinion may still be issued by the original Professional appraiser.</p> | |
| <p>Chapter 4 Acquire or dispose of intangible assets or right-of-use assets thereof or memberships</p> | <p>Chapter 4 Acquire or dispose of <u>memberships or intangible assets</u></p> | |
| <p>Article 10 Procedures for acquisition or disposal of intangible assets <u>or right-of-use assets thereof or memberships</u></p> <p>1. Appraisal procedures:</p> <p>1.1 The means of price determination The responsible division prepares the analysis report and present to the chairman president to make the decision.</p> <p>1.2 Supporting reference material</p> <p>1-2-1 Memberships: Refer to the market value.</p> <p>1-2-2 Intangible assets <u>or right-of-use assets thereof</u>: Refer to market value or appraisal report described in paragraph 3, if applicable.</p> | <p>Article 10 Procedures for acquisition or disposal of <u>memberships or intangible assets</u></p> <p>1. Appraisal procedures:</p> <p>1.1 The means of price determination The responsible division prepares the analysis report and present to the chairman president to make the decision.</p> <p>1.2 Supporting reference material</p> <p>1-2-1 Memberships: Refer to the market value.</p> <p>1-2-2 Intangible assets: Refer to market value or appraisal report described in paragraph 3, if applicable.</p> | <p>Amendment made in response to the latest amendment of the ROC Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> |

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| <p>2. Operating procedures:</p> <p>2.1 Degree of authority delegated, the levels to which authority is delegated:</p> <p>The responsible division shall prepare budget and submit to the board of directors for approval. Within the ceiling of the budget, the chairman is authorized to make decision and handle all the related affairs. If beyond the approved budget, for any acquisition or disposal of the assets involving the amount no more than NT\$30 millions, it shall be approved and authorized by the chairman, and for the amount in excess of NT\$30 millions, it should be resolved by the board of directors.</p> <p>2.2 The division responsible for implementation</p> <p>The division responsible for implementation of memberships or intangible assets are the users and related authorized and responsible units.</p> <p>2.3 Transaction procedures</p> <p>The responsible division shall form an evaluation team and shall be responsible for execution only after feasibility study.</p> <p>3. Professional opinion</p> <p>Except for transactions with a government agency <u>of the Republic of China</u>, in acquiring or disposing intangible assets <u>or right-of-use assets thereof or memberships</u> where the transaction</p> | <p>2. Operating procedures:</p> <p>2.1 Degree of authority delegated, the levels to which authority is delegated:</p> <p>The responsible division shall prepare budget and submit to the board of directors for approval. Within the ceiling of the budget, the chairman is authorized to make decision and handle all the related affairs. If beyond the approved budget, for any acquisition or disposal of the assets involving the amount no more than NT\$30 millions, it shall be approved and authorized by the chairman, and for the amount in excess of NT\$30 millions, it should be resolved by the board of directors.</p> <p>2.2 The division responsible for implementation</p> <p>The division responsible for implementation of memberships or intangible assets are the users and related authorized and responsible units.</p> <p>2.3 Transaction procedures</p> <p>The responsible division shall form an evaluation team and shall be responsible for execution only after feasibility study.</p> <p>3. Professional opinion</p> <p>Except for transactions with a government agency, in acquiring or disposing <u>memberships</u> or intangible assets where the transaction amount reaches 20 percent of the paid-in capital of the</p> | |

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| <p>amount reaches 20 percent of the paid-in capital of the Company or NT\$300 million or more, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> | <p>Company or NT\$300 million or more, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> | |
| <p>Article 11</p> <ol style="list-style-type: none"> 1. The Company that acquires or disposes of assets from or to a related party shall, in addition to ensure that the necessary resolutions are adopted the reasonableness of the transaction terms is appraised, and other relevant matters are carried out, in compliance with the Article 8 to 10 of these Procedures and this Article, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the Article 8 to 10. The calculation of the transaction amount referred to in this paragraph shall be made in accordance with Article 10-1 herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered. 2. The Company that intends to acquire or dispose of real property or <u>right-of-use assets thereof</u> from or to a related party, or when it intends to | <p>Article 11</p> <ol style="list-style-type: none"> 1. The Company that acquires or disposes of assets from or to a related party shall, in addition to ensure that the necessary resolutions are adopted the reasonableness of the transaction terms is appraised, and other relevant matters are carried out, in compliance with the Article 8 to 10 of these Procedures and this Article, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the Article 8 to 10. The calculation of the transaction amount referred to in this paragraph shall be made in accordance with Article 10-1 herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered. 2. The Company that intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets | <p>Amendment made in response to the latest amendment of the ROC Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> |

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| <p>acquire or dispose of assets other than real property <u>or right-of-use assets thereof</u> (except for trading of <u>domestic</u> government bonds <u>issued by either central or local government agency of the Republic of China</u>, bonds under repurchase/resale agreements, purchase or repurchase of money market fund issued by the <u>Republic of China</u> securities investment trust enterprises) from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and the board of directors.</p> <p>2.1 The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>2.2 The reason for choosing the related party as a trading counterparty.</p> <p>2.3 With respect to the acquisition of real property <u>or right-of-use assets thereof</u> from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the provisions of Article12 and 13.</p> | <p>other than real property (except for trading of government bonds, bonds under repurchase/resale agreements, purchase or repurchase of <u>domestic</u> money market fund issued by the securities investment trust enterprises) from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and the board of directors.</p> <p>2.1 The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>2.2 The reason for choosing the related party as a trading counterparty.</p> <p>2.3 With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the provisions of Article12 and 13.</p> | |

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| 2.4 The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party. | 2.4 The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party. | |
| 2.5 Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the use of proceeds. | 2.5 Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the use of proceeds. | |
| 2.6 An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph. | 2.6 An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph. | |
| 2.7 Restrictive covenants and other important stipulations associated with the transaction. | 2.7 Restrictive covenants and other important stipulations associated with the transaction. | |
| 3. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 22, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the audit committee need not be counted toward the transaction amount. | 3. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 22, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the audit committee need not be counted toward the transaction amount. | |
| 4. With respect to <u>the types of transactions listed below, when to be conducted</u> between the Company and its Subsidiaries, <u>or between the</u> | 4. With respect to <u>the acquisition or disposal of the equipment for operational use</u> between the Company and its subsidiaries, the Company's | |

| Proposed Amendments | Current Provisions | Reason of Amendment |
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| <p><u>Subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or authorized capital</u>, the Company's board of directors may, pursuant to the paragraph 2 of Article 8, delegate the chairman to decide such matters when the transaction is within a certain amount and subsequently submit the decisions to the next board of directors meeting for ratification.</p> <p>4.1 <u>Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></p> <p>4.2 <u>Acquisition or disposal of real property right-of-use assets held for business use.</u></p> <p>5. Where the position of independent director has been established in accordance with the provisions of the Act, when an acquisition of real property from a related party is submitted for discussion by the board of directors pursuant to paragraph 2 of this Article 11, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>6. Where an audit committee has been established in accordance with the provisions of the Act, the matters for which paragraph 2 requires approval by one half or more of all audit committee</p> | <p>board of directors may, pursuant to the paragraph 2 of Article 8, delegate the chairman to decide such matters when the transaction is within a certain amount and subsequently submit the decisions to the next board of directors meeting for ratification.</p> <p>5. Where the position of independent director has been established in accordance with the provisions of the Act, when an acquisition of real property from a related party is submitted for discussion by the board of directors pursuant to paragraph 2 of this Article 11, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>6. Where an audit committee has been established in accordance with the provisions of the Act, the matters for which paragraph 2 requires approval by one half or more of all audit committee</p> | |

| Proposed Amendments | Current Provisions | Reason of Amendment |
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| <p>members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of the provisions of Article 28, paragraphs 3 and 4.</p> | <p>members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of the provisions of Article 28, paragraphs 3 and 4.</p> | |
| <p>Article 12</p> <p>1. The Company that acquires real property <u>or right-of-use assets thereof</u> from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1.1 Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>1.2 Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply</p> | <p>Article 12</p> <p>1. The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1.1 Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>1.2 Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the</p> | <p>Amendment made in response to the latest amendment of the ROC Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> |

| Proposed Amendments | Current Provisions | Reason of Amendment |
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| <p>where the financial institution is a related party of one of the trading counterparties.</p> <p>2. Where land and building thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the building may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>3. The Company that acquires real property <u>or right-of-use assets thereof</u> from a related party and appraises the cost of the real property <u>or right-of-use assets thereof</u> in accordance with the provisions of paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>4. The Company acquires real property <u>or right-of-use assets thereof</u> from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the provisions of Article 11 and the provisions of the preceding three paragraphs do not apply:</p> <p>4.1 The related party acquired the real property <u>or right-of-use assets thereof</u> through inheritance or as a gift.</p> <p>4.2 More than five years will have elapsed from the time the related party signed the contract to</p> | <p>financial institution is a related party of one of the trading counterparties.</p> <p>2. Where land and building thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the building may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>3. The Company that acquires real property from a related party and appraises the cost of the real property in accordance with the provisions of paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>4. The Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the provisions of Article 11 and the provisions of the preceding three paragraphs do not apply:</p> <p>4.1 The related party acquired the real property through inheritance or as a gift.</p> <p>4.2 More than five years will have elapsed from the time the related party signed the contract to obtain the real</p> | |

| Proposed Amendments | Current Provisions | Reason of Amendment |
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| <p>obtain the real property <u>or right-of-use assets thereof</u> to the signing date for the current transaction.</p> <p>4.3 The real property is acquired through signing of a joint construction contract with the related party, engaging related party to build on its own land or engaging related party to build on rented land.</p> <p>4.4 <u>The real property right-of-use assets are acquired for business use by the Company from its Subsidiaries, or by and between the Subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></p> | <p>property to the signing date for the current transaction.</p> <p>4.3 The real property is acquired through signing of a joint construction contract with the related party, engaging related party to build on its own land or engaging related party to build on rented land.</p> | |
| <p>Article 13</p> <p>1. When the results of the Company's appraisal conducted in accordance with the provisions of paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with the provisions of Article 14. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, this restriction shall not apply:</p> | <p>Article 13</p> <p>1. When the results of the Company's appraisal conducted in accordance with the provisions of paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with the provisions of Article 14. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, this restriction shall not apply:</p> | <p>Amendment made in response to the latest amendment of the ROC Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> |

| Proposed Amendments | Current Provisions | Reason of Amendment |
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| <p>1.1 Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>1-1-1 Where undeveloped land is appraised in accordance with the means in the preceding Article, and building according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>1-1-2 Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market <u>sale or leasing practices</u>.</p> | <p>1.1 Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>1-1-1 Where undeveloped land is appraised in accordance with the means in the preceding Article, and building according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>1-1-2 Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</p> <p>1-1-3 <u>Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction</u></p> | |

| Proposed Amendments | Current Provisions | Reason of Amendment |
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| <p>1.2 Where the Company acquiring real property, <u>or obtaining real property right-of-use assets through leasing</u>, from a related party provides evidence that the terms of the transaction are similar to the terms of <u>completed transactions involving</u> neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>2. Completed transactions <u>involving</u> neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced <u>current</u> value; transaction <u>involving</u> similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within <u>the preceding year</u> refers to <u>the year preceding the date of occurrence</u> of acquisition of the real property <u>or obtainment of the right-of-use assets thereof</u>.</p> | <p><u>terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</u></p> <p>1.2 Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions <u>completed for the acquisition of</u> neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>2. Completed transactions <u>for</u> neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced value; transaction <u>for</u> similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within <u>one</u> year refers to <u>one</u> year from the <u>actual</u> date of acquisition of the real property.</p> | |

| Proposed Amendments | Current Provisions | Reason of Amendment |
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| <p>Article 14</p> <p>1. Where the Company acquires real property <u>or right-of-use assets thereof</u> from a related party and the results of appraisals conducted in accordance with the provisions of Article 12 and 13, are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1.1 A special reserve shall be set aside in accordance with the provisions of Article 41, paragraph 1 of the Act against the difference between the real property <u>or right-of-use assets thereof</u> transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>1.2 Audit committee shall comply with the provisions of Article 218 of the Company Act.</p> <p>1.3 Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any prospectus.</p> | <p>Article 14</p> <p>1. Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with the provisions of Article 12 and 13, are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1.1 A special reserve shall be set aside in accordance with the provisions of Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>1.2 Audit committee shall comply with the provisions of Article 218 of the Company Act.</p> <p>1.3 Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any prospectus.</p> | <p>Amendment made in response to the latest amendment of the ROC Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> |

| Proposed Amendments | Current Provisions | Reason of Amendment |
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| <p>2. The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or they have been disposed of, <u>or the leasing contract has been terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>3. When the Company obtains real property <u>or right-of-use assets thereof</u> from a related party, it shall also comply with the provisions of the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.</p> | <p>2. The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>3. When the Company obtains real property from a related party, it shall also comply with the provisions of the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.</p> | |
| <p>Article 22</p> <p>1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within two days commencing immediately from day of occurrence of the fact:</p> <p>1.1 Acquisition or disposal of real property <u>or right-of-use assets thereof</u> from or to a related</p> | <p>Article 22</p> <p>1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within two days commencing immediately from day of occurrence of the fact:</p> <p>1.1 Acquisition or disposal of real property from or to a related party, or acquisition or disposal of</p> | <p>Amendment made in response to the latest amendment of the ROC Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> |

| Proposed Amendments | Current Provisions | Reason of Amendment |
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| <p>party, or acquisition or disposal of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of <u>domestic government bonds issued by either central or local government agency of the Republic of China</u>, bonds under repurchase and resale agreements, or purchase or repurchase of money market fund issued by <u>Republic of China</u> securities investment trust enterprises.</p> <p>1.2 Merger, spin-off, acquisition, or transfer of shares.</p> <p>1.3 Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in Company's Procedures for Financial Derivatives Transactions.</p> <p>1.4 Where <u>equipment or right-of-use assets thereof for business use are acquired or disposed of</u>, the trading counterparty is not a related party, and the transaction amount is no less than NT\$500 million.</p> <p>1.5 Where land is acquired under an arrangement for commissioned construction on self-owned land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership</p> | <p>assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds, bonds under repurchase and resale agreements, or purchase or repurchase of <u>domestic</u> money market fund issued by the securities investment trust enterprises.</p> <p>1.2 Merger, spin-off, acquisition, or transfer of shares.</p> <p>1.3 Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in Company's Procedures for Financial Derivatives Transactions.</p> <p>1.4 Where <u>the type of asset acquired or disposed is equipment for operational use</u>, the trading counterparty is not a related party, and the transaction amount is no less than NT\$500 million.</p> <p>1.5 Where land is acquired under an arrangement for commissioned construction on self-owned land, engaging others to build on rented land, joint construction and allocation of housing units, joint</p> | |

| Proposed Amendments | Current Provisions | Reason of Amendment |
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| <p>percentages, or joint construction and separate sale, <u>the transaction counterparty is not a related party</u>, and the amount the Company expects to invest in the transaction is no less than NT\$500 million.</p> <p>1.6 Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital of the Company or NT\$300 million or more; provided, this shall not apply to the following circumstances:</p> <p>1-6-1 Trading of <u>domestic government bonds issued by either central or local government of the Republic of China</u>.</p> <p>1-6-2 Trading of bonds under repurchase/resale agreements or purchase or repurchase of money market fund issued by the <u>Republic of China</u> securities investment trust enterprises .</p> <p>2. The amount of transactions above shall be calculated as follows:</p> | <p>construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is no less than NT\$500 million.</p> <p>1.6 Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital of the Company or NT\$300 million or more; provided, this shall not apply to the following circumstances:</p> <p>1-6-1 Trading of government bonds</p> <p>1-6-2 <u>As investment professionals, securities trading on foreign or domestic securities exchanges or over-the-counter markets; or subscription of the corporate bond or financial bond not related to equity offered and issued in the primary market.</u></p> <p>1-6-3 Trading of bonds under repurchase/resale agreements or purchase or repurchase of <u>domestic</u> money market fund issued by the securities investment trust enterprises.</p> <p>2. The amount of transactions above shall be calculated as follows:</p> | |

| Proposed Amendments | Current Provisions | Reason of Amendment |
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| <p>2.1 The amount of any individual transaction.</p> <p>2.2 The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within one year.</p> <p>2.3 The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) <u>of real property or right-of-use assets thereof within the same development project within one year.</u></p> <p>2.4 The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year. Within one year as used in preceding paragraph refers to the year preceding the base date of occurrence of the current transaction. The amounts of the transactions duly announced in accordance with these Procedures may be excluded for the purpose of calculation.</p> <p>3. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the 2 paragraphs above, a public report of relevant information shall be made on the information reporting website designated by the FSC within two days commencing immediately from the day of</p> | <p>2.1 The amount of any individual transaction.</p> <p>2.2 The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within one year.</p> <p>2.3 The cumulative transaction amount of <u>real property</u> acquisitions and disposals (cumulative acquisitions and disposals, respectively) in connection with the same development project within one year.</p> <p>2.4 The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year. Within one year as used in preceding paragraph refers to the year preceding the base date of occurrence of the current transaction. The amounts of the transactions duly announced in accordance with these Procedures may be excluded for the purpose of calculation.</p> <p>3. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the 2 paragraphs above, a public report of relevant information shall be made on the information reporting website designated by the FSC within two days commencing immediately from the day of occurrence of the</p> | |

| Proposed Amendments | Current Provisions | Reason of Amendment |
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| <p>occurrence of the fact:</p> <p>3.1 Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>3.2 The merger, spin-off, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>3.3 Change to the originally publicly announced and reported information.</p> | <p>fact:</p> <p>3.1 Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>3.2 The merger, spin-off, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>3.3 Change to the originally publicly announced and reported information.</p> | |
| <p>Article 23</p> <p>1. Information required to be reported in accordance with the provisions of this Chapter 8 on acquisitions and disposals of assets by any Subsidiary of the Company that is not itself a public company <u>of the Republic of China</u> shall be reported by the Company.</p> <p>2. The paid-in capital or total assets of the Company shall be the standard <u>applicable to a Subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 22, paragraph 1.</u></p> | <p>Article 23</p> <p>1. Information required to be reported in accordance with the provisions of this Chapter 8 on acquisitions and disposals of assets by any Subsidiary of the Company that is not itself a <u>domestic public company</u> shall be reported by the Company <u>if the Company is public company in Taiwan.</u></p> <p>2. The paid-in capital or total assets of the Company shall be the standard <u>for determining whether or not a Subsidiary under the preceding paragraph is subject to the provision in Article 22, paragraph 1 requiring a public announcement and filing with the authority in the event the type of transaction specified therein “reaches 20 percent of paid-in capital or 10 percent of the total assets”.</u></p> | <p>Amendment made in response to the latest amendment of the ROC Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> |

| Proposed Amendments | Current Provisions | Reason of Amendment |
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| <p>Article 25</p> <p>The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company headquarters, where they shall be retained for five years except where another act provides otherwise.</p> | <p>Article 25</p> <p>The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company headquarters, where they shall be retained for five years except where another act provides otherwise.</p> | <p>Amendment made in response to the latest amendment of the ROC Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> |

Comparison Table of Amendments to Procedures for Lending Funds to Other Parties

| Proposed Amendments | Current Provisions | Reason of Amendment |
|---|---|--|
| <p>Article 2</p> <p>The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:</p> <p>(1) Where an inter-company or inter-firm business transaction calls for a loan arrangement; or</p> <p>(2) Where an inter-company or inter-firm short-term financing facility is necessary; provided that such financing amount shall not exceed 20% of the lender's net worth.</p> <p>The term "short-term" as used in the preceding paragraph means one year, or where the Company's operating cycle exceeds one year, one operating cycle.</p> <p>The term "financing amount" as used in paragraph 1, sub-paragraph 2 of this Article means the cumulative balance of the Company's short-term financing.</p> <p>The restriction set forth in paragraph 1, sub-paragraph 2 shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares, or inter-company loans extended by the foreign companies in which the Company holds, directly or</p> | <p>Article 2</p> <p>The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:</p> <p>(1) Where an inter-company or inter-firm business transaction calls for a loan arrangement; or</p> <p>(2) Where an inter-company or inter-firm short-term financing facility is necessary; provided that such financing amount shall not exceed 20% of the lender's net worth.</p> <p>The term "short-term" as used in the preceding paragraph means one year, or where the Company's operating cycle exceeds one year, one operating cycle.</p> <p>The term "financing amount" as used in paragraph 1, sub-paragraph 2 of this Article means the cumulative balance of the Company's short-term financing.</p> <p>The restriction set forth in paragraph 1, sub-paragraph 2 shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares; provided, however, the foregoing inter-company loans shall still subject to the restrictions with respect to the</p> | <p>Amendment made in response to the latest amendment of the ROC Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.</p> |

| Proposed Amendments | Current Provisions | Reason of Amendment |
|--|---|--|
| <p><u>indirectly, 100% of the voting shares to the Company;</u> provided, however, the foregoing inter-company loans shall still subject to the restrictions with respect to the amount ceiling and the term of each loan as provided under Articles 5 and 6, respectively.</p> <p><u>The responsible person of the Company who has violated the provisions of Paragraph 1 shall be liable, jointly and severally with the borrower, for the repayment of the loan at issue and for the damages, if any, to Company resulted there-from.</u></p> | <p>amount ceiling and the term of each loan as provided under Articles 5 and 6, respectively.</p> | |
| <p>Article 3</p> <p>"Subsidiary" as referred to in these Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China.</p> <p>“Announce and report” as used in these Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (the “FSC”)</p> <p>“Date of occurrence” as used in these Procedures means the date of contract execution, date of payment, date of the resolution of boards of directors, or other date on which the identity of the <u>borrower</u> and monetary amount of the <u>loan</u> are confirmed, whichever is earlier.</p> | <p>Article 3</p> <p>"Subsidiary" as referred to in these Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China.</p> <p>“Announce and report” as used in these Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (the “FSC”)</p> <p>“Date of occurrence” as used in these Procedures means the date of contract execution, date of payment, date of the resolution of boards of directors, or other date on which the identity of <u>counterparty</u> and monetary amount of the <u>transaction</u> are confirmed, whichever is earlier.</p> | <p>Amendment made in response to the latest amendment of the ROC Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.</p> |

| Proposed Amendments | Current Provisions | Reason of Amendment |
|---|---|--|
| <p>“Net worth” of the Company as used in these Procedures means the balance sheet equity attributable to the owners of the parent company.</p> | <p>“Net worth” of the Company as used in these Procedures means the balance sheet equity attributable to the owners of the parent company.</p> | |
| <p>Article 11</p> <ol style="list-style-type: none"> 1. Where a Subsidiary of the Company intends to make loans to others, the Company shall request it to formulate its own procedures for loaning funds to others in accordance with these Regulations and to execute in compliance with these procedures promulgated by the Subsidiary. 2. The Company shall execute control activities when a Subsidiary makes loan to others. 3. Where a Subsidiary of the Company makes loans to others, the Subsidiary shall prepare and submit the last month's details of loan to the Company before the 10th day of each month. 4. Where a Subsidiary of the Company makes loans to others, the Subsidiary's internal auditors shall audit Subsidiary's procedures for fund loaning to others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Company's internal auditors. The Company's internal audit shall notify audit committee in writing of any material violation found. | <p>Article 11</p> <ol style="list-style-type: none"> 1. Where a Subsidiary of the Company intends to make loans to others, the Company shall request it to formulate its own procedures for loaning funds to others in accordance with these Regulations and to execute in compliance with these procedures promulgated by the Subsidiary. 2. The Company shall execute control activities when a Subsidiary makes loan to others. 3. Where a Subsidiary of the Company makes loans to others, the Subsidiary shall prepare and submit the last month's details of loan to the Company before the 10th day of each month. 4. Where a Subsidiary of the Company makes loans to others, the Subsidiary's internal auditors shall audit Subsidiary's procedures for fund loaning to others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Company's internal auditors. The Company's internal audit shall notify audit committee in writing of any material violation found. | <p>Amendment to the typo correction.</p> |

| Proposed Amendments | Current Provisions | Reason of Amendment |
|---|--|--|
| <p>5. Where a Subsidiary of the Company makes loans to others, the Company's internal auditors shall include the implementation of procedures for loaning funds to others by Subsidiaries when auditing Subsidiaries according to annual audit plan. They shall follow up on the correction, if any defects found, prepare follow-up reports and report to the president of the Company.</p> | <p>5. Where a Subsidiary of the Company makes loans to others, the Company's internal auditors shall include the implementation of procedures for loaning funds to others by Subsidiaries when auditing Subsidiaries according to annual audit plan. They shall follow up on the correction, if any defects found, prepare follow-up reports and report to the president of the Company.</p> | |
| <p>Article 13</p> <p>These Procedures and its revisions or amendments shall be approved by the audit committee, the board of directors and the shareholders' meeting.</p> <p>The enactment of, and any amendment or revision to these Procedures shall be approved by one half or more of all audit committee members and submitted to the board of directors for a resolution.</p> <p>If approval of one half or more of all audit committee members as required in the preceding paragraph is not obtained, these Procedures may be enacted, revised and/or amended, as the case may be, if approved by</p> | <p>Article 13</p> <p>These Procedures and its revisions or amendments shall be approved by the audit committee, the board of directors and the shareholders' meeting.</p> <p><u>When these Procedures are submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u></p> <p>The enactment of, and any amendment or revision to these Procedures shall be approved by one half or more of all audit committee members and submitted to the board of directors for a resolution.</p> <p>If approval of one half or more of all audit committee members as required in the preceding paragraph is not obtained, these Procedures may be enacted, revised and/or amended, as the case may be, if approved by</p> | <p>Amendment made in response to the latest amendment of the ROC Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.</p> |

| Proposed Amendments | Current Provisions | Reason of Amendment |
|---|---|----------------------------|
| <p>two-thirds or more of all directors; provided that the resolution of the audit committee is recorded in the minutes of the board of directors meeting.</p> <p>The terms "all audit committee members" and "all directors" in this Article shall be calculated as the actual number of persons currently holding those positions.</p> | <p>two-thirds or more of all directors; provided that the resolution of the audit committee is recorded in the minutes of the board of directors meeting.</p> <p>The terms "all audit committee members" and "all directors" in this Article shall be calculated as the actual number of persons currently holding those positions.</p> | |

Comparison Table of Amendments to Procedures for Endorsement and Guarantee

| Proposed Amendments | Current Provisions | Reason of Amendment |
|--|--|--|
| <p>Article 3</p> <p>"Subsidiary" as referred to in these Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China.</p> <p>"Announce and report" as used in these Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (the "FSC").</p> <p>"Date of occurrence" as used in these Procedures means the date of contract execution, date of payment, date of the resolution of boards of directors, or other date on which the identity of counterparty and monetary amount of the <u>endorsement/guarantee</u> are confirmed, whichever is earlier.</p> <p>"Net worth" of the Company as used in these Procedures means the balance sheet equity attributable to the owners of the parent company, as shown in the latest financial reports audited or reviewed by certified public accountants.</p> | <p>Article 3</p> <p>"Subsidiary" as referred to in these Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China.</p> <p>"Announce and report" as used in these Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (the "FSC").</p> <p>"Date of occurrence" as used in these Procedures means the date of contract execution, date of payment, date of the resolution of boards of directors, or other date on which the identity of counterparty and monetary amount of the <u>transaction</u> are confirmed, whichever is earlier.</p> <p>"Net worth" of the Company as used in these Procedures means the balance sheet equity attributable to the owners of the parent company, as shown in the latest financial reports audited or reviewed by certified public accountants.</p> | <p>Amendment made in response to the latest amendment of the ROC Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.</p> |

| Proposed Amendments | Current Provisions | Reason of Amendment |
|--|--|---|
| <p>Article 9</p> <ol style="list-style-type: none"> 1. Where a Subsidiary of the Company intends to make endorsements/guarantees, the Company shall request it to formulate its own procedures for endorsements/guarantees in accordance with these Regulations and to execute in compliance with the procedures promulgated by the Subsidiary. 2. The Company shall execute control activities when a Subsidiary makes endorsements/guarantees. 3. Where a Subsidiary of the Company makes endorsements/guarantees, the Subsidiary shall prepare and submit the last month's balance of endorsements/guarantees to the Company before the 10th day of each month. 4. Where a Subsidiary of the Company makes endorsements/guarantees, the Subsidiary's internal auditors shall audit the operational procedures for making endorsements/guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Company's internal auditors. The Company's internal auditors shall notify audit committee in writing of any material violation found. | <p>Article 9</p> <ol style="list-style-type: none"> 1. Where a Subsidiary of the Company intends to make endorsements/guarantees, the Company shall request it to formulate its own procedures for endorsements/guarantees in accordance with these Regulations and to execute in compliance with the procedures promulgated by the Subsidiary. 2. The Company shall execute control activities when a Subsidiary makes endorsements/guarantees. 3. Where a Subsidiary of the Company makes endorsements/guarantees, the Subsidiary shall prepare and submit the last month's balance of endorsements/guarantees to the Company before the 10th day of each month. 4. Where a Subsidiary of the Company makes endorsements/guarantees, the Subsidiary's internal auditors shall audit the operational procedures for making endorsements/guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Company's internal auditors. The Company's internal auditors shall notify audit committee in writing of any material violation found. | <p>Amendment made in response to the typo correction.</p> |

| Proposed Amendments | Current Provisions | Reason of Amendment |
|--|--|--|
| <p>5. Where a Subsidiary of the Company makes endorsements/guarantees, the Company's internal auditors shall include the implementation of procedures for making endorsements/guarantees by Subsidiaries when auditing Subsidiaries according to annual audit plan. They shall follow up on the correction, if any defects found, prepare follow-up reports and report to the president of the Company.</p> | <p>5. Where a Subsidiary of the Company makes endorsements/guarantees, the Company's internal auditors shall include the implementation of procedures for making endorsements/guarantees by Subsidiaries when auditing Subsidiaries according to annual audit plan. They shall follow up on the correction, if any defects found, prepare follow-up reports and report to the president of the Company.</p> | |
| <p>Article 12</p> <p>1. The Company shall announce and report the previous month's balance of endorsements/guarantees of it and its Subsidiaries (if applicable) by the 10th day of each month.</p> <p>2. The Company whose endorsements/guarantees reaches one of the following levels shall announce and report such event within two days from the date of occurrence (inclusive):</p> <p>2-1 The aggregate balance of endorsements/guarantees of the Company and its Subsidiaries (if applicable) reach 50 % or more of the Company's net worth as stated in its latest financial statement.</p> <p>2-2 The balance of endorsements/guarantees of the Company and its Subsidiaries(if applicable) for a single enterprise reaches 20% or more of the Company's net worth as stated in its latest</p> | <p>Article 12</p> <p>1. The Company shall announce and report the previous month's balance of endorsements/guarantees of it and its Subsidiaries (if applicable) by the 10th day of each month.</p> <p>2. The Company whose endorsements/guarantees reaches one of the following levels shall announce and report such event within two days from the date of occurrence (inclusive):</p> <p>2-1 The aggregate balance of endorsements/guarantees of the Company and its Subsidiaries (if applicable) reach 50 % or more of the Company's net worth as stated in its latest financial statement.</p> <p>2-2 The balance of endorsements/guarantees of the Company and its Subsidiaries(if applicable) for a single enterprise reaches 20% or more of the Company's net worth as stated in its latest</p> | <p>Amendment made in response to the latest amendment of the ROC Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and consistency of provisions.</p> |

| Proposed Amendments | Current Provisions | Reason of Amendment |
|--|--|---|
| <p>financial statement.</p> <p>2-3 The balance of endorsements/guarantees of the Company and its Subsidiaries (if applicable) for a single enterprise reach NT\$ 10 millions or more and the aggregate balance of all endorsements/guarantees for, <u>the book value of the investment accounted for using the equity method in</u>, and balance of loans to, such enterprise reach 30% or more of Company's net worth as stated in its latest financial statement.</p> <p>2-4 The increased endorsements/guarantees amount of the Company or its Subsidiaries (if applicable) reach NT\$ 30 millions or more and reach 5% or more of the Company's net worth as stated in its latest financial statement.</p> <p>3. The Company shall announce and report on behalf of any Subsidiary (if applicable) thereof that is not the Taiwan public company any matters that such Subsidiary is required to announce and report pursuant to the 4th sub-paragraph of the preceding paragraph.</p> | <p>financial statement.</p> <p>2-3 The balance of endorsements/guarantees of the Company and its Subsidiaries (if applicable) for a single enterprise reach NT\$ 10 millions or more and the aggregate balance of all endorsements/guarantees for, <u>investment of a long-term nature in</u>, and balance of loans to, such enterprise reach 30% or more of Company's net worth as stated in its latest financial statement.</p> <p>2-4 The increased endorsements/guarantees amount of the Company or its Subsidiaries (if applicable) reach NT\$ 30 millions or more and reach 5% or more of the Company's net worth as stated in its latest financial statement.</p> <p>3. The Company shall announce and report on behalf of any Subsidiary (if applicable) thereof that is not the Taiwan public company any matters that such Subsidiary is required to announce and report pursuant to the 4th sub-paragraph of the preceding paragraph.</p> | |
| <p>Article 14</p> <p>These Procedures and its revisions or amendments shall be approved by the audit committee, the board of directors and the shareholders' meeting.</p> | <p>Article 14</p> <p>These Procedures and its revisions or amendments shall be approved by the audit committee, the board of directors and the shareholders' meeting.</p> | <p>Amendment made in response to the latest amendment of the ROC Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public</p> |

| Proposed Amendments | Current Provisions | Reason of Amendment |
|--|---|---------------------|
| <p>The enactment of, and any amendment or revision to these Procedures shall be approved by one half or more of all audit committee members and submitted to the board of directors for a resolution.</p> <p>If approval of one half or more of all audit committee members as required in the preceding paragraph is not obtained, these Procedures may be enacted, revised and/or amended, as the case may be, if approved by two-thirds or more of all directors; provided that the resolution of the audit committee is recorded in the minutes of the board of directors meeting.</p> <p>The terms "all audit committee members" and "all directors" in this Article shall be calculated as the actual number of persons currently holding those positions.</p> | <p><u>When these Procedures are submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u></p> <p>The enactment of, and any amendment or revision to these Procedures shall be approved by one half or more of all audit committee members and submitted to the board of directors for a resolution.</p> <p>If approval of one half or more of all audit committee members as required in the preceding paragraph is not obtained, these Procedures may be enacted, revised and/or amended, as the case may be, if approved by two-thirds or more of all directors; provided that the resolution of the audit committee is recorded in the minutes of the board of directors meeting.</p> <p>The terms "all audit committee members" and "all directors" in this Article shall be calculated as the actual number of persons currently holding those positions.</p> | <p>Companies.</p> |

LIST OF INDEPENDENT DIRECTOR CANDIDATES

| Name | Holding Shares (Note) | Education, Professional Qualifications & Recognitions | Major Past Positions | Current Positions |
|-----------------------|--------------------------|--|--|---|
| Dennis Lynn Segers | 108,004 | BSEE of Texas A&M University | CEO of Tabula, Inc. Director, CEO and president of Matrix Semiconductor Senior VP of Xilinx, Inc. | Chairman of the Board of Xilinx, Inc. Director & Chairman-Emerging Company CEO Council at Global Semiconductor Alliance. |
| Jen-Lin (Norman) Shen | 0 | Master of Economics at National Chung Hsin University | CFO of Motech Industries, Inc. CFO & SVP of Systex Corporation | Independent Director of Parpro Corporation. Independent Director of Coland Holdings Limited |
| Charlie Xiaoli Huang | 0 | PhD of Carnegie Mellon University | General Manager of OpenPOWER China, of IBM Executive Vice President and General Manager of System & Verification Group of Cadence Design Systems, Inc. CEO of CadMOS Design Technology | None. |

Note : Shares as of April 20, 2019

Reason of continuing to nominate candidates who have served consecutively as independent directors for three consecutive terms as independent directors of the Company:

1. Mr. Dennis Lynn Segers is the chairman of Xilinx, Inc. and also serves as the Director & Chairman-Emerging Company CEO Council at Global Semiconductor Alliance. Mr. Segers is experienced in semiconductor and international information technology business. During his term as the independent director, Mr. Segers has provided various advices and different views, which is of help to the company's growth and critical management decision. The Company needs his observation and insights to advise and guide Parade's future direction. The Board believes he continues to possess the requisite independence and his continuous services will not compromise his ability to exercise impartial judgment or act.
2. Mr. Jen-Lin (Norman) Shen is the chair of the audit committee. Mr. Shen has expertise of finance and accounting. Mr. Shen is familiar with the industries as well as ROC laws and corporate governance rules. During his term as the independent director, Mr. Shen has provided various thoughts and advices, including those about the ROC business and legal environment, which is of help to the company's growth and critical management decision. The Company needs his observation and insights to advise and guide Parade's future direction. The Board believes he continues to possess the requisite independence and his continuous services will not compromise his ability to exercise impartial judgment or act.
3. Mr. Charlie Xiaoli Huang is the chair of the compensation committee. Mr. Huang has acted as management team in Cadence and other well-known international companies and is experienced in IC Design and international information technology business. During his term as the independent director, Mr. Huang has provided various advices and guides, including those about the Company's incentive mechanism and compensation package. The Company needs his observation and insights to advise and guide Parade's future direction. The Board believes he continues to possess the requisite independence and his continuous services will not compromise his ability to exercise impartial judgment or act.

Comparison Table of Amendments to 2012 Employee Stock Option Plan

| Proposed Amendments | Current Provisions | Reason of Amendment |
|--|--|--|
| <p>12. The Exercise Limitation of the Vested Options and the Limitation after the Option is exercised</p> <p>(1) Except as otherwise provided under the Applicable Laws and/or the Articles, the Optionee may not exercise his or her Option during the closed period under the Applicable Laws and/or the Articles or the following period:</p> <p>(a) In the event of free distribution in the form of shares and/or of cash, or issuance of new shares for capital increase for cash by the Company, the period starts from fifteen (15) business days prior to <u>the commencement date of the close period for</u> the record date for determination of shareholders entitled to receive the free distributions or rights to subscribe for new shares in a capital increase for cash and ends on the record date of <u>such distribution or subscription right</u>; in the event of capital decrease of the Company, the period starts from the</p> | <p>12. The Exercise Limitation of the Vested Options and the Limitation after the Option is exercised</p> <p>(1) Except as otherwise provided under the Applicable Laws and/or the Articles, the Optionee may not exercise his or her Option during the closed period under the Applicable Laws and/or the Articles or the following period:</p> <p>(a) In the event of free distribution in the form of shares and/or of cash, issuance of new shares for capital increase for cash <u>or other distribution of dividends, bonus or other benefits</u> by the Company, the period starts from fifteen (15) business date prior to the date <u>of the Company's making public announcements to GreTai Securities Market of</u> a record date for determination of shareholders entitled to receive the free distributions or rights to subscribe for new shares in a capital increase for cash <u>or other benefits or rights</u> and ends on the record date of distribution of the</p> | <p>Considering the practice feasibility and by referencing the plans adopted by other listing companies, the restriction period of rights exercise may be shortened and commence from fifteen (15) business days prior to the commencement of applicable close period, and considering that distribution of the Shares with consideration is equivalent to subscription rights and shall be subject to the same restriction, the amendment is so proposed.</p> |

| Proposed Amendments | Current Provisions | Reason of Amendment |
|---|--|---------------------|
| <p>record date for capital decrease and ends on one (1) day prior to the trading of shares reissued after the capital decrease.</p> <p>(b) The period between “the Board meeting date determining the record date of the merger” and such record date of the merger, or the period between “the Board meeting date determining the record date of the split-up” and such record date of the split-up.</p> <p>(Provisions Below Omitted)</p> | <p>rights/benefits; in the event of capital decrease of the Company, the period starts from the record date for capital decrease and ends on one (1) day prior to the trading of shares reissued after the capital decrease.</p> <p>(b) The period between “the Board meeting date determining the record date of the merger” and such record date of the merger, or the period between “the Board meeting date determining the record date of the split-up” and such record date of the split-up, <u>or the period between “the Board meeting date determining the record date of distribution of the Shares with consideration” and such record date of distribution of the Shares with consideration.</u></p> <p>(Provisions Below Omitted)</p> | |

Rules for Election of Directors

[Adopted by Ordinary Resolution passed on October 28, 2010]

Article 1

Unless otherwise provided in relevant laws and regulations or the Memorandum and Articles of Association of this Company, the directors of this Company shall be elected in accordance with this “Rules for Election of Directors” (hereinafter, the ”Rules”). Except as otherwise expressly defined herein, all capitalization terms used herein shall have the meanings ascribed thereto in the Company’s Articles of Association.

Article 2

Election of directors of this Company shall be held at the General Meeting. This Company shall prepare ballots and note the number of votes.

Article 3

In the election of directors of this Company, the names of voters may be represented by shareholders’ numbers.

Article 4

Unless otherwise permitted under the Applicable Public Company Rules and the Articles of Association of the Company, there shall be at least three (3) Independent Directors, provided, however, that the total number of Independent Directors shall not be less than one-fifth (1/5) of the total number of the Directors.

Article 5

In the election of directors of this Company, the number of votes exercisable in respect of one Share shall be the same as the number of Directors to be elected, and the total number of votes exercisable per Share may be consolidated for election of one candidate or may be split for election of two or more candidates. The election of Independent Directors and non-Independent Directors shall be held in the same election; provided, however, that the respective votes shall be separately casted and calculated to determine the elected Independent Directors and non-Independent Directors.

Article 6

In the election of directors of this Company, the candidates to whom the ballots cast represent a prevailing number of votes shall be elected based on the result of the election as Independent Directors or non-Independent Directors, respectively in descending order. If two or more candidates receive an equal number of votes and the number of such candidates exceeds the specified seats available, such candidates shall draw lots to decide who should be elected. Where any such candidate is not present, the Chairman shall draw lots on behalf of such candidate.

Article 7

At the beginning of the election, the Chairman shall appoint several persons each to supervise the election and to count the ballots. The persons to supervise the election may be appointed from among the Member present.

Article 8

The ballot box used for voting shall be prepared by this Company and inspected in public by the person to supervise the election before voting.

Article 9

If the candidate is a Member, voters shall fill in the "candidate" column on the ballot the candidate's name and such candidate's member's number (if applicable), and the number of votes cast for such candidate. If the candidate is not a Member, voters shall fill in the "candidate" column on the ballot the candidate's name, the candidate's ID number, and the number of votes cast for such candidate.

Article 10

Ballots shall be null and void upon occurrence of any one of the following conditions:

- (1) Ballots which are not prepared by this Company;
- (2) Ballots which are blank or incomplete;
- (3) Where the candidate is a Member, the name or shareholder's number of such candidate filled in the ballot being inconsistent with the Register of Members; where the candidate is not a Member, the name or ID number of the candidate filled in the ballot being incorrect;
- (4) Ballots with other written characters or symbols in addition to candidate's name, member's number (if applicable) (or ID number) and the number of votes cast for the candidate;
- (5) Scribbled and unidentifiable writing or writing which has been altered;
- (6) Any of the candidate's name, member's number (if applicable) (or ID number) or the number of votes cast for such candidate being erased or changed; or
- (7) The name of the candidates filled in the ballots being the same as another candidate's name and the respective member's numbers (ID numbers) not being indicated to distinguish the.

Article 11

The ballots should be counted during the meeting right after the completion of vote casting and the results of the election should be announced by the Chairman at the meeting.

Article 12

These Rules and any revision thereof shall be approved by the Board of Directors and be further the approved by Ordinary Resolution at General Meeting. These Rules shall take effect upon the effective date of [Fifth] Amended and Restated Articles of Association.